

Update on Appointment of Internal Auditor and Consideration of Internal Audit Plan 2023/24

At the Finance & Governance meeting held 26th July 2023 Minute 7, it was agreed:

That a contract for the provision of internal audit services for the forthcoming three financial years, with a potential two-year extension, be awarded to Darkin-Miller Chartered Accountants, subject to satisfactory agreement being reached around the format of the audit plan, potentially including increased phasing of low/medium risk activities and reduced on-site visits, in order to maximise cost effectiveness while maintaining a high level of assurance from the internal audit process.

The Town Clerk/RFO and Finance Manager subsequently met with Rosie Darkin-Miller on 6th September 2023 to discuss a revision to the proposed audit plan with a view to maintaining a high level of assurance while reducing costs. Having identified that this was possible, Darkin Miller Chartered Accountants have been appointed, and Council confirmed the audit provider's competence and independence at the Council Meeting held on 18th September 2023.

The Committee are now asked to determine the preferred level of internal audit for the forthcoming year. Three audit plan options have been developed for the Committee to review.

- **Option 1:** Core testing only (as per Practitioners' Guide): 7.5 days
- **Option 2:** Core testing plus detailed testing on high value income streams: 10 days.
- **Option 3:** Swanage specific audit plan: 13 audit days

Option 1 is equitable in terms of cost to the alternative tender that was submitted for consideration to Committee in July. This audit plan would give the required level of assurance based upon the Practitioners' Guide requirements. However, no separate annual audit report would be issued other than that included in the AGAR.

Option 2 is the mid-priced option and would give a level of assurance in relation to the Practitioners' Guide requirements, plus detailed testing of high-level income streams, always including car parks and beach huts. Low risk/value audits would be removed from the plan and not be tested unless specifically requested. Again, no separate annual audit report would be issued other than that included in the AGAR. This audit plan would strike a balance between cost and assurance. The cost in excess of option 1 is c. £650.

Option 3 provides the full level of assurance, with the addition of Swanage Town Council specific testing, which for 2023/24 would include detailed testing of car parks, allotments, boat park, beach gardens, cemeteries, TIC cash. A separate Annual Internal Audit Report would be issued at year end. The cost in excess of option 1 is c. £2,200, and c. £1,550 in excess of option 2.

For information, the additional Annual Internal Audit Report is approximately 1 hour of IA time should Members wish to add this to either option 1 or 2.

It has also been determined that some testing can be carried out remotely, thus potentially reducing the total travel costs. This will be determined on a visit-by-visit basis, but cost reduction would be maximised during the year.

In discussion with the IA, a change to the reporting format has also been discussed. Members would receive an informative but summarised report, noting medium to high level risk assessed actions, with a more detailed report being issued to managers. This ensures that Members can focus on significant issues raised in the audit process.

Officers have also discussed the possibility of adding to the audit plan during the year, should any areas of concern be raised at any point, with the decision to be delegated to the RFO and Finance Manager. The need to have additional in-house auditing of certain service areas has also been noted should options 1 or 2 be agreed.

Decision Required

To determine the desired level of Internal Audit service required for the financial years 2023/24 to 2025/26.

Alison Spencer
Finance Manager

October2023

To consider draft agreement between the Town Council and the King George V Playing Field Trust

At the Finance and Governance Committee meeting held on 9th November 2022, initial consideration was given to legal advice regarding the Town Council's management of the three charitable trusts of which it is the corporate trustee.

- King George V Playing Field Trust
- Gift of Public Pleasure Grounds (Prospect Green, Weather Station Field etc)
- De Moulham Trust (Mowlem Land Trust)

Further advice was considered at the Finance & Governance Committee meeting held on 23rd July 2023. Whilst it was agreed to take forward changes to the governance arrangements of the De Moulham Trust and the Public Pleasure Grounds charity, it was noted that the King George V Playing Field Trust would remain unaffected by these changes.

The Council has been advised that it should adopt a management agreement between the Trust and the Council so that the current arrangements for managing the field are set out in a formal legal document. To that end Wellers Hedleys solicitors, acknowledged specialists in the field of local government management of charities, have drafted the attached document for consideration by the Town Council. It has been reviewed by the Town Clerk and a number of minor amendments made in consultation with the solicitors.

If the Committee are satisfied with the document, as set out in Appendix A, it will then need to be considered by the Council in its capacity as corporate trustee. It is proposed that a brief meeting of the King George V Playing Field Trust should be held prior to the next Council meeting, where the document can be considered together with the Trust's governing document. If the Trust is happy with the document it should then formally request the Council, in its capacity as a local government body, to put the management agreement in place.

Decision required

To consider the draft Management Agreement in respect of the King George V Playing Field and make a recommendation that it should be adopted by the Town Council, subject to approval by the King George V Playing Field Trust.

Martin Ayres
Town Clerk

October 2023

DRAFT MANAGEMENT AGREEMENT

BETWEEN

- (1) **Swanage Town Council** as Trustee of King George's Field, Swanage (Registered Charity Number 1085459) ("**the Trustee**") and
- (2) **Swanage Town Council** of Town Hall, High Street, Swanage BH19 2NZ ("**the Council**").

RECITALS

- A. The Trustee is the sole Managing Trustee of the charity known as King George's Field, Swanage the governing instrument of which is a Declaration of Trust dated the 24th September 2007 ("**the Charity**") in respect of the King George V Playing Field Swanage ("**the Playing Field**").
- B. The Trustee has requested that the Council undertake the day to day management of the Playing Field for the purposes of public recreation and the maintenance of the same on behalf of and for the benefit of the Charity as the Charity has limited funds and resources and would otherwise rely upon grants given by the Council and third parties.
- C. The Council has resolved that, as the facilities offered by the Playing Field are for the benefit of the town of Swanage, it will undertake the day to day management and the maintenance and other works required on the basis set out in this Agreement.
- D. The Trustee enters into this Agreement pursuant to section 297 of the Charities Act 2011.

OPERATIVE PROVISIONS

1. Definitions and interpretation

In this Agreement the following terms shall, except so far as the context otherwise requires, have the following meanings:

“the Period” means from the date of this Agreement for a period of 2 years and thereafter until determined in accordance with Clause 3.

2. Agreement

- 2.1. It is agreed by the Trustee that the Council shall manage and be responsible for the Playing Field for the Period.
- 2.2. The Council will maintain the Playing Field as a public recreation ground for the benefit of the inhabitants of Swanage and the neighbourhood without distinction of sex or of political religious or other opinions.
 - 2.3.1 The Council will maintain the Playing Field in a condition that is no worse than as exists at the date of this Agreement and will maintain all structures in a good and substantial state of repair and condition replacing any structure or part of a structure which is beyond economic repair unless requested not to do so by a duly constituted meeting of the Trustee.
 - 2.3.2 With the exception of replacement children’s play equipment and skate park equipment, the Council will not erect or permit to be erected any new structure on the Playing Field other than those in respect of which it has consent at the date of this Agreement without the previous written consent of the Trustee.
- 2.4. The Council will take all reasonable steps (including the erection and maintenance of a CCTV camera and pole) to prevent nuisance and disorder and in particular to prevent any use which may be or become a nuisance or annoyance to the immediate neighbourhood of the Playing Field.
- 2.5. The Council will impose on any person or organization which uses the facilities on the Playing Field terms of hire rules and conditions (if any).

- 2.6. All expenses incurred by the Council in the care and management of the Recreation Ground will be paid by the Council who shall be entitled to be paid the income received from the Playing Field as from the date of this Agreement. In so far as any income received by the Council shall exceed the expenses the same shall belong to and be paid to the Charity unless the same is reasonably required for future expenses.
- 2.7. The Council will effect such insurance as it shall deem appropriate and carry out risk assessments in accordance with the requirements of their insurers and comply with the requirements of such insurers from time to time.
- 2.8. The Council will indemnify the Trustee against any expense liability loss claim or proceedings arising under any statute or at common law in respect of any injury or damage to any person or property arising out of the use and enjoyment of the Recreation Ground.
- 2.9. Any works undertaken by the Council shall be carried out in a workmanlike manner and the Council shall at all times ensure that all current legislation relating to Health and Safety and other provisions designed for the safety of the public is complied with.

3. **Termination**

The rights granted in clause 2 shall determine as follows:

- 3.1 immediately on the service of notice by the Trustee on the Council at any time following any breach by the Council of its undertakings contained in Clause 2;
- 3.2 on 3 months notice served by the Trustee on the Council;
- 3.3 by 6 months notice served by the Council on the Trustee.
- 3.4 All notices served by either party pursuant to the provisions of this Agreement shall be in writing and shall be sufficiently served if delivered by hand or sent by recorded delivery to the address of the Clerk to the Town Council and to the Clerk of the Trustee as notified to the Council from time to time.

Executed as a Deed by **SWANAGE
TOWN COUNCIL** as Local Authority
by two Councillors in the presence of the
Clerk:

Councillor

Councillor

Executed as a Deed by **SWANAGE TOWN
COUNCIL** as Trustee by two Councillors
in the presence of the Clerk:

Councillor

Councillor