

Items 3a) to 4)

Agenda Item 3 a)

FINAL

Internal audit report 2021/22

Visits 5 of 5

SWANAGE TOWN COUNCIL

Date: 19th May 2022

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Introduction

This report contains a note of the audit recommendations made to Swanage Town Council following the carrying out of internal audit testing on site and remotely on the 13th and 17th May 2022 respectively.

The audit work has been carried out in accordance with Appendix 9 of the 2014 'Governance and Accountability for Local Councils: A Practitioners' Guide', with additional tests specific to the Council as agreed with the Town Clerk and Finance Manager, and later tests as added by the AGAR requirements.

An internal audit covers the review of the operation of the Council's internal control environment. It is not designed to review and give full assurance over every transaction carried out by the Council. Instead it enables the auditor, following the sample testing of a number of different types of transaction, to give an opinion as to whether or not the control objectives are being achieved across a range of financial and governance systems.

Audit Opinion

The internal audit for 2021/22 has now been completed in accordance with the provisions of the Practitioners' Guide and the CIPFA code of internal audit practice.

Based on the sample testing carried out at this final audit visit and during the year, all of the Council's current financial controls appear to be operating effectively.

Note re Test L:

The requirement to test compliance with the various Transparency Codes is only compulsory for Councils under £25k. The inclusion of Councils over £25k was introduced just before the year-end testing, and is at the discretion of internal auditors. The Council voluntarily asked for compliance to be tested in 2019/20 and noted at that time that all information was on its website, but that it could be more readily accessible. I have not checked the accessibility in 2021/21, so I have assessed the test as 'not covered'.

Audit Recommendations

Recommendations made during the audit are shown in appendix one to this report.
Recommendations are graded as follows:

Rating	Significance
High	Either a critical business risk is not being adequately addressed or there is substantial non-conformity with regulations and accepted standards.
Medium	Either a key business risk is not being adequately addressed or there is a degree of non-conformity with regulations and accepted standards.
Low	Either minor non-conformity with procedure or opportunity to improve working practices further.

The number of recommendations made at this audit visit and their priority are summarised in the following table:

Rating	Number
High	1
Medium	0
Low	2
Info	0
TOTAL	3

The number of recommendations made in total during this audit year is as follows:

Rating	Number					TOTAL
	1	2	3	4	5	
High	0	0	0	1	1	2
Medium	2	7	0	2	0	11
Low	2	3	5	1	2	13
Information	0	0	0	0	0	0
TOTAL	4	10	5	4	3	26

I would like to thank Alison Spencer, Finance Manager and Culvin Milmer, Visitor Services Manager and his staff for their assistance during this audit.

Darkin Miller ~ Chartered Accountants
2021/22 INTERNAL AUDIT OF SWANAGE TOWN COUNCIL
FINAL REPORT VISIT 5 OF 5: 19th MAY 2022

Appendix 1 – Recommendations and Action Plan

Recommendation number	Detail	Priority (Low/Medium/High)	Management Response	Responsible Officer	Due Date
9.1 – Obtain reports to support interest receipts	<p>I checked to see that nominal coding is correct for all transactions. I noted that the coding was correct, but that two of the interest receipts (relating to the investment with Ninety One (former Investec balance)) were different to the amount shown on the related investment reports. The amount due for October 2021 per the report was £2774.90, but £2769.26 was received in November 2021 (£5.64 less). The amount due for November 2021 was £2178.79 per the report, but £2188.19 was received in December (£9.40 more). The Finance Manager has raised this issue with Ninety One who have said that the reports are estimates and that they may not be the same as the actual amount received due to long settlement times. The same issue has arisen with the March and April 2022 reports. The Council's financial advisor, Arlingclose, has provided a note of the actual amounts due according to their calculations so that the Council can confirm that the correct amount has been received, and so the appropriate accrual can be included in the Council's accounts.</p> <p>I recommend that the Finance Manager continues to press Ninety One to provide amended reports that confirm the actual receipts due to the Council.</p>	L	Agreed	TH3	Ongoing
15.1 – Ensure accounts approved before filing	<p>I checked to see that the Council had correctly accounted for met its responsibilities for Trust Funds in its care. I noted that it had received informal legal advice with regards to the James Day Trust, which appears to have been registered in error with the Charities Commission. The Town Clerk has noted that the Council will seek advice from a Trust specialist with regards to resolving the situation.</p>	H	Agreed	TH1/TH3	October 2022

	<p>I also noted that the accounts for the Mowlem Land Trust were filed with the Charity Commission in January 2022 which is within the Charity Commission's filing deadlines but before the accounts were approved by the Trustees on 6th April 2022. The Town Clerk has noted that the Trust met intermittently during the Coronavirus pandemic, and that regular meetings have been put in place again meaning that future accounts will be properly approved before filing.</p> <p>I recommend that advice is sought as planned in order to resolve the situation with the James Day Trust, and that Trust accounts are approved before filing in future.</p>				
17.1 – Consider ad boards for full range of Beach Garden activities	<p>I checked to see that charges displayed corresponded with those approved by Council. I found that the charges for putting are clearly advertised both at the entrance to the Beach Gardens and at the Kiosk, and that they are consistent with the prices approved by Council, but noted that the charges for the hire of the tennis courts, tennis racket hire, tennis ball hire, basketball hire, and table tennis bat and ball hire were not displayed on any of the advertising boards.</p> <p>The Visitor Services Advisor provided a copy of the Beach Gardens leaflet which notes the correct prices, and confirmed that one of the leaflets is displayed inside a Perspex stand which is normally on the table where the staff provide service.</p> <p>I recommend that the Council considers whether the prices for tennis, table tennis, and basketball hire are displayed more prominently on advertising boards, in order to ensure that all visitors to the Beach Gardens know of the full range of leisure activities on offer.</p>	L	Agreed	TIC1	May 2022



DRAFT FOR DISCUSSION

Annual Internal Audit Report 2021/22

SWANAGE TOWN COUNCIL

Date: 19th May 2022

Report author: R Darkin-Miller
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1 Introduction

- 1.1 Internal audit provides Members and management with assurance that the internal controls required for the proper stewardship of public funds are being adequately maintained. This is a statutory function provided in accordance with Accounts and Audit Regulations. The level of assurance is in accordance with the agreed audit plan (Appendix A), which is designed to ensure that all of the Council's significant finance and governance systems are subject to audit on an annual basis, with less material or inherently risky systems audited periodically in accordance with a strategic audit plan, and with the depth of the audits determined by an assessment of risk and materiality.
- 1.2 The main purpose of this report is to provide an opinion on the assurance that can be placed on the internal control system.

2 Audit Objectives and the Internal Control System

- 2.1 Internal Audit's principal objective is to provide an independent appraisal function for the review of the internal control system as a service to the authority. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
- 2.2 The internal control system is not fixed but can and should evolve in response to the changing local government environment. It must, therefore, be subject to continual review and it will always be possible to improve on the overall system. The review of the internal control system is encompassed by all of the audit activities listed below.
- 2.3 The main objectives of the internal control system are to:
 - Ensure adherence to management policies and directives, in order to achieve organisational objectives.
 - Safeguard assets.
 - Secure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of the records.
 - Ensure compliance with statutory requirements.

3 Audit Opinion

Based on the internal audit reviews completed in respect of 2021/22, in accordance with the annual audit plan, Swanage Town Council's central systems and internal control arrangements appear to be effective.

4 Summary of Activity

- 4.1 A total of five audit reports covering five visits have been issued in 2021/22 relating to the standard internal audit programme for local Councils (appendix 9 audits per the 2014 Practitioner's Guide, plus additional tests introduced by later AGARs), as supplemented by additional testing specific to Swanage Town Council. No additional audits were carried out in the year, but the Slipway Audit which was principally carried out in 2019/20 was concluded and reported (the reporting was delayed due to Coronavirus). The audits carried out in 2021/22 covered a variety of services and functions, resulting in a range of recommendations, which in the main related to improvements in record keeping and financial procedures. During the course of the audit, each recommendation was discussed with the relevant staff, the Finance Manager and the Town Clerk.
- 4.2 In addition to the planned audit work set out above, advice was also provided on an ad-hoc basis ranging from systems issues to potential irregularities, and Trust funds and the statements of the Community Partnership were independently examined where required.

5 Format of Audit Reports

- 5.1 Three standard formats are used for reports.
- 5.2 The in-year appendix 9 audit reports identify which systems were reviewed during the audit visits and (in a separate action plan) note the findings, implications and recommendations made in relation to areas of identified control weaknesses. Management responses, responsible officers and due dates are also captured within the action plan.
- 5.3 The end-of-year appendix 9 audit report summarises the audit opinion for the year, in addition to noting findings, implications and recommendations from the final audit visit.

5.4 The third audit report format is for non-appendix 9 audits. This report notes the risks being tested by the audit, the audit opinion (where the range of assurance given is full/reasonable/partial/none) and the findings from each of the tests carried out. Recommendations made during the audit are shown within the report and are summarised in an action table at the end of the report.

5.5 Each audit report uses the following grading system for the significance of recommendations made:

Rating	Significance
High	Either a critical business risk is or may not be being adequately addressed or there is substantial non-conformity with regulations and accepted standards.
Medium	Either a key business risk is not being adequately addressed or there is a degree of non-conformity with regulations and accepted standards.
Low	Either minor non-conformity with procedure or opportunity to improve working practices further.

5.6 In addition, each audit continues to be supported by detailed working papers for each of the audit tests undertaken.

6 Audit Recommendations

6.1 A summary of the number and significance of appendix 9 audit recommendations, is shown below:

Rating	Number					TOTAL
	1	2	3	4	5	
Visit						
High	0	0	0	1	1	2
Medium	2	7	0	2	0	11
Low	2	3	5	1	2	13
Information	0	0	0	0	0	0
TOTAL	4	10	5	4	3	26

6.2 In total 26 'appendix 9' recommendations were made in 2021/22 (2020/21: 37 'appendix 9' recommendations). 2 were graded 'high', and 11 'medium' (2020/21: 3H and 12M for appendix 9). In addition, 12 'high' level recommendations were made in the Slipway audit report, but these related to weaknesses identified during the work carried out in 2019/20.

6.3 The high and medium level recommendations (and related management responses) are noted at the end of this report for information.

7 Follow-up

- 7.1 The role of the Policy, Finance and Performance Management Committee continues to be effective in supporting the implementation of audit recommendations and follow-up issues. During 2021/22, officers reported back to the Committee on progress with the implementation of agreed audit recommendations. In addition, a responsible officer continues to be identified for each recommendation. As a result performance on implementing recommendations is very good.

8 Conclusions

- 8.1 The number of appendix 9 recommendations made has fallen year on year. This was mainly due to the implementation of recommendations in relation to the Boat Park, which accounted for 10 of the 15 high and medium level recommendations made during the previous year. Overall recommendations remain low for a Council of this size, mainly as a result of the prompt implementation of agreed audit recommendations which improved the control environment.
- 8.2 As agreed with the Town Clerk, elements of the detailed audit relating to income and the depot have been moved to a periodic audit review over a four year strategic audit plan. The number of days spent carrying out the core appendix 9 audit was 14.25 days (2020/21: 17).
- 8.3 0.5 additional days of audit work were carried out in relation to ad-hoc reviews, leaving the total number of audit days at 14.75 (2020/21: 0 additional days, total 17).
- 8.4 Whilst the Internal Audit function is unable to give absolute assurance, the results of the reviews completed during the year have resulted in an overall opinion that: in all material respects:
- Key central systems and internal control arrangements continue to be effective;
 - Agreed policies, regulations and Standing Orders are complied with;
 - Managers are aware of the importance of maintaining internal controls and accept recommendations made by Internal Audit to improve internal controls; and
 - Adequate arrangements are in place to prevent and detect fraud.
- 8.5 The annual audit did not identify any significant control weaknesses for inclusion in the Annual Governance Statement.

I would like to thank the staff at the Town Council for their high level of co-operation during my internal audit work throughout the year.

Rosie Darkin-Miller LLB (Hons) BFP FCA
Principal
Darkin Miller ~ Chartered Accountants

Darkin Miller ~ Chartered Accountants
2021/22 INTERNAL AUDIT OF SWANAGE TOWN COUNCIL
ANNUAL AUDIT REPORT: SUMMARY OF HIGH AND MEDIUM LEVEL RECOMMENDATIONS

Appendix 1 – Recommendations and Action Plan

Recommendation number [Report number]	Detail	Priority (Low/ Medium/ High)	Management Response	Responsible Officer	Due Date
21.1 – Ensure signed agreements in place for Market traders [1]	<p>I checked to see that signed agreements were in place for all twelve market stallholders present on the day of the site visit (15/10/21), and that all had been charged and had paid the correct fee. I found that google form agreements were in place for 4/12 (with their submission counting as a signature), but that there appeared to be no agreement in place for 8/12 stallholders. A similar recommendation was made during the 20/21 audit.</p> <p>A signed agreement should be in place for all stallholders to ensure that rights and responsibilities attaching to the licence to trade are clear, and that the number of weeks and price charged has been agreed.</p> <p>I recommend that signed agreements are put in place for all stallholders.</p>	M	Agreed. System to be reviewed.	TIC1	5 th November 2021
21.2 – Ensure invoices are raised, and debts recovered promptly	<p>Whilst all stallholders had paid by the date of the audit report being issued, one stallholder owed £1k which had been outstanding for 5 months. Another stallholder owes £35 in relation to electricity, which has not yet been invoiced.</p>	M	Agreed. Cover for staff absences to be reviewed and system notes updated.	TIC1/TH3	30 th November 2021

[1]	<p>There was a slight delay to the timeliness of the invoices being raised due to the absence of a key member of staff. This can impact on the accuracy of the aged debt report, and make it harder for Finance staff to match receipts to invoices.</p> <p>I recommend that amounts due are invoiced and collected promptly, with appropriate cover being provided in the event of staff absence.</p>				
16.1 – Update allotment map to reflect changes on site [2]	<p>I checked the allotment register details back to the site map and a physical inspection of the allotments. I found that there were differences between the 2021/22 register and the 2021 site map (as the latter had not been updated for the sub-division of two allotment plots, to show plots 31Ai (which was identified as missing from the map in the 2017/18 audit) and 29C (which is a recent change following the splitting of large plot 29B into two smaller plots).</p> <p>I recommend that the allotment site map is updated when plots are sub-divided in order to ensure that the map remains current.</p>	M	<p>The map has now been updated to reflect the subdivision.</p> <p>In future the map will be updated at the same time as plot boundaries change.</p>	TH5/OPS1	With immediate effect
16.2 -- Remind tenants of requirement to maintain fences, ditches and unobstructed paths	<p>I physically inspected the allotment site to confirm that the site map is accurate. I found that the majority of plots appear as per the map, but that the lack of fences between some plots made it more difficult to ascertain where one plot ended and another began. The tenancy agreement requires at para (g) that tenants 'shall maintain in decent order all fences and ditches and paths bordering the</p>	M	<p>Allotments are inspected regularly in the growing season and the maintenance of boundaries is checked. When taking on a plot any new plot holder refers to the Town</p>	TH5/OPS1	Ongoing

<p>[2]</p>	<p>Allotment Garden'.</p> <p>I also found gates obstructing the pathways between rows 46 and 47, and 47 and 48. I tried to open the gate between rows 47 and 48 but was unable to do so. The tenancy agreement requires at para (k) that tenants 'shall not obstruct or permit the obstructions of any of the paths on the Allotment set out for the use of the tenants of the Allotment Garden'.</p> <p>I recommend that the Council reminds tenants of their duties under the tenancy agreement regarding the maintenance of fences, ditches, and unobstructed paths.</p>		<p>Council for advice in case of queries regarding boundaries.</p> <p>This matter is being investigated.</p> <p>At the next renewal scheduled October 2022 the letter will include a reminder to tenants of their duties under the tenancy agreement regarding the maintenance of fences, ditches, and unobstructed paths.</p>		
<p>16.3 – Check sheds outside of plots</p> <p>[2]</p>	<p>I noted two sheds marked as '33c' and '34c' which had not been placed within the relevant allotment plot, but which were on land to the east of the relevant allotments. It is not clear why the sheds are not on the allotment plots, or if the tenants have permission to site the sheds outside of their plots.</p> <p>I recommend that the location of the sheds for plots</p>	<p>M</p>	<p>The location of the sheds has been inspected and it is noted they have been in situ for many years. The Operations Manager confirms no action is required at this time.</p>	<p>TH5/OPS1</p>	<p>n/a</p>

	33c and 34c are checked, with action taken as appropriate.				
16.4 – Check if tenant renewing, and post invoices when raised [2]	<p>I checked the invoices raised for a sample of allotment plots to confirm that an invoice had been raised promptly for the amount approved by the Council. I found that the amounts were correct for all samples, and that all invoices had been raised on the 1st October 2021, and that payment had been received in respect of all samples. I found that, although the invoices have been raised promptly, they are currently only posted to Sage (meaning that the related income and debt is shown) when payment is received from the customer. Whilst there is a record of the amount owed (in both the allotment register and the list of invoices raised but not yet posted to Sage), there is a risk that non-payment of an allotment invoice is not promptly identified and chased, as the amount owed to the Council is not formally shown on the Council's aged debt report.</p> <p>A recommendation was raised in the 2017/18 audit of allotments, but the management response noted that the recommendation was not agreed as all invoices were posted to the ledger by the time the debt was due (meaning that the aged debt report would contain all relevant information).</p> <p>I noted that invoices were due for the 21/22 year by 31/10/21. At the audit date of 09/11/21, 11</p>	M	Agreed	TH3/TH5	September 2022

	<p>allotment invoices had been created but not posted on Sage.</p> <p>The Finance Manager confirmed that emails have been requested from all tenants (where possible), and that in future an email will go out in September asking tenants to confirm that they intend to keep the plot, with invoices being raised, posted to Sage and emailed to tenants for those who retain their plots. This should ensure that invoices are not raised unnecessarily, but that all invoices raised are posted and recorded on the aged debt report.</p> <p>I recommend that allotment invoice processing is changed as planned.</p>				
<p>16.5 – Ensure copies of signed allotment tenancy agreements are retained</p> <p>[2]</p>	<p>I checked to see that tenancy agreements are held in respect of every tenancy. I found that the Council has an allotments register which records details of plot numbers, sizes, plot holders, amounts charged, and the date of issue and receipt of payments and signed tenancy agreements.</p> <p>I selected a sample of 10 allotments and checked to see that agreements were held. I found that signed agreements were in place for 5/10 allotments (with 2/5 on a scan of signed agreements, and 3/5 in a box awaiting the Clerk's signature before being scanned for the Council records and issued back to the tenant). 1/10 has not yet been returned by the tenant, but is noted on the allotments register as</p>	M	Agreed	TH1/TH5/O PS1	November 2021

	<p>having been chased 22/10/21. 3/10 were noted as having been returned to the tenant without having been scanned, leaving the Council with no signed copy. 1/10 was noted as being at the Town Hall (for processing), but was not in the bundle of signed agreements, and had been logged as returned early enough that it may well have been in the batch returned to the tenant without being scanned.</p> <p>The allotments register indicates 138/170 agreements have been signed by the tenant and returned to the Town Hall.</p> <p>I recommend that all tenancy agreements are scanned after both parties have signed, in order to ensure that the Council has a record of the agreement of the tenant to the terms and conditions (including fees to be paid) of the tenancy.</p>				
<p>17.1 – Split water supply and negotiate agreement over water charge</p> <p>[2]</p>	<p>I checked to see that Bowls and Tennis Club season lease/facility income is complete. I found that the Bowls Club pays an annual rent of £50 (which has been paid for this year), and that it covers the cost of repairs and of utilities including water. The Council has recharged the water used per the related meter, but the cost is 5 times higher than the normal annual amount, and the split of financial responsibility is being disputed by the Bowls Club. The Operations Manager is due to meet with the Club to review which supplies are fed by the meter, and to split the supplies in order to ensure that usage is clear. The</p>	M	Agreed	TH1/TH3/O PS1	June 2022

	<p>negotiation over the outstanding water recharge will follow that.</p> <p>I recommend that work proceeds as planned to review and split the water supply, and agree a position with the Bowls Club which ensures that the Council can recharge a fair share of water costs.</p>				
<p>17.3 – Draw up and sign Pavilion agreement</p> <p>[2]</p>	<p>The Clerk also confirmed that there is no agreement in place regarding the use of the Pavilion (which is used by both the Bowls and Tennis Clubs, as well as occasionally booked by third parties), and that this has been the case since 1978. However, the Clerk has confirmed that negotiations for the Pavilion agreement begin on 23/11/21.</p> <p>I recommend that the Pavilion agreement is agreed and signed as soon as possible, to ensure that the Council and the users have certainty over terms and conditions, and make a reasonable contribution to the running and repairing costs of the Council's asset</p>	M	<p>Agreed. Discussions underway with immediate effect. Next meeting Jan 2022</p>	TH1	March 2022
<p>I checked to see that the audit recommendations made in relation to the 2019/20 review of the council's policy documents and compliance with the Transparency Code had been implemented. I found that, due to coronavirus, they had not been. I recommend that the agreed actions are implemented as soon as possible. The original recommendations are noted below at items 3.2 – 3.5:</p>					
<p>3.2 -- Implement risk register and policy documents actions from 2019/20 audit</p>	<p><i>I checked to see that there is consistency as between the risk register (which should note policies that need to be updated, or key policies relating to on-going risks faced by the Council), the Council's website (which should contain all policies adopted by the Council), and the Council's freedom of information</i></p>	M	<p>Agree. Preparation of a Policy Register with relevant dates of review will be produced and used as a monitoring tool to ensure compliance</p>	TH1 and management team	March 2023

[4]	<p>publication scheme. I found that the list of policies across the three locations was not consistent.</p> <p>I also noted that the Council does not have a published policy for GDPR, IT Security, Budget Management, Business Continuity or Member training & development.</p> <p>I recommend that comparison carried out during the testing is used to identify where documents should be included in the risk register or FOI scheme, or published to the Council's website, and that the Council considers whether the named policies should be adopted and/or published. This will help to ensure that the Council's risk register and policy documents are up to date.</p>				
3.3 [4]	<p>I found that a number of the policy documents are older (one dates from 2006), and that none contain a note of the review date or policy owner. The inclusion of a review date, and the identification of a policy owner, will help to ensure that the policies remain fit for purpose.</p> <p>I recommend that a policy control sheet is drawn up (this could be based on the comparison sheet created during the audit) to show the policy name, its purpose (or the risk it is managing), the date of adoption, the review date, and where the policy is published. This will make it easier to ensure that policy updates are carried out in a timely manner, and that all published</p>	M	Agree. Preparation of a Policy Register with relevant dates of review will be produced and used as a monitoring tool to ensure compliance	TH1 and management team	March 2023

	<i>versions of the policies are updated when changes are made.</i>				
3.4 [4]	<p><i>I also noted that the Council's publications under the Transparency Code are not up to date, with payments lists only published to June 2017, tender and contract information to Q1 2015/16, and no information published in relation to other required items such as information on Council properties.</i></p> <p>The Council's original management response noted that 'the information is published (via agenda papers, minutes and the Dorset Explorer website) [but that it] should be made more readily accessible from the relevant web page'.</p> <p>The 2021/22 AIAR section of the AGAR has been updated and now includes an internal audit test on compliance with transparency requirements: 'The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements.'</p> <p>I recommend that this information is published in a more readily accessible manner in order to ensure compliance with the Transparency Code.</p>	H	Although the information is available on the Council's website, it is acknowledged that this should be more readily accessible from a relevant web page.	TH1	September 2023
15.1 – Ensure accounts approved before filing	I checked to see that the Council had correctly accounted for met its responsibilities for Trust Funds in its care. I noted that it had received informal legal advice with regards to the James Day Trust, which	H	Agreed	TH1/TH3	October 2022

[5]	<p>appears to have been registered in error with the Charities Commission. The Town Clerk has noted that the Council will seek advice from a Trust specialist with regards to resolving the situation.</p> <p>I also noted that the accounts for the Mowlem Land Trust were filed with the Charity Commission in January 2022 which is within the Charity Commission's filing deadlines but before the accounts were approved by the Trustees on 6th April 2022. The Town Clerk has noted that the Trust met intermittently during the Coronavirus pandemic, and that regular meetings have been put in place again meaning that future accounts will be properly approved before filing.</p> <p>I recommend that advice is sought as planned in order to resolve the situation with the James Day Trust, and that Trust accounts are approved before filing in future.</p>				
1.1a – Key facts sheet [Slipway]	I recommend that a key facts sheet is added to the front of the project file. This should contain a note of the key contacts (name, phone number, email addresses of the client, project manager and contractor), the contract details (description, location, Evalue, timescales), and key live issues which could stall or stop delivery (item, description, what has been done to address the matter, what remains to be done, key contacts). This should enable	H	Agreed	TH1/OPS1	With immediate effect.

	any officer taking over the project to get up to speed relatively quickly.				
1.1b – Alternate [Slipway]	I recommend that the appointed project manager ensures that each project has a named alternate who can step in and deal with urgent items in the absence of the lead officer. This should ensure no break in provision, and help to enable timely delivery of projects.	H	Agreed that any appointed project manager should be able to provide a named alternate to provide cover.	TH1/OPS1	With immediate effect.
1.2a – Risk register [Slipway]	I recommend that the Council ensures that a risk register is drawn up for any significant projects in future in order to help identify the project outcomes and risks of achieving them, and to help identify what actions would be taken to mitigate those risks. The register should be a live document used in planning, pre-contract, site, and wash-up meetings in order to ensure key risks are managed and any learning points identified to improve the management of future projects.	H	Agreed	TH1/OPS1	With immediate effect.
1.2b – Scheme of delegation [Slipway]	I recommend that schemes of delegation are set out for larger projects to identify the roles and responsibilities for officers, Members and any third parties involved in a project. The document should also set out who has decision-making powers and what the thresholds are which trigger a different decision-making process.	H	Agreed	TH1/OPS1	With immediate effect.
1.2c – Wash-up meeting [Slipway]	I recommend that a post-contract wash-up meeting is built into the contract administration process for future capital works contracts over a de-minimis amount. This will ensure that learning points are identified and carried into future projects, improving	H	Agreed	TH1/OPS1	With immediate effect.

	the project management and increasing the likelihood of projects being delivered on time and in budget.				
1.4a – On site meetings [Slipway]	I recommend that on-site meetings are held at the start and cessation of works (and on demobilisation and remobilisation if appropriate) and with sufficient frequency during the works in order to ensure that all issues are identified and dealt with promptly, and that meeting notes are maintained for all meetings.	H	Agreed	TH1/OPS1	With immediate effect.
1.5a – Licence/ planning permission [Slipway]	Licence or planning permission requirements should be fully identified and complied with prior to the commencement of any project.	H	Agreed	TH1/OPS1	With immediate effect.
1.5b – Third party requirements [Slipway]	Ensure that the requirements of any third parties are clearly identified and resolved in advance of on-site works starting.	H	Agreed The Project Manager noted that (with respect to the Wessex Water requirements): 'This was not possible to resolve in advance of the works. I did make efforts, in advance of the contract, to have the sewer CCTV surveyed – initially with another contractor but when we made a check on how to access the sewer they advised that	TH1/OPS1	With immediate effect.

			the cover could only be lifted by heavy plant which could not be brought onto site until the commencement of the contract works (i.e when the fishermen had cleared their boats, tackle, nets etc.).'		
1.5c – Project timing [Slipway]	Ensure that any weather or tide dependent work is carried out at the optimum time.	H	Agreed. Where this is not possible the risk will be quantified and reported to Council prior to formal approval to proceed being granted. The Project Manager has noted that this recommendation may not be realistic as, due to the desire to avoid works being carried out in the summer (the Council's busiest time and a time of greatest disruption to service users), there is no optimum time for such works to be scheduled.	TH1/OPS1	With immediate effect.

1.5d – Restrictive grant funding clauses [Slipway]	Ensure any restrictive clauses are clearly identified before applying for funds, and are noted on the key facts sheet at the front of the project file. Ensure all clauses are fully complied with. Consider carefully whether it is worth applying for grant funds with onerous clauses.	H	Agreed	TH1/OPS1	With immediate effect.
1.5e – Issue signed contract [Slipway]	Ensure an appropriate contract is used, and that the signed contract is issued to all parties as soon as it has been signed (and ideally before works commence).	H	Agreed	TH1/OPS1	With immediate effect.
1.6a – Clarify who bears the weather/ tide risk [Slipway]	I recommend that, when future works contracts are tendered, the Council identify clearly who will bear the risk of adverse weather and/or tidal conditions. This will enable contractors to price for the risk, and allow the Council to have a higher degree of certainty over the likely end value of the contract works.	H	Agreed	TH1/OPS1	With immediate effect.

	Days			
	2021/22	2022/23	2023/24	2024/25
	Actual	Planned		
Income				
Allotments	0.75		0.50	
Beach Gardens	1.00		1.00	
Boat Park	1.25		1.00	
Car Parks	1.50	2.00	1.00	2.00
Cash Collection and Bank reconciliation	0.25	0.75	0.75	0.75
Cemeteries	0.75		0.75	
Debtors	1.25	0.75	0.75	0.75
Market	0.50	0.25		0.25
Lease Income		0.50		0.50
TIC Cash Income	0.50		0.50	
TIC Rent Income		1.00		1.00
<i>Section Total</i>	7.75	5.25	6.25	5.25
Expenditure				
Bookkeeping	0.25	0.25	0.25	0.25
Creditors – payments	1.00	2.00	2.00	2.00
Depot stocks and stores		1.00		1.00
Payroll	0.75	1.50	1.50	1.50
Petty cash and imprests	0.50	0.50	0.50	0.50
Bank reconciliation and Treasury management	0.25	0.50	0.50	0.50
Budgetary Control	0.25	0.50	0.50	0.50
Risk Management	1.25	1.00	1.00	1.00
Year end procedures and Fixed Assets	0.75	1.25	1.25	1.25
<i>Section Total</i>	5.00	8.50	7.50	8.50
Other audit areas				
Trust Funds	0.15	0.25	0.25	0.25
Community Partnership	0.10	0.25	0.25	0.25
Additional audit work	0.50	0.00	0.00	0.00
Available audit days/contingency	0.00	2.75	2.75	2.75
<i>Section Total</i>	0.75	3.25	3.25	3.25
Management/planning/reporting	1.25	1.00	1.00	1.00
TOTAL	14.75	18.00	18.00	18.00

Report on the Findings of the Review of the System of Internal Control 2021/22

Under paragraph 6(1)(a) of the Accounts and Audit Regulations 2015 the Town Council has an obligation to conduct a review of its System of Internal Control at least once a year. The findings of the review must be considered by the Council as a whole prior to the adoption of the Annual Governance Statement, which forms part of the Annual Governance and Annual Return.

The System of Internal Control (SIC) is a core part of the Council's governance framework and consists of a set of checks and balances designed to ensure that proper arrangements are made to safeguard the public money and resources in its charge. The SIC is designed to manage risk to a reasonable level, and to prevent and detect fraud and corruption. It is acknowledged that it cannot eliminate all financial and operational risks, and can only provide reasonable and not absolute assurance of effectiveness.

Important elements of the Council's SIC include:

- adherence to financial regulations and standing orders;
- adoption of appropriate corporate and financial plans;
- action on reports from both internal and external auditors;
- arrangements for risk management, including maintenance of a Corporate Risk Register;
- compliance with administrative procedures including the segregation of duties so far as is possible in a small organisation;
- scrutiny of management accounts, annual estimates, budget forecasting and variance reports by Members.

The following policy documents were reviewed by the Town Council during 2021/22 to strengthen the system of internal control, and where amendments were made the revised versions were adopted at the meetings indicated below:

- Financial Regulation 11 in respect of procurement (Council Meeting – 26th July 2021)
- Councillor Code of Conduct (Council Meeting – 13th/14th December 2021)
- Reserves Policy (Council Meeting – 17th January 2022)
- Treasury Management and Investment Strategy Statement (Council Meeting – 17th January 2022)
- Corporate Risk Register (Council Meeting - 14th March 2022).

The Council is yet to adopt a Corporate Plan, but a timetable for its production was agreed by the Policy, Finance and Performance Management (PF&PM) Committee on 11th May 2022. Council has also agreed a new format of report for agreeing its priorities on a six-monthly basis. The first of these was approved at the Council Meeting held on 13th/14th December 2021 and the out-turn was considered by the PF&PM Committee on 11th May 2022.

In effect, the Council keeps the system of internal control under constant review, addressing matters raised by the internal and external auditors at the earliest opportunity. The external auditors (PKF Littlejohn) did not identify any matters for consideration by the Town Council and this was reported to the Monthly Meeting held on 13th September 2021.

The process of internal audit is key to the review of the SIC, the Council again having appointed Darkin Miller Chartered Accountants to provide internal audit services. Each autumn a meeting is held between the Internal Auditor and the Town Clerk, in his capacity as the Responsible Finance Officer under Section 151 of the Local Government Act 1972, to review and approve the annual risk based audit plan to ensure that all significant risks are addressed. This year that duty was delegated to the Finance Manager and the meeting took place on 5th October 2021. As a result, it was agreed to audit the boat park for a second consecutive year, given the high number of recommendations in 2020/21. As previously agreed, other lower-risk Council activities are audited on a rolling 3-year programme, rather than every year.

The internal auditor's interim reports are addressed by appropriate departmental managers as soon as they are completed. Responses are co-ordinated by the Finance Manager and incorporated into the internal auditor's reports to the PF&PM Committee, which were considered on 3rd November 2021, 16th February, 9th March and 11th May 2022. This ensures that actions are taken at the earliest possible opportunity. The following are examples of amendments that have either been made to the SIC as a result of the internal auditor's reports during 2021/22, or are in the process of being implemented:

- Improvements to project management procedures and related risk management measures;
- Revised processes for authorising invoices and timesheets post-pandemic;
- Improved publication of Transparency Code data.

The Committee also reviewed progress in implementing the recommendations from the previous audit year on 3rd November 2021 and at the same meeting received a special audit report on the fishermen's slipway project, which made recommendations in terms of procurement and project/contract management procedures. The internal auditor's annual report for 2021/22 confirms that no significant control weaknesses were identified for inclusion in the Council's Annual Governance Statement.

In conclusion, the Town Council continues to take measures to improve its SIC to ensure that public funds are used economically, efficiently and effectively. During 2022/23 the PF&PM Committee will continue its important work in overseeing the implementation of recommendations from the internal and external auditors, together with improvements identified in the Corporate Risk Register and a review of key Council policy documents.

Martin Ayres
Town Clerk and RFO - May 2022