

Peterlee Town Council
Internal Assurance Report
2024-25

FINAL



Section 1 – Introduction and coverage

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Section 1 – Introduction and coverage

You have instructed Clive Owen LLP to undertake Internal Assurance for Peterlee Town Council. This report summarises work carried out by Clive Owen LLP during 2023 / 24, as part of the three-year Service Level Agreement covering the provision of Internal Audit Services up to 31 March 2026.

The report provides assurance on the effectiveness of the Council's control environment, risk management and corporate governance arrangements in place during the year.

The requirement for an internal audit function is implied by Section 151 of the Local Government Act 1972 which requires all relevant bodies to, "make arrangements for the proper administration of their financial affairs and ensure that one of its officers has responsibility for the administration of those affairs".

The Accounts and Audit Regulations 2015 require those bodies to "undertake an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with the proper practices in relation to internal control".

Anything which should be brought to your attention and / or recommendations for the possible improvements are summarised by use of a 'traffic light' system. The key is as follows:

Status	Risk Level	Classification
RED	High Risk Identified	A fundamental system or control weakness has been identified which presents unacceptable risk to the current systems and internal controls. Management must ensure this recommendation is addressed as a matter of priority.
AMBER	Medium Risk Identified	The current systems and internal controls are effective but there is scope for further improvement where specific weaknesses have been identified whose impact presents potential risks or non-compliance with statutory guidance or legislation.
YELLOW	Low Risk Identified	Systems and controls are designed and in place but could benefit from improvement in design or application. We acknowledge that controls are in place, but attention may be required to ensure these are applied effectively at all times.
GREEN	No Risk Identified	The relevant systems and internal controls in place are well managed and applied effectively. No recommendations have been made.

NOTE TO COUNCIL:

If it is reported on two previous occasions that a particular control tested has been 'amber' then it will automatically be reported as 'red' on the next report if no improvements to the internal control have been made.

If a control has been reported as 'red' this particular test will be revisited at the next termly visit to assess whether new procedures have been introduced.

Section 2 – Executive summary

Introduction

The visit to Peterlee Town Council took place between 3 and 10 February 2025 for the purposes of carrying out tests in accordance with the agreed schedule of work.

A summary of the findings from the reviewed areas is shown below:

Area Reviewed	Current Systems and Internal controls are appropriate	Current Systems and Internal controls are applied effectively	Yellow – low risks identified	Amber – medium risks identified	Red – high risk identified	Status
Procurement	✓	✓ (see note 1)	4	0	0	YELLOW
Sales Invoice Procedures	✓	✓	0	0	0	GREEN
Income and Cash Security	✓	✓	0	0	0	GREEN
Month End and Budget Monitoring Procedures	✓	✓	0	0	0	GREEN
VAT Returns	✓	✓ (see note 1)	1	0	0	YELLOW
Payroll	✓	✓ (see note 1)	1	0	0	YELLOW
HR & Staffing	✓	X	1	0	1	RED

Section 2 – Executive summary


Introduction (continued)

Area Reviewed	Current Systems and Internal controls are appropriate	Current Systems and Internal controls are applied effectively	Yellow – low risks identified	Amber – medium risks identified	Red – high risk identified	Status
Asset and Investment Register	✓	✓ (see note 1)	1	0	0	YELLOW
Risk Management	✓	X	0	1	0	AMBER
Website Publication and Compliance	X	X	0	0	1	RED
Total			8	1	2	

Note 1 – subject to low-risk recommendations made to improve current controls

Section 3 – Previous recommendations

There was one previous visit to Peterlee Town Council on the 21st and the 22nd of February 2024 and during that visit the following recommendation was made:

	Recommendation	Action taken to date
	It would be normal procedures that, one member of staff uploads the list of invoice payments to be made onto the online banking system and then, for separation of duties and as a double check, another different member of staff would check and confirm the payments were okay to be made.	The Finance Officer is now overseen by the Resource Manager when authorising the bank payments to add a second layer of authorisation.

The action taken in regard to the issue raised last year is seen as adequate and therefore this issue is no longer a concern.

Section 4 – Testing and recommendations

Procurement

Ordering Goods and Services

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Chapter 11 of the Peterlee Town Council Financial Regulations includes the following guidance:

“An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared, or an official order would be inappropriate.

Copies of orders shall be retained.

Order books shall be controlled by the Clerk / RFO.

All members and Officers are responsible for always obtaining value for money. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions”.

The process for ordering of goods and services was discussed with the Finance Officer and the Peterlee Town Council Financial Regulations 2023 (chapters 7 and 11 specifically relate to procurement and invoice payments) were reviewed to ensure compliance.

Each department within the Council has their own designated purchase order book that they use for the procurement of goods and services. These books are triplicated and include:

1. A white copy of the order which goes to then supplier (if not emailed)
2. The pink copy of the order is attached to the invoices
3. The blue copy stays in the order book

Each order has a unique purchase order number and requires information such as:

- Department
- Authorised signature
- Supplier
- Date of request
- Unique order number
- Nominal code to which the expenditure is to be allocated
- Order details such as amounts, description of items, and costs
- Deliver to address

Section 4 – Testing and recommendations

Procurement (continued)

Ordering Goods and Services (continued)

The authorisation levels for individual orders as shown in the Peterlee Town Council Financial Regulations are:

- The Clerk can authorise any items up to and including £2,500.
- The Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items between £2,500 and £5,000, or
- A duly delegated committee of the Council for items between £2,500 and £5,000.
- Anything over the £5,000 must be approved by Council (unless this is an emergency requirement)

Once the order has received appropriate authorisation, the order number is either emailed or provided to the supplier via telephone.

On receipt of the goods, the team who ordered the goods are required to confirm the delivery and their satisfaction that the order is complete. Any delivery notes are annotated and attached to the pink copy of the purchase order and any invoices that are received by the Finance Officer.

The copy order, any delivery notes, and invoices received are all sent to and collated by the Finance Officer for reconciling and payment. Each invoice is stamped with the following detail:

- Nominal code
- Cost centre
- Delivery of goods confirmed
- Invoice examined and passed for payment (these are the initials of members who approve the invoices for payment)

A list of purchase ledger payments is created by the Finance Officer which summarises each of the invoices for payment:

- Supplier and invoice details
- Invoice date and invoice number
- Amount due
- Amount paid
- Balance outstanding

The invoice batches are taken to members where at least 2 are required to review and initial each invoice to authorise for payment.

Section 4 – Testing and recommendations

Procurement (continued)

Ordering Goods and Services (continued)

All invoices which have been authorised by the members are then entered onto the main accounting system by the Finance Officer to generate the BACS payments using the Co-op online banking system.

It was noted that the Corporate Services Manager and the Deputy Town Clerk can also both create BACS runs should then need arise.

Access to the online banking is restricted to the use of specific tokens and passwords.

The Finance Officer uploads the CSV file to the bank confirming both the amounts to be paid and the date of payment.

It appears that the Finance Officer has overall single control on the payment process but is overseen by Resource Manager when the bank payment is made so there is a separation of duties and there is another layer of authorisation.

The council members are also presented with the list of invoices to be paid at the end of the month and are given a list of entries into the finance system to check and approve, this again adds another layer of authorisation and ensures no one person has autonomy of paying invoices.

Section 4 – Testing and recommendations

Procurement (continued)

Order Completion and Invoice Payments

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A sample of payments was selected to ensure that orders have been generated, purchases have been duly authorised and are appropriate, and invoices have been correctly processed for payment, including any VAT elements.

Order No	Invoice date	Supplier	Gross Amount £	Details of Order / Invoice	Invoice number	Approved by council	Delivery certified?	Stamped and dual authorised?	Recorded in accounting system inc VAT
13582	11.12.24	JD Bar and Coffee events	516.35	Coffee and hot chocolate	1028	✓	✓	KL & SS	Yes, £516.35 no VAT element
13757	29.10.24	Height for Hire	660	Access machinery	3740000087	N/a	✓	WR & SS	550 + 110 VAT
13551	11.06.24	Durham Air	834	Air conditioning refurbishment	2444	N/a	✓	SS & JH	695 + 139 VAT
13454	24.05.24	Aitkens	949.78	Sands for football pitch	27846	N/a	✓	SS & JH	Yes, 791.48 + 949.78 VAT
13381	17.06.24	J.Walsh	200	Pilates sessions	NA	N/a	✓	SS & JH	Yes, £200 no VAT element
13236	12.05.24	CMS	2080.48	Removing faulty burner	2711	N/a	✓	KL & SS	Yes, £1733.73 + £346.75 VAT
13456	30.04.24	Landscape Supply Co	122.95	Tapes	133112	N/a	✓	KL & SS	Yes, £122.95 + £20.49 VAT
13294	22.04.24	Teak Garden Furniture	1440	Memorial Bench	220424	N/a	✓	KL & SS	Yes, £1200 + £240 VAT

Section 4 – Testing and recommendations

Procurement (continued)

Order Completion and Invoice Payments (continued)

From the review of the above sample of invoices it is evident that:

- Official orders are used and suitably authorised where required in line with the Financial Regulations guidance on procuring goods or services
- Pink copies of purchase orders are attached to both the invoices and where possible the delivery notes
- Each invoice has been duly stamped to show the nominal and budget code
- Each invoice also has at least the initials of 2 members on to confirm the payment authorisation
- Each invoice had been correctly entered on the main finance system including VAT elements where applicable.

It appears from the sample above that very effective controls are in place.

Section 4 – Testing and recommendations

Procurement (continued)

Y

Miscellaneous nominal codes

The nominal ledger on the main accounting system was reviewed and discussed with the Finance Officer to ensure there was not a large miscellaneous code and that expenditure is being split correctly.

Expenditure appears to be separated into sufficient nominal areas and the Finance Officer confirmed that invoices are allocated to an appropriate expenditure code.

This helps to improve the accuracy of the quarterly budget reports that are produced.

It was confirmed following a conversation with the Finance Officer that there are miscellaneous codes for both expenditure and income for each site.

After a review of these nominals, it was found that there were items that were wrongly allocated to miscellaneous and could have instead been better allocated to a different code. This was because of the original invoice being stamped and mis-coded, however it was noted that some of the staff with budgeting responsibilities are new in post and may not have had adequate training at the time of the visit.

Recommendation

It would be recommended that as a part of the quarterly budget reporting procedures to council, that the Finance Officer checks the entries made into the miscellaneous codes for the period and ensures all items are correctly allocated, this would ensure that when the budget is reviewed during or at the end of the year, that the spending for each nominal code is an accurate representation of what occurred during the year.

<u>Management Response and Agreed Action</u>	<u>Designated Responsible Officer</u>	<u>Target Date for Action Implementation</u>	
<i>Quarterly reviews of 'miscellaneous' nominal codes will be undertaken to prevent future misclassifications.</i>	<i>Town Clerk</i>	<i>Implemented</i>	YELLOW

Section 4 – Testing and recommendations

Procurement (continued)

Y

Quotation and Tendering Procedures

Peterlee Town Council's Financial Regulations state:

“When it is to enter into a contract of less than £50,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk / RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £100 the Clerk / RFO shall strive to obtain 3 estimates.”

A sample of transactions were selected from the purchase's ledger with varying values.

WBD Solicitors

Align Property Solutions is a company which the council have been engaged with in regard to the selling of property, the council has researched and tried to use multiple solicitors., they do not have a set solicitor, every time legal work is required, they request quotes. However, WBD is a firm which was recommended to the council by Align Property Solutions and was known to be reputable and specialised in the services which the council did require. This process for quotes is satisfactory due to the many issues the council has had in the past with getting solicitors. After a review of the correspondence, it appears Align Property Solutions approached WBD on the council's behalf and gave the work specification and ensured value for money. WBD then got in contact with the Town Clerk and proposed a fee which was accepted after it was passed by the members.

MB Audio visual

There was a musical festival, and the council attempted to gather four quotes in regard to staging. After the quoting process due to availability reasons their best quote was £4,500 + VAT however this service was no longer available after unfortunate circumstances with the business owner. So, as a result of this they were offered an affiliated contact and due to the speed in which things had to happen with the event occurring in a week's time it was decided to go with this service as they had struggled to gather quotes in the first instance and with time being so short they went with this service short they. In total the full gross amount for this service was £5,854.80. It was confirmed that this matter was not taken to council and as this event went over the designated budget for this event this process is not seen as satisfactory, however it has been identified that the member of staff in charge of this at the time no longer works here and it is clear within the testing undertaken that the process and procedures in regards to quotes and tenders has since been tightened up.

Section 4 – Testing and recommendations

Procurement (continued)

Quotation and Tendering Procedures (continued)

Lloyd Limited

This is tractor maintenance, which is a specialised service, this means that there were no options as it is specialist equipment, so they had to use the original supplier to repair. Value for money is clear within this transaction because due to negotiating with the original supplier they were able to reduce their bill as the council was not solely accountable for the damage caused to the machine. This was the second instance of the machine failing in this specific area, so the suppliers covered the first instance, and the council paid for the damage in the second instance. Again the council did not gather 3 quotes for this transaction however that is not seen as an issue as due to the nature of the damages and the repairs to be completed the options were limited for suppliers and any other suppliers may have come at a cost of the machine being out of operation for a longer time, there was an issue with the recording of correspondence however this has been discussed with the Town Clerk and with the large changes to staffing in the relevant period this is not seen as a major issue within the council procedures.

Mark Harrod

Goal posts, as per the correspondence the council did get three quotes for new goalposts. It was decided to go with the cheapest of the three which cost a gross amount of £3,116.06 incl VAT, this was not presented to the council as it was emergency works, instead the Town Clerk had a call with the Mayor who did approve this as the transaction value was not greatly above the Town Clerk's spending limit this process for this transaction is seen as satisfactory.

Durham Flooring Ltd

This was for emergency works completed in regard to flooring which had began to bubble and cause damage. Durham Flooring Ltd were out on an emergency call out to secure the site and ensure its safety and then came back out to fix any damage caused. This transaction was under the Town Clerks discretionary spending limit however it has been identified through a conversation with the CFO and other invoice testing that the Council operate with best practice when making larger purchases even if they do not go above the Town Clerk's spending limit, they will gather quotes and discuss and negotiate with suppliers in order to ensure best value for money is achieved. In this case due to the fact Durham Flooring has already secured the site and had a familiarity with the issues at hand and any repairs which may be required it was logical for the council to then use them to repair the damages.

It is clear within the testing and conversation with the relevant staff members that value for money is always the aim from every transaction. However, the processes and discussions behind decision making is not always documented in the event of challenge.

Section 4 – Testing and recommendations

Procurement (continued)

Quotation and Tendering Procedures (continued)

Recommendations

It would be recommended that there needs to be a larger focus on the recording of correspondence, it was identified that a large portion of the communication with suppliers was done via phone calls so there needs to be summaries of conversations noted down for the record to support any decision making.

It is also best practice to document decision making regarding why choosing one supplier over another should the decision be challenged at a later date. Also, when choosing the cheapest supplier ensuring there is documentation and reasoning showing that the quality will not be lost by choosing the cheapest and the project will still be adequately completed.

<u>Management Response and Agreed Action</u>	<u>Designated Responsible Officer</u>	<u>Target Date for Action Implementation</u>	
<i>Staff have been instructed to retain and record written notes of all supplier communications.</i> <i>A standard template has now been developed to log procurement decisions, training is also scheduled for Q1 2025/26 on tendering processes and decision making.</i>	<i>Town Clerk</i>	<i>Implemented</i>	YELLOW

Section 4 – Testing and recommendations

Procurement (continued)

Y

Petty Cash

It was confirmed after a conversation with the finance officer that the council does not have a typical petty cash system as there was no need for it due to having debit cards in circulation.

“ The RFO may maintain as petty cash float of £75.00 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept substantiating the payment. ”

The records regarding petty cash were reviewed in relation to money from the till used for supplies for the Bistro. It was confirmed with the Finance Officer that the staff will take money from the till and bring back the item with the proof of purchase and it will be attached to the week-end overview.

A sample of occurrences of petty cash were reviewed.

Date of Expenditure	Description	Value (inc VAT) £	VAT amount	Appropriate Expenditure/Income	Evidence Retained of Purchase	Entered Correctly on Finance System
18.01.25	8x milk	12.72	0.00	Yes	Yes, receipt attached	Yes
07.12.24	4x milk	3.69	0.00	Yes	Yes, receipt attached	Yes
24.10.24	3x milk	4.77	0.00	Yes	Yes, receipt attached	Yes
11.10.24	Items for deserts sprinkles etc	20.24	1.51	Yes	Yes, receipt attached	No - Note 2
Week of 09.06.24	Basic ingredients and crisps	5.65	Note 1	Yes	No – Note 1	Yes

Section 4 – Testing and recommendations

Procurement (continued)

Petty Cash (continued)

Note 1 - During the testing it was found that one of the transactions were evidenced by a sticky note stating the items (not the total per item) and then stating no receipt. Within this transaction there was not a VATable item, so this error did not affect VAT. However, because of not having a receipt, you do not know the claimable VAT amount and without a receipt and a VAT number, would not be able to claim this on a VAT return. As a result of this the council could be missing out on reclaimable VAT, if the lack of a receipt continues to be an issue.

Note 2 – This transaction contained VAT, on the receipt the items were clearly detailed as was the value of VAT and the VAT number. It was confirmed by the Finance Officer that this must have been an error whilst entering into the finance system, it was noted that during other reviews of the finance system this does not appear to be a reoccurring issue and just a one-off incident. Therefore, no recommendation has been made.

Recommendation

It would be recommended that the staff are reminded that transactions must be evidenced with a VAT receipt when making purchases with money from the bistro till.

<u>Management Response and Agreed Action</u>	<u>Designated Responsible Officer</u>	<u>Target Date for Action Implementation</u>	
Staff have been reminded of the importance of retaining VAT receipts.	Town Clerk	Implemented	YELLOW

Procurement (continued)



Debit Cards

The Peterlee Town Council Financial Regulations state –

“Any Debit Card issued for use will be specifically restricted to the Clerk and will also be restricted to a single transaction maximum value of £5,000 unless authorised by council or finance committee in writing before any order is placed. Use of this debit card will be reported to finance committee on a quarterly basis, for information and appropriate scrutiny.”

“A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the council or resources committee. Transactions and purchases made will be reported to the council and authority for topping-up shall be at the discretion of the council.”

There are two cards at Shotton Hall and at the Pavilion and these are used by all authorised staff and transactions are retrospectively approved by members at meetings. The security of these cards is not a concern as they must be signed in and signed out by the member using them at the time.

However, the use of these debit cards is not clearly reflected in The Peterlee Town Council Financial Regulations as is required to be transparent about their processes.

Recommendation

It would be recommended that The Peterlee Town Council Financial Regulations are updated to include the current processes in regard to debit card, there is no current issue with the actual process itself, but it must be reflected in the Council’s published policies.

<u>Management Response and Agreed Action</u>	<u>Designated Responsible Officer</u>	<u>Target Date for Action Implementation</u>	
<i>The Financial Regulations have been updated to reflect current practices regarding the use of debit cards.</i>	<i>Town Clerk</i>	<i>Implemented</i>	YELLOW

Section 4 – Testing and recommendations

Sales Invoice Procedures

Raising of Sales Invoices

G

The procedures involved in the requesting of and then raising of sales invoices were reviewed and discussed with the Finance Officer.

Sales invoices can be raised for charges relating to various provisions including:

- The use of the Pavilion facilities such as
 - the bar and bistro for special events / parties
 - meeting rooms / halls for aerobics / exercise classes or staff awareness training courses ran by the various local authorities
- The use of MUGA facilities for hire
- The use of football pitches for hire
- Services such as allotment rent charges
- Grant invoice recharges
- Secondment of staff charges

The Rialtas Finance System incorporates a booking system which various council staff have access to so they can generate sales invoices for on-going bookings.

For any non-booking / the one-off ad hoc invoices that are not on the booking system, these are usually requested by the managers to the Finance Officer via an email. The request should always include the following detail:

- Name of client / club / lettee
- Description of the charge (such as office rent, aerobics classes, pitch fees, allotment rents etc)
- Period / frequency of how often the invoice should be raised (such as quarterly, half yearly or annual)
- Date for the invoice
- Amount
- Vat element
- Total amount of the invoice

The invoices are raised on the finance system and e-mailed out to the client with a copy retained on file annotated with the date it has been issued.

Section 4 – Testing and recommendations

Sales Invoice Procedures (continued)

Raising of Sales Invoices (continued)

When the invoices are paid, each invoice is annotated with the following detail:

- The date the invoice was paid
- The method by which the invoice was paid (such as cash, cheque, or BACS)

Following the completion of the monthly bank reconciliation by the Finance Officer, she then runs a sales invoice report to show all un-paid sales invoices by customer.

These are issued with an account statement to prompt them to make payment.

All invoices are stored on file in the main finance office for ease of access should the need arise.

Section 4 – Testing and recommendations

Sales Invoice Procedures (continued)

G

Sales Invoicing

A sample of sales invoices raised for facilities including charges for letting of facilities including the bar / bistro, meeting rooms / halls, the MUGA, and other ad-hoc invoices were reviewed to ensure that they had been raised correctly and annotated when the payment had been received before being reconciled as part of the month end process by the Finance Officer.

Date Raised	Customer	Sales Invoice No	Description	Value £	Paid	Reconciled to Bank Statements	Correctly recorded on Finance System
29.11.2024	Peterlee One Point	C2589	Electricity Account	1964.22	Yes – paid 27.12.2024	✓	✓
29.11.2023	Innovations Ltd	C2585	Rent – Hill Rigg House	3527.79	Yes – paid 30.12.2024	✓	✓
29.11.2024	Grant Dickinson	C2583	Works at Acre Rigg academy	636.00	Yes – paid 07.01.2025	✓	✓
29.11.2024	Peterlee Scouts	C2586	Ground rent for scouts	5.00	Yes – paid 06.12.2024	✓	✓
31.12.2024	Harbour Support Services	10926	Rent of room	108.00	Yes – paid 24.01.2025	✓	✓
31.12.2024	Harry Scott	10908	Muga juniors peak	105.00	Yes – paid 14.01.2025	✓	✓
29.11.2024	North Tees & Hartlepool Foundation	10901	Hire of the community facility	175.00	Yes – paid 19.12.2024	✓	✓
31.12.2024	E. Williams	10905	Hire of the community facility.	50.00	Yes – paid 14.01.2024	✓	✓

From the sample of sales invoices reviewed there were no issues identified. There were no outstanding balances in this sample however there is a debt recovery process in place for unpaid accounts and this is adhered to.

Section 4 – Testing and recommendations

Income and Cash Handling

Income Guidance

G

Chapter 10 of the Peterlee Town Council Financial Regulations approved in May 2023 includes pointers such as:

- 10.1 *The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.*
- 10.2 *Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.*
- 10.4 *Any sums found to be irrecoverable, and any bad debts shall be reported to the Council and shall be written off in the year.*
- 10.5 *All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers regularly*
- 10.6 *The origin of each receipt shall be entered on the paying-in slip.*
- 10.8 *The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.*
- 10.9 *Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.*

Sources of Income Received

G

The main sources of income received by the council was discussed with the Finance Manager and includes:

- Bar takings (from the pavilion)
- Allotment rents
- Cemetery purchases
- Fishing Day Passes
- Garage rentals
- Log sales
- Sales invoices
- Various public events tickets and stalls

Section 4 – Testing and recommendations

Income and Cash Handling (continued)

G

Income Safeguarding and Financial Security

The documented process of collecting and recording income from receipt to entering onto the accounting system, then banking was reviewed and discussed with the Finance Officer.

Any cash, cheques or card payments that are made by the public at the main council office reception are all taken and recorded in a duplicate receipt book, with each receipt showing:

- Date
- Receipt number (these are all in sequential order)
- Received from
- Detail / reason for payment
- Whether cash, cheque, or credit card
- Amount received
- Signed by the PTC employee

A white copy of each receipt is provided to the customer with the lower yellow copy retained in the receipt book.

The cash, cheques and credit card transactions are then entered onto a large A3 cash book which shows:

- Date of receipt
- Payee
- Cash amount
- Cheque amount
- Total taken

The cash and cheques are then stored in the main finance office safe until banking is possible (with access to the safe restricted to finance and senior personnel only).

Section 4 – Testing and recommendations

Income and Cash Handling (continued)

Income Safeguarding and Financial Security (continued)

When banking is to take place, the cash book is then ruled off under the most recent transaction showing the total amount of the cash and cheques received since the last banking took place.

These amounts are then reconciled against the takings that have been stored in the safe. The insurance limits for storage of cash in the safe were reviewed and confirmed that these are never exceeded as banking takes place on a frequent basis depending on how much is in the safe.

Cash is taken and deposited into the local post office and any cheques that have been received are posted to the bank (a copy of each cheque is retained with a copy of the deposit slip)

The Pavilion also takes cash for events such as keep fit classes, bar takings, bistro and via reception.

These takings are kept in the safe at the Pavilion until Loomis collect and take to the bank. The takings are recorded on a weekly breakdown sheet detailing:

- Coin / note denominations
- Bistro takings
- Bar takings
- Reception takings
- Total of each denomination
- Total cash
- Total cheques

A copy of the breakdown sheet is retained along with a copy of the deposit slip showing the matching amounts banked. Should there be any cheques taken then a copy of this is also retained with the breakdown summary and deposit slip.

The cash book was reviewed and verified back to the bank statements for the relevant periods it was confirmed that there are no instances where the cash held goes over the limit of which they are insured for, which is £12,500 and £10,000 for the two safes.

Section 4 – Testing and recommendations

Income and Cash Handling (continued)

G

Miscellaneous receipts and banking

A sample of various income streams were reviewed to ensure that:

- Transactions are completed on the receipt book
- The totals on the receipt book tally with the weekly banking sheet
- All transactions recorded have been banked promptly and in full and agree to bank statements.

Date Income received	Details	Value £	Total Amount Banked £	Deposit Slip Copied	Date Banked	Matches Income Records	Reconciled to Bank Statement	Recorded On Finance Systems
13.09.2024	Dog bags	3.00	1174.50	Yes	20.12.2024	✓	✓	✓
08.10.2024	Allotment purchase	55.00	1174.50	Yes	20.12.2024	✓	✓	✓
09.12.2024	Santa's wish income	150.00	1174.50	Yes	20.12.2024	✓	✓	✓
03.09.2024	Grave space purchase	265.00	1663.45	Yes	05.09.2024	✓	✓	✓
21.10.2024	Northern electric	57.55	1174.50	Yes	20.12.2024	✓	✓	✓
02.07.2024	Steven Clark – rent & key	90.00	738.00	Yes	08.07.2024	✓	✓	✓
11.06.2024	Allotment rent	35.00	790.00	Yes	12.06.2024	✓	✓	✓
22.05.2024	Fishing key	10.00	1468.67	Yes	24.05.2024	✓	✓	✓

Section 4 – Testing and recommendations

Income and Cash Handling (continued)

Miscellaneous receipts

Following the testing conducted above, the council's procedures and documentation for miscellaneous transactions is very robust and well documented.

The cash book is well documented, and their current underline system is clearly working well, as instances of money being banked, match up to that of the relevant bank statements and the deposit slips which are duplicated and kept for the record, these transactions were also confirmed to have been correctly entered onto the finance system.

Section 4 – Testing and recommendations

Month End and Budget Monitoring Procedures

G

Bank Reconciliation

Section 3.2 of the Peterlee Town Council Financial Regulation states that:

“On a regular basis, at least once in each quarter, and at each financial year end, one or more members, other than the Chairman, shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council and/or Resources Committee”

The reconciliations are usually carried out by the Finance Officer before being reviewed by the Town Clerk and Members on a monthly basis.

The most recent monthly bank reconciliations for the main Business Direct Plus bank account, were discussed before being reviewed.

<u>Bank Rec Ending:</u>	<u>Bank Statement Balance:</u>	<u>Unpresented items balance:</u>	<u>Adjusted Bank Balance:</u>	<u>Sage Cash Book Bank Balance:</u>	<u>Difference Between Bank and Cash Book £:</u>
31 December 2024	1,248,677.18 – Note 1	1097.60	1,249,774.78	1,249,774.78	£0.00
30 November 2024	1,382,166.19 – Note 2	2631.08	1,384,797.27	1,384,797.27	£0.00

The above reconciliations had all been completed by the Finance Officer (but had not yet been presented to the Council due to staff absences – see below)

The bank statements were also reviewed for any larger or unusual transactions but there were no issues identified.

Note 1 – Includes £100 from cheque and interest a/c

Note 2 – Includes £500 from cheque and interest a/c

Section 4 – Testing and recommendations

Month End and Budget Monitoring Procedures (continued)

G

Budgeting and Management Accounts

The budget setting process and monitoring arrangements were discussed and reviewed with the Town Clerk to confirm whether there is a requirement to compile financial information for the Council and if so what detail and how often.

Section 5.8 of The Peterlee Town Council Financial Regulations guidance, states that:

The RFO shall regularly provide the council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget.

These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances. For this purpose, “material” shall be in excess of 15% of the budget.

Budget Monitoring

The Town Clerk confirmed that the budget monitoring report for the end of quarter 2 (period ending 30 September 2024) was presented to the Council on 2 December 2024. The detailed income and expenditure by phased budget heading report included:

- Code
- Budget heading
- 2023/24 total budget
- Quarter 2 forecast
- Quarter 2 actual
- Quarter 2 variance
- %age of budget
- Pro rata variance %

There was also as part of this report, a tabled summary of all variances that were over a set limit (which in this case was over 15%) showing the variance and suitable comments / explanations for perusal with the following narrative:

“Negative variances indicate an underspend, whether through reduced expenditure or increased income, or both”.

Section 4 – Testing and recommendations

Month End and Budget Monitoring Procedures (continued)

Budgeting and Management Accounts (continued)

Budget Monitoring (continued)

It was also confirmed by the Finance Officer that, every month, Councillors receive the following financial information:

- Any direct debits paid during the most recent completed month
- Any BACS payments made during the most recent completed month
- Any faster payments that have been made during the most recent completed month
- A full list of invoices from the current month that are to be approved for payment
- A monthly bank reconciliation for the following accounts:
 - Cheque and Interest Account (which incorporates both the cheque & interest account and the Public Sector Reserve account)
 - Credit / debit cards
 - Clerk's imprest account

It was identified that the most recent bank reconciliations had been completed for the period ending 31 May 2024 on 11 June 2024.

However it was discussed that during the recent absence of the Finance Officer, the Council had not received any bank reconciliations since the May 2024 one.

Due to the Finance Officer being absent from work for a period, alternative arrangements were in place for the day-to-day finance work to be continued with both the Democratic Officer and the HR & Admin Assistant being responsible for the monthly payment of invoices and other due expenditure.

Council was aware of the strain the absence had on the production of financial information but were kept updated of any significant expenses by the Town Clerk over this period.

Section 4 – Testing and recommendations

Month End and Budget Monitoring Procedures (continued)

Budgeting and Management Accounts (continued)

Budget Monitoring (continued)

Additional budget monitoring procedures were also discussed with the Town Clerk who confirmed, and provided detailed evidence of, the Finance Officer implementing additional budget forecasting methods.

At the end of November each year the Finance Officer compiles a “budget report” which, most recently, showed the actual income and expenditure for the year from 1 April 2024 to 30 November 2024 and the actual balance as of 30 November 2024.

The Finance Officer then estimates the income and expenditure for the remaining 4 months of the year. To do this the following process is carried out:

- Salaries are calculated for each of the 4 remaining months of the financial year (the current budget estimate was December 2024 to March 2025) and totalled
- Other expenditure is estimated for the remainder of the financial year (the most recent being for the period December 2024 to March 2025) based on the same period the previous year (expenditure reports are printed off for periods 9, 10, 11 and 12 from the previous year so in this case December 2023 to March 2024)
- Income is estimated for the remainder of the current financial year (the most recent being 1 December 2024 to 31 March 2025) based on the same period the previous year (income reports are printed off for periods 9, 10, 11 and 12 from the previous year so in this case December 2023 to March 2024)
- This will give an estimated balance as at the end of March (so the estimated balance at 31 March 2025 was £794,797.27).
- Any earmarked reserves are then deducted to give a more realistic overall carry forward balance. The balance forecast at the end of March 2025 from the work recently undertaken was £650,000 compared to the actual balance at the end of March 2024 which was £332,706.

This budget information is used by the Town Clerk to plan and create a realistic budget for the forthcoming financial year, so the most recent information was fed into the budget for the 2025 – 26 financial year.

Section 4 – Testing and recommendations

Month End and Budget Monitoring Procedures (continued)

Budgeting and Management Accounts (continued)

Budget Setting Process

Discussions were had with the Town Clerk as to how the annual budget setting process takes place and who is involved. It is acknowledged that the current Town Clerk was only appointed in May 2024 and was not involved in setting the current 2024-25 financial year's budget.

The Peterlee Town Council Financial Regulations, section 4 details budgeting and forward planning. Guidance include:

The RFO must each year, by no later than January, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by council.

The council shall fix the precept (council tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the end of January each year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.

The approved annual budget shall form the basis of financial control for the ensuing year.

During the current financial year Peterlee Town Council had undergone a service review around June / July 2024 which included making savings across the budget, primarily in the staffing costs.

To try and set a realistic budget, the Town Clerk needed to know the following from the Council:

- What services the Council wanted to deliver
- What services and / or events they wanted to provide
- What services and / or events they didn't want to provide
- What services and / or events they wanted to provide but couldn't afford

The Town Clerk attended several service review meetings through June 2024 onwards to help determine the direction the Council wished to take around the setting of the precept (council tax requirement) and any inflationary costs before commencing the budget for 2025-26.

Section 4 – Testing and recommendations

Month End and Budget Monitoring Procedures (continued)

Budgeting and Management Accounts (continued)

Budget Setting Process (continued)

Discussions were had with the Town Clerk as to the data involved in setting of the 2025-26 budget. The Council received an initial budget calculation at its meeting held on 16 December 2024. Following this meeting, the Town Clerk continued to work on the draft budget with Senior Managers.

Members were subsequently provided with a detailed budget schedule giving an indication of the precept requirements and Council Tax at each tax band should the initial draft be approved at the Council meeting on 20 January 2025. The key factors within the proposed budget presented in January 2025 to Council included:

- A Vision, Aims and Objectives which the Council agreed in August 2024 which sets the future direction of the Council
- A new staffing structure had been agreed on November 2024 with the objective of delivering the Council's broad aims. This will represent a significant saving during the year to the Council
- The increase in employers' national insurance costs will reduce the forecasted savings together with an allocation of 5% to cover the anticipated increase in costs resulting from the 2025/26 pay award
- Reduction of the 'Local Council Tax Reduction Scheme' (LCTRS) grant funding - Durham County Council has advised that the LCTRS grant for 2025/26 will be £190,455. A further reduction of £49,904. This means that the Town Council would need to add approximately 3% to the current year's precept to simply 'stand still' – before inflation or other budgetary considerations.
- Wages New Establishment plus 5% - It should be noted that pay awards in the last three years have been a flat monetary amount applied to all spinal column points. On average the increase has been as follows: 2022/23 was 8.70%, 2023/24 was 8.00% and 2024/25 is 4.97%.
- General inflationary costs up 2.6% and Electric & Gas 40% consumption at Q2 plus 5%
- Service charges income up 3%
- Earmarked Reserves totalling £67,400 has been allocated to help fund capital expenditure in relation to New Vehicles, Helford Road MUGA, the Play Area Strategy and Eden Lane Tennis Courts.
- Election Costs - A provision of £18,000 has been made in the 2025/26 budget to fund the Towns Council's costs for the elections to be held on 1st May 2025. It is suggested that in future years an earmarked fund be created to spread the cost of the elections and over a 4-year period. This would remove the spike in costs every election year.
- Events - Budgets within the Town Events cost centre have been amended so that they more accurately reflect the cost of the event. Budget provision has not been made for a number of events where it is anticipated they will not take place. The overall effect is an increase in the budget provision of £7,800.

Section 4 – Testing and recommendations

Month End and Budget Monitoring Procedures (continued)

Budgeting and Management Accounts (continued)

Budget Setting Process (continued)

It was also noted in the budget presentation that consideration and discussions were had around the following budget influences:

- *The Town Council has also invested reserves to protect local residents from Council Tax increases for the Town Council's element of the Council Tax precept during the period 2016/17 to 2023/24. With a 2% Council Tax reduction in 2017/18 followed by 0% 'freezes' in 2018/19 to 2021/22, a 6% increase in 2022/23, a 10.5% increase in 2023/4. At the end of that period local households were paying substantially less 'in real terms' for the Town Council than they were in 2016/17. This reduction in real terms cost of the council has been partially funded through the use of the Council's reserves.*
- *The combination of capital investment and revenue protection from Council Tax increases has resulted in the Town Council's reserves reducing from a peak of £1,286,918 in April 2018 to £484,272 at the end of March 2024. These reserves were held as a mix of earmarked and general reserves (general was £394,630 and earmarked was £89,642)*
- *Members are reminded that the Council's approved prudent level of general reserves is £428,000, which was calculated in 2018 as approximately 3 months of operating costs. As such the general reserve was approximately 8.5% (£33,370) lower than the minimum level set in the Use of Reserves Policy.*
- *In order to balance the budget income, expenditure and movement in reserves outlined about, the projected precept requirement for 2025/26 is £1,918,800 which is equivalent to a precept increase for individual households of 7.08%.*
- *A 7.02% precept increase would result in approximately 75% of households in Peterlee paying an additional £17.97 for the year for the Town Council's element of their Council Tax bill, equivalent to around £1.50 a month or 35p a week. More than half of these Band A households receive some level of council tax discount (usually 25% or 50% discount) due to their household circumstances, and so the actual increases will be lower than this for many households in Peterlee.*
- *Residents in the highest-rated Band E properties (approximately three in every hundred properties in Peterlee) would see an increase of £32.94 for the year, equivalent to around £2.75 a month or 63p a week.*

Section 4 – Testing and recommendations

Month End and Budget Monitoring Procedures (continued)

Budgeting and Management Accounts (continued)

Budget Setting Process (continued)

Members were then recommended to consider the proposed budget, which would require the Council to: -

- Set the 2025 / 26 precept at £1,918,800 which would equate to a Band D household Council Tax of £407.56 an increase of 7.08%, noting that 75% of households live in Band A properties which equates to a households' Council Tax of £271.71 an increase of £17.97 per year, or 35p per week.*
- Agree that the 2025 / 26 charges for general council services and activities be increased as set out in the report.*

From a review of the actual minutes of the Council meeting on 20 January 2025, section C133 / 24 states that:

COUNCIL BUDGET AND PRECEPT FOR 2025 / 26

Consideration was given to a report of the Town Clerk, which had been circulated with the agenda, providing members with an update to the outline budget considered at the Council meeting held on 16th December 2024.

Members noted the background to the budget which had formed the basis to the budget calculations, together with a number of amendments that had been proposed following discussion with Senior Managers.

Following detailed consideration Members agreed the budget proposals contained in the report.

RESOLVED:

- 1. That the precept for 2025/26 be set at £1,918,800 which equated to a Band D household Council Tax of £407.56 an increase of 7.08%, noting that 75% of households lived in Band A properties which equates to a households' Council Tax of £271.71 an increase of £17.97 per year, or 35p per week.*
- 2. That the 2025 / 26 charges for general council services and activities be increased as set out in the report.*

Section 4 – Testing and recommendations

VAT Returns

VAT Returns Process

Y

The VAT Return completion and submission to HMRC was discussed with the Finance Officer.

The finance system automatically collates all the relevant sales and purchase information into a VAT return, the FO then reconciles this back to the VAT control account and ensures the reclaim amount on the VAT return is equal to the total amount within the VAT control account for the period.

The process for VAT exempt items was also discussed with the FO, it was confirmed that there have been previous issues with the classification of zero-rated VAT items like food, this has since been amended. But it was confirmed that in certain instances there is uncertainty in how to classify items in the VAT return. Although this has no financial impact on the council, in order to remain transparent and for best practice it is important that all relevant information be properly recorded on the VAT return.

This VAT return is not authorised by any senior officers before it is sent to HMRC. It is also noted that the members do review batches of invoices monthly and are able to see both the original invoices and the list of transaction entered the financial package during the month, giving an opportunity for the VAT to be checked as it with this data which is entered the VAT return is created from.

Recommendation

It would be recommended that the Financial Officer could undergo training in regard to the classification of transactions which do not have VAT but must still be identified on the VAT return. This could be through the usual channels of courses, but it could also be by putting them into contact with other Finance Officers working in similar sectors in order to aid with queries that may arise during the natural processes through the period.

<u>Management Response and Agreed Action</u>	<u>Designated Responsible Officer</u>	<u>Target Date for Action Implementation</u>	
<i>The Finance Officer has reviewed VAT entries and corrected previous misclassifications.</i> <i>The finance officer has purchased books and believes this will be enough they don't see the need of training as the reference book is a good guide on VAT.</i>	<i>Town Clerk</i>	<i>Implemented</i>	YELLOW

Section 4 – Testing and recommendations

VAT Returns (continued)

VAT Returns Accuracy

G

The below testing was conducted on a sample of transactions to ensure they were entered into the VAT return.

Date of invoice	Details	Gross amount	Net amount	VAT	Matched to original invoice.	Entered Correctly On The VAT Return?
21.08.2024	Mobile Patrol	42.00	35.00	7.00	✓	✓
26.08.2024	Purchase of tools	834.24	695.20	139.04	✓	✓
12.09.2024	Seeding product	2629.08	2308.80	320.28	✓	✓
21.08.2024	Shed felt	58.63	48.86	9.77	✓	✓
14.10.2024	Hill Rigg House maintenance	324.00	270.00	54.00	✓	✓
17.10.2024	Mini Tanks UK	1440.00	1200.00	240.00	✓	✓
26.09.2024	Tool accessories	17.98	14.98	3.00	✓	✓
17.09.2024	Cleaning Services	221.95	184.96	36.99	✓	✓

From the above sample it is clear the process in which the entering of the invoice information to the VAT return occurs is effective and working successfully.

Section 4 – Testing and recommendations

Payroll



The Council currently use Durham County Council for their payroll service.

Payroll Review Procedures

The process undertaken to process, review, authorise and make payroll payments was discussed with the Resources Manager.

Staff don't claim any mileage and the only other claims are for overtime which are detailed on an exception sheet.

Any absences are recorded on the Bright HR system for records such as sickness or Time off in Lieu (TOIL).

The Admin Assistant checks the Bright HR system, and any entries are collated onto an excel spreadsheet – these detail all instances of absence in case there are trigger points reached where salaries could be affected.

New starter forms are completed and submitted to Durham County Council as and when required and include data such as:

- Name, address and contact information
- Occupation, grade, date commenced and place of employment
- Full or part time,
- salaried or hourly rate,
- weekly time sheet and salary code and cost centre
- previous local authority service dates and locations

The employee and employee supervisor then both sign and date the form before it is processed.

The notification of leaver form is also completed showing the following detail:

- Employee details such as full name, payroll number, date of leaving and job title
- The authorising officer then completes the designated officer details to confirm the information is accurate.

These are then uploaded to payroll for processing.

Section 4 – Testing and recommendations

Payroll (continued)

Timesheets are entered onto a Payroll Control Sheet which shows the following data:

- Employee name
- Payroll adjustment type (such as new starter, leaver, contract change, and any comments)
- Sickness absences / leave of absence recording (including employee number and name, absence start date, last day of absence, fit note attached and comments whether the absence relates to sickness or paid leave)

Weekly staff complete a timesheet which requires signing by both the employee and authorised by their line manager. These are then emailed to Durham County Council at the start of the following week and paid to the employee the following Thursday.

The Resources Manager confirmed that any exception sheets are required to be with the payroll team usually between the 5th and 8th of the following month to allow them to be processed.

Any information that effects the monthly payroll is uploaded to Durham County Council using their secure portal, Egress.

Around the middle of the month the Resources Manager receives the payroll reports for review and scrutiny.

A comparison of the previous months gross pay against the expected current month is undertaken to identify any variances. Should there be any issues then an email is sent to the payroll provider to make the necessary amendments which can relate to sickness or time off.

Should there be any issues requiring a correction, such as underpayments, then the payroll provider may be able to carry out supplementary payroll runs if not too late.

If there are no issues, or once any highlighted issues have been addressed, then Durham County Council run the full payroll which is sent across to the Resources Manager. This creates reports for both monthly paid staff and casual paid staff.

These reports are stored on a specific section of the ICT network with only selected staff having access to the sensitive information.

Additional reports are sent through to the Finance Officer to allow checking that the third-party payments come out the bank correctly.

Section 4 – Testing and recommendations

Payroll (continued)

G

Pension deductions

A sample of pension deductions from the Council payroll data was selected to ensure that the deductions have been calculated at the correct rates for the relevant gross salaries.

The information was taken from the December 2024 payroll reports.

Employee	Month	Gross Salary £	Pension scheme	Amount of ER's pension £	ER's rate used	Correct rate	Amount of EE's pension £	EE's Rate used	Correct rate
641840	December 2024	2,272.42	T & P CARE Pension	443.12	19.5%	✓	131.80	5.8%	✓
641808	December 2024	3,078.06	T & P CARE Pension	600.22	19.5%	✓	200.07	6.5%	✓
641129	December 2024	3,559.00	T & P CARE Pension	694.01	19.5%	✓	231.34	6.5%	✓
641122	December 2024	2,508.28	T & P CARE Pension	488.48	19.5%	✓	162.83	6.5%	✓
511158	December 2024	811.73	T & P CARE Pension	158.29	19.5%	✓	44.65	5.5%	✓
506330	December 2024	6,012.09	T & P CARE Pension	1,172.36	19.5%	✓	511.03	8.5%	✓
641781	December 2024	2,272.42	T & P CARE Pension	443.12	19.5%	✓	131.80	5.8%	✓

Of the sample selected all employer and employee pension deductions were calculated correctly based on the gross salaries.

Section 4 – Testing and recommendations

Payroll (continued)

Y

Amendments

The Resources Manager confirmed there have been minimal additional hours / overtime claims made, so a sample of the most recent forms from this payroll were reviewed to ensure that they were paid at the correct rate, that appropriately authorised documentation exists, and the amount paid agreed to the source documentation.

Employee	Month	Amendment	Timesheet Form Completed Accurately and Authorised	Amount Paid £	Correct rate	Agreed to Payroll Report
506670	December 2024	5 additional overtime hours worked above normal shift pattern @ 2.0	✓	136.88	✓	✓
507010	December 2024	20 additional hours worked above normal shift pattern at normal rate	✓	330.11	✓	✓
507010	December 2024	0.75 additional overtime hours worked above normal shift pattern @ 1.5	✓	18.12	✓	✓
641076	December 2024	17 additional overtime hours worked above normal shift pattern @ 1.5	X - see note 1	501.44	✓	✓

Note 1 – this timesheet only had dates and hours worked without showing the actual start and end times (as seen on the other timesheets).

Of the sample selected all amendments had been appropriately documented on the exception sheets before being signed by the employee and authorised by their line manager.

These sheets had also been retained on file.

Section 4 – Testing and recommendations

Payroll (continued)

Amendments (continued)

Recommendation

It is acknowledged that this may have been an oversight, but ALL timesheets should have start and end times entered so that the hours claimed can be verified as correct before timesheets are authorised.

Any incomplete documents should be returned to the employee.

<u>Management Response and Agreed Action</u>	<u>Designated Responsible Officer</u>	<u>Target Date for Action Implementation</u>	
<i>The issue with one timesheet missing start and end times was an isolated oversight.</i> <i>Payroll processing procedures have been reviewed and are operating effectively.</i>	<i>Town Clerk</i>	<i>Implemented</i>	YELLOW

Section 4 – Testing and recommendations

Payroll (continued)

Payroll Deduction Rates

G

A sample of third-party payroll deductions from the December 2024 salaries were selected to ensure that the various deductions have all been calculated at the correct rates based on individual tax codes and gross salaries.

Employee	Month	Tax code	Gross £	PAYE correctly calculated	EE NI correctly calculated	ER NI correctly calculated	Any Other deductions £	EE pension correctly calculated	ER pension correctly calculated
503162	December 2024	106L	1,731.68	328.40	54.69	134.37	N/a	N/a	N/a
505936	December 2024	1256L	1,244.65	25.60	15.73	67.16	N/a	68.46	242.71
506318	December 2024	1257L	2,132.00	192.00	86.72	189.61	N/a	123.66	415.74
506330	December 2024	1267L	6,012.09	1,149.27	287.74	725.07	N/a	511.03	1,172.36
506670	December 2024	1257L	2,337.63 – see note 1	227.40	103.17	217.99	N/a	151.95	455.84
507740	December 2024	1263L	1,351.17	44.80	24.25	81.86	N/a	74.31	263.48
641129	December 2024	1389M	3,559.00	433.80	200.88	386.54	22.50 – Unison	231.34	694.01
641132	December 2024	1287L	1,842.50	132.40	63.56	149.66	14.00 – Unison	106.87	359.29

Note 1 – included £136.88 overtime

No issues were identified from the sample reviewed above.

Section 4 – Testing and recommendations

Human Resources and Staffing

Y

Recruitment Procedures

The Peterlee Town Council Recruitment and Selection Policy approved in July 2023 details guidance and procedures to be complied with for recruitment of Council staff.

Introduction

This policy provides guidance to those involved in selecting staff, on what Peterlee Town Council considers to be good practice.

The Council has made clear its commitment to equal opportunities for all by the adoption of an Equal Opportunities Policy. All selection processes must take place within the framework laid down by this policy.

All those involved in selecting candidates for jobs should be aware that legislation increasingly regulates employment behaviour. Failure to follow certain basic steps can lead to an aggrieved candidate referring a matter to an employment tribunal.

Job Description

The job description and the person specification form the basis for the selection process.

Before deciding whether or how to fill a post the description of the duties associated with it will be reviewed by the Town Clerk to clarify the essential elements of the job and to ensure that the components remain relevant.

Person Specification

The person specification constitutes essentially a list of abilities, experience and qualifications which are essential and/or desirable to do the job. Candidates will be assessed against it. Once these criteria have been identified they must be maintained throughout the selection process. The list should be drawn up by referring to the summary of duties or job description the appointee will be required to undertake.

A person specification functions as a yardstick in the selection process and is essential to good recruitment practice. It is also important in the event of decisions being challenged by unsuccessful candidates.

Section 4 – Testing and recommendations

Human Resources and Staffing (continued)

Recruitment Procedures (continued)

Advertisements

Posts can be advertised both internally and externally. All advertisements will be approved by the Town Clerk and conform to an agreed Council style. The aim of advertising is to attract an appropriate number of candidates of suitable calibre and qualifications and to demonstrate that the Council is an equal opportunities employer. The advertisement should be consistent with the person specification and the job description/summary of duties, and all requirements stated should be justifiable and objective.

Applications

The Council uses application forms for recruitment in respect of all staff. All potential applicants should be directed to apply formally through the official named contact. This is essential to ensure coordination of the recruitment process, appropriate equal opportunities monitoring, and notification of unsuccessful candidates at the conclusion of the exercise. The form is designed to elicit essential information from candidates.

Shortlisting

As soon after the closing date as possible those involved in the shortlisting will meet to draw up a shortlist. The composition of the Shortlisting Panel will vary according to the type of post being filled. Shortlisting will be undertaken by more than one person, preferably 3, with a mix of male and female Panel Members.

The person specification and the further particulars must be used as the basis for shortlisting against the factual elements and criteria specified. At this stage particular care should be taken to avoid discrimination.

It is essential for monitoring purposes and for defence purposes in the event of a claim for unlawful discrimination that the Council keeps records of reasons for not shortlisting candidates.

Ideally, no more than six candidates should be identified for interview.

Particular care should be taken in fielding any queries from candidates not shortlisted, or unsuccessful following interview.

Section 4 – Testing and recommendations

Human Resources and Staffing (continued)

Recruitment Procedures (continued)

Interviews

The Interview Panel will comprise normally the Members of the Shortlisting Panel. The aim of the interview is to ascertain who is the most suitable candidate for the job and to ensure that the candidates have a clear picture of what the post entails.

Before the interviews begin the Panel will establish at the outset the aspects of the candidate's qualifications and experience to be explored by each Panel Member. To ensure equity, all candidates should be asked similar questions, with supplementary questions structured around each candidate to enable individuals to demonstrate their relevant skills and abilities.

At this stage the Council will check and photocopy one of the following documents to verify a candidate's identity:

- UK British passport or Full UK Birth Certificate and proof of NI Number.
- EU passport or ID Card.
- Non EU Passport and Visa.

Once a photocopy has been taken, original ID can be returned to the applicant.

Interviewers should be careful not to imply discrimination by asking questions about personal circumstances which are unrelated to the job. Such questions are contrary to the Council's Equal Opportunities Policy. Panel Members should be aware that asking the same question of all candidates does not necessarily ensure non-discrimination; the use to which answers are put may be discriminatory.

Note taking is highly recommended at interviews to ensure that relevant information is not forgotten when assessing all the candidates at the end of interviews.

When all candidates have been interviewed the Interview Panel should compare their formal decisions about each candidate taking care to ensure that comparison should be primarily against the defined criteria in the person specification rather than against the other candidate(s).

Once a decision has been made on whom to appoint, the reasons for not offering the post to the other candidates should be recorded. This information is for the Council's own monitoring purposes and is essential for reference in the case of a claim of unlawful discrimination. The reasons given should relate to the comparison against the person specification.

Section 4 – Testing and recommendations

Human Resources and Staffing (continued)

Recruitment Procedures (continued)

However, there was no evidence to confirm that any members of a shortlisting / recruitment interview panel had undertaken any form of recruitment training.

Guidance online for local councils regarding recruitment states:

“Recruitment training for local councils in the UK helps them find and retain the right employees which is a massive contributing factor for any successful council. This training can include advice on how to create effective job descriptions, how to interview candidates, how to identify positive or negative traits in an applicant, and to ensure compliance with recruitment best practise”.

Recommendation

It would be recommended that staff who may be involved in recruitment selection procedures such as shortlisting or interviews, undertake some form of recruitment and selection training to ensure compliance with recruitment best practise methods.

<u>Management Response and Agreed Action</u>	<u>Designated Responsible Officer</u>	<u>Target Date for Action Implementation</u>	
<i>Recruitment and induction processes have been reviewed.</i>	<i>Town Clerk</i>	<i>Implemented</i>	YELLOW

Section 4 – Testing and recommendations

Human Resources and Staffing (continued)

R

Personnel Files

There had been minimal new employees to the Council in the last 12 months, which was confirmed by the Resources Manager, so all these staff personnel files were reviewed to ensure sufficient and appropriate documentation was retained in line with both legislation and best practice.

Employee	Post Appointed	Start Date	Interview Notes retained on file	Application Form	Qualifications + training	ID and RTW	Medical Info	At least 2 References on file	Signed Contract of Employment / Offer Letter on file
Employee 1	Assistant Neighbourhood Services Operative	01.09.2024	Yes – see note 1	Yes	Yes – see note 2	No – see note 3	Yes – see note 4	Yes – see note 5	Yes
Employee 2	Assistant Neighbourhood Services Operative	18.09.2024	Yes – see note 1	Yes	Yes – see note 2	No – see note 3	Yes – see note 4	Yes - see note 5	Yes
Employee 3	Assistant Neighbourhood Services Operative	01.09.2024	Yes – see note 1	Yes	Yes – see note 2	No – see note 3	Yes – see note 4	Yes – see note 5	Yes

Section 4 – Testing and recommendations

Human Resources and Staffing (continued)

Personnel Files (continued)

- Note 1 – the interview questions and notes made by all individual selection panel members were all retained on file for reference.
- Note 2 – the files both had either a completed application form showing qualifications and retained copies of qualification certificates such as Manual Handling Training, COSHH training, Ladder Safety Training, and Fire Awareness Training.
- Note 3 – there were copies of ID on file for each new starter, but this was a driving licence. There were also completed HMRC Starter Checklists but there was no other suitable evidence to confirm Right to Work in the UK checks had been carried out as required by Home Office legislation, leaving the Council susceptible to possible financial penalties / fines.
- Note 4 – there was copies of a completed Pre-Employment Assessment certificate retained on each of the files.
- Note 5 – these files each had evidence of 2 references being sought retained on file

From review of the above files, most of the required information had been retained in line with best practice and legislation other than the recommendation below. It is acknowledged that the current Resources Manager was not involved in the recruitment reviewed, that person has now left the Council.

Recommendations

The Home Office guidance and legislation on Right To Work in the UK should be referred to as soon as possible and appropriate evidence obtained to ensure the new employees meet the requirements and the Council do not receive any financial penalties or fines. More information can be found at:

<https://assets.publishing.service.gov.uk/media/6614ec88c4c84d98cc3469f6/RTW+Checklist+ 1 1 .pdf>

This guidance is also stated as required on page 7 of the Peterlee Town Council Recruitment Policy.

<u>Management Response and Agreed Action</u>	<u>Designated Responsible Officer</u>	<u>Target Date for Action Implementation</u>	
<i>HR files have been checked for compliance with the Recruitment & Selection policy.</i> <i>Line Managers now utilise a recruitment checklist for each appointment to ensure consistency.</i>	<i>Town Clerk</i>	<i>Implemented</i>	RED

Section 4 – Testing and recommendations

Human Resources and Staffing (continued)

Personnel Files (continued)

There is a “New Starter Checklist” on file for each new employee detailing the following:

- Name of employee
- Document, date, completed by and managers signature for each of the following:
 - Starter form – to be completed by manager with new starter
 - Induction Checklist – to be completed by manager with new starter
 - Manual Handling and Food Safety Level 2 Training to be completed by new starter
 - New starter health questionnaire – job information to be completed by manager, rest of the form to be completed by new starter and sent in envelope with the job description
 - Opt Out of the pension form to be completed by the new starter with the manager
 - ID of new starter to be photocopied by manager
 - Timesheet to be produced by the admin team with all cost codes and employee number
 - Training certificates to be printed by the manager and given to admin team to log on training records
 - Admin team to compile all new staff employee files
 - S of P's to be signed and given to new starter on day 1
 - Emergency contact details to be completed
 - Issued with paper copy of staff handbook
 - MyView user leaflet provided
 - PPE issue form

The personnel files also contain an “Employee Emergency Contact Form” showing:

- Name of employee
- Home address and contact number
- Emergency contact name, contact number and relationship to employee

Both the above forms had been completed for each of Karl Arkwright, Mark Watson and Michael McEnaney as reviewed for new employees.

Section 4 – Testing and recommendations

Human Resources and Staffing (continued)

G

Interview Notes of Successful and Unsuccessful Candidates

A review of both unsuccessful and successful candidates' files to ensure that interview notes and scoring processes were retained in the event of challenge was discussed with the Resources Manager.

It was confirmed that all notes are retained for the period of 6 months following the date of interview for the unsuccessful candidates and the notes are retained on the personnel files for the appointed candidates.

From the sample of files reviewed it appears that the Council is retaining the interview notes for the required timescales.

No issues were identified.

Section 4 – Testing and recommendations

Human Resources and Staffing (continued)

New Starters Induction Process

G

The induction procedure for new members of staff was discussed with the Resources Manager. There is a formal Peterlee Town Council New Starter Induction Checklist for all new staff induction procedures in place which initially includes the following detail:

- Name of new member of staff
- Position
- Start date
- Name of Line Manager / Supervisor completing this checklist
- Post Title of Line Manager

On completion of the checklist the date and signature of both the employee and their line manager is required.

The induction checklist then requires a tick as confirmation of the area being covered with each new employee:

- **Prior To Starting**
 - Pre employment medical questionnaire completed and sent to Wellwork for clearance
 - References back
 - PPE sizes ordered
 - Manager to contact new starter to discuss start date and arrangements for day 1
 - New starter form completed, including pension scheme application form.
- **Day 1**
 - General introduction to work colleagues
 - General layout of premises (access, fire exits, assembly points and prohibited areas)
 - Car parking arrangements
 - Facilities for breaks, staff rooms, staff kitchens etc including toilets
 - Personal security including lone working arrangements
 - Who to notify of changes in personal circumstances such as name, address or bank details
 - Supervision
 - Security of personal belongings
 - Set up internet and email access
 - New entrants' own job (plan a balanced introduction to the work, a mixture of explanation and observation)

Section 4 – Testing and recommendations

Human Resources and Staffing (continued)

New Starters Induction Process (continued)

Week 1

- **Welcome To Peterlee Town Council**
 - Awareness of Council / Councillors structure and services
 - Discuss roles within your team
 - Discuss role of your department
- **Job In More Details**
 - Information on hours of work, including rota's, shift systems, "on-call" breaks
 - Time recording, completing timesheets / salary payments, and email address for MyView
 - Discuss role of employee – job description, and work allocation arrangements
 - Probationary periods of employment
 - Company pension scheme and eligibility
 - Reporting in when sick even on annual leave
 - Arrangements for requestion leave: annual leave, unpaid leave, compassionate leave, and maternity or paternity leave arrangements.
 - Issue of uniforms, and uniform policy, protective clothing, replacement, laundry arrangements and dress code
 - Communications / information sources – team meetings, staff notice boards, emails
 - Office systems and protocols e.g. telephone and email etiquette, location of equipment
 - Arrange a mentor / buddy
- **Health & Safety, Security and Fire (mandatory training relates to health and safety and other essential or legally required areas – should all be completed early in the induction process)**
 - Health & safety information relevant to the department
 - Issuing of fire instructions and procedure
 - Location of firefighting equipment
 - Provide information about the Occupational Health Service
 - Accident / incident reporting procedure
 - Security of department / buildings
 - Arrangements for keys, security fobs etc and management of monies / valuables
 - Violence and aggressive behaviour

Section 4 – Testing and recommendations

Human Resources and Staffing (continued)

New Starters Induction Process (continued)

Week 1 (continued)

- **Conduct**
 - Personal presentation
 - Disciplinary procedures
 - Courtesy to the customer, public and working colleagues
 - Confidentiality
 - Acceptance of gifts
 - No Smoking Policy
 - Private use of mobile phones / telephones (policy)
- **Education, Training and Promotion**
 - Training – how support, advice and training will be given and by whom
 - Employee appraisal process, and review systems

First 6 Weeks

- **The Organisation**
 - Details of the Council website
 - Awareness of the Committee structures
 - Induction appraisal to be carried out after 1 months employment

Section 4 – Testing and recommendations

Human Resources and Staffing (continued)

New Starters Induction Process (continued)

First 6 Weeks (continued)

- **Key Council Policies – employees should be informed of the following policies and where they can be obtained from:**
 - Annual Leave Policy
 - Appeals Procedure Policy
 - Attendance Management Policy
 - Bullying and Harassment Policy
 - Child Protection and Safeguarding Policy
 - Code of Conduct Policy
 - Dignity at Work Policy
 - Disciplinary Policy
 - Drugs, Alcohol and Substance Misuse Policy
 - Equality and Diversity Policy
 - Flexible Working Policy
 - Personal presentation
 - Disciplinary procedures
 - Courtesy to the customer, public and working colleagues
 - Confidentiality
 - Acceptance of gifts
 - No Smoking Policy
 - Private use of mobile phones / telephones (policy)
 - Grievance Procedure Policy
 - Health and Safety Policy
 - Maternity / Paternity Policy
 - Mental Health and Wellbeing Policy
 - No Smoking Policy
 - Performance Appraisal Policy
 - Privacy Notice

Section 4 – Testing and recommendations

Human Resources and Staffing (continued)

New Starters Induction Process (continued)

First 6 Weeks (continued)

- **Key Council Policies – employees should be informed of the following policies and where they can be obtained from (continued):**
 - Probationary Period Policy
 - Recruitment Policy
 - Redundancy Policy
 - Special Leave Policy
 - TOIL Policy
 - Whistleblowing Policy
 - Working From Home Policy

Each of the policies is ticked on confirmation.

- **Induction Evaluation**
 - Check inductees' knowledge and understanding – entails confirmation of their understanding and feedback about the quality and response to the induction. This should be carried out by the Department Manager or the Manager of the person who carried out the induction.

The employee then signs and dates to confirm they have been informed about and understood the above items.

The inductor also signs and dates to confirm the above induction programme had been completed with the employee

This had been completed for Employee 1 signed on 24.010.2024 and the line manger on 29.01.2024

This had been completed for Employee 2 signed on 18.09.2023 and the line manager on 18.09.2023

This had been completed for Employee 3 signed on 03.09.2024 and the line manager on 03.09.2024

Section 4 – Testing and recommendations

Human Resources and Staffing (continued)

New Starters Induction Process (continued)

There is also on file a confirmation that the new member of staff has received and understand the following policies:

- General Data Protection Regulations (GDPR) and Data Protection (DPA) Privacy Notice
- No Smoking Policy
- Mobile Device Policy
- Code of Conduct
- Attendance Management Policy

The new employee personnel files reviewed had a confirmation for each of them.

1. Signed by KA 03.09.2024,
2. Signed by MW 12.09.2023,
3. Signed by MM on 03.09.2024

Section 4 – Testing and recommendations

Asset and Investment Register

Y

Asset and Investment Register

The Peterlee Town Council Financial Regulations 2023, section 16 includes the following guidance on recording of assets:

“The Clerk / RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually”

In addition to the above guidance, part of the “Annual Governance and Accountability Return 2024 / 25 Form 3” states that, as part of the Annual Internal Audit Report, one objective includes providing assurance that *“Asset and investments registers were complete and accurate and properly maintained”*.

The Council asset and investment register details the following information in categories of:

- Land and Buildings
- Non-operational Land And Buildings
- Vehicles and Equipment
- Play Equipment
- Burdon Suite
- Brandling Suite
- Outside offices
- Community assets

For each of the above categories the information includes:

- cost as of 01.04.2023,
- additions during year
- disposals during the year
- transfers during the year
- cost at end of 31.03.2024

Section 4 – Testing and recommendations

Asset and Investment Register (continued)

Asset and Investment Register (continued)

It was confirmed that the asset register is updated annually with any additions. There had been no additions noted for the current 2024-25 financial year and from review there had only been a single addition in the 2023-24 financial year, which was to the Vehicles and Equipment category – a Ferris Pedestrian Mower costing £7,500.

There were no other additions or disposals highlighted.

However, the following issues were found on review of the asset register:

- The Peterlee Town Council Financial Regulations 2023 does not state a minimum financial value of assets that are not to be considered as general consumables and should be included on the asset register, so there could be potential inconsistencies in purchase values recorded.
- There is no additional information recorded such as the date items are purchased or their expected useful life period.

Guidance stated in the Joint Panel on Accountability and Governance Practitioners Guide March 2024, section 5.58 onwards, states that:

“The asset register should contain in its most simple form:

- *the date of acquisition,*
- *cost of acquisition,*
- *useful life estimates and location along with value held for investments; however, it is desirable for the register to contain other such supplementary information to enable the user to better understand the nature and scope of the use of the fixed asset.*
- *It is therefore recommended to show insurance value, replacement value, custodian, date last physically vouched.*

Each authority may choose an appropriate minimum value for deciding between fixed assets and general consumables. The limit chosen will relate to expected useful life, whether the item would be included on an insurance claim and whether it is included in the risk assessment of the authority in any way. This minimum level is to be minuted and reviewed at least annually.

Assets should be first recorded in the asset register at their actual purchase cost.

Section 4 – Testing and recommendations

Asset and Investment Register (continued)

Asset and Investment Register (continued)

Recommendation

It would be beneficial if the Council agreed a minimum value of assets that are required to be entered onto the fixed asset register so entries will be consistent and not open to interpretation.

The Asset register should also be updated to include details such as the date of purchase and the duration of usefulness for each asset in line with the JPAG guidance.

<u>Management Response and Agreed Action</u>	<u>Designated Responsible Officer</u>	<u>Target Date for Action Implementation</u>	
<i>This is something that is not normal practice within the sector however it's been noted and with the insurance company it will be looked at and updated if necessary.</i>	<i>Town Clerk</i>	<i>As and when required.</i>	YELLOW

Section 4 – Testing and recommendations

Risk Management

Risk Management and Risk Registers

G

The approach to Risk Management and the process involved in the review and monitoring of the Council risk register was discussed with the Town Clerk and the Locum Democratic Services Manager.

Risk Management Policy

There is a Council Risk Management Policy which was last reviewed in July 2024. This document forms the Council's approach to managing risks, including stating that:

Peterlee Town Council recognises that Risk Management is an essential part of effective corporate governance. The Council has a statutory duty to have in place arrangements for managing risk as per the Accounts & Audit Regulations 2015:

A relevant authority must ensure that it has a sound system of internal control which:-

- a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;*
- b) ensures that the financial and operational management of the authority is effective; and*
- c) includes effective arrangements for the management of risk.*

Peterlee Town Council has acknowledged through its Standing Orders, Financial Regulations and other core policies that it has a responsibility to manage its risks effectively in order to protect its employees, assets, liabilities and community against potential losses and to minimise any impact of unforeseen problems that could occur.

The Council is aware that not all risks can be eliminated fully, however it will put in place a planned and focussed approach to managing risk.

The Council expects all Members and employees at all levels to make best efforts to understand the nature of any risks present in decisions and activities that they are involved in and accept responsibility for risks that exist within their area of authority, as follows:

Councillors - To set the overall policy approach to risk and oversee effective management of risk by council staff;

Senior Officers - To ensure that the Council manage risk effectively through the development and delivery of the risk management process; and

Employees - To manage risk effectively within their roles.

Section 4 – Testing and recommendations

Risk Management (continued)

Risk Management and Risk Registers (continued)

Risk Management Policy (continued)

The Objectives of the policy include:

The Town Council will:

- i. Ensure that Risk Management forms an integral part of the Council's procedures.*
- ii. Manage any risk in accordance with best practice.*
- iii. Anticipate and respond to changing social, environmental and legislative requirements.*
- iv. Identify risks and the impact of those risks when adopting policies and making operational decisions; and*
- v. Positively and actively promote an awareness of risk management across all council services and activities.*

The Implementation of the policy states:

The Town Council will:

- i. Establish clear roles, responsibilities and reporting lines within the Council's committee and staffing structures.*
- ii. Inform relevant Committees of the Council of potential risks identified by including risk assessments as a standard part of committee reporting.*
- iii. Maintain a Corporate Risk Register and review this formally at least once a year.*
- iv. Provide training of staff in risk management procedures and ensure that they have the knowledge and ability to identify and raise concerns where working practices or issues have led to increased risk or they have concerns that risks and or actions to mitigate need to be improved;*
- v. Carry out risk assessments in all relevant areas of the council's activities.*
- vi. Continue to monitor procedures and assessments periodically.*
- vii. Prepare contingency plans for potential risks which could have a significant effect on the Council and or the community.*
- viii. Include risk management as a subject for review in the annual Internal Audit programme.*

Section 4 – Testing and recommendations

Risk Management (continued)

Risk Management and Risk Registers (continued)

Risk Management Policy (continued)

The Policy also details the risk assessment process:

Risk assessments will be carried out for all significant projects, functions and services. Risks will be determined according to the impact of the risk on the project, function or service and the likelihood of it occurring.

From the risk assessments an Action Plan will be produced if required. Where relevant, the Risk Assessment and Action Plan will be reported to the responsible Committee, along with any mitigation proposals and financial consequences that may require funds to achieve.

Risk assessments will be monitored and reviewed at appropriate points, either during the progress of a particular project, or in the case of functions and services provided by the Town Council, whenever there is any significant operational or legislative change impacting on that function or service.

Every report requiring action submitted to Council committees for decision will contain a paragraph entitled Risk Assessment, wherein the risk of any proposal will be assessed and mitigation proposals suggested where appropriate.

Level of Risk Impact will be viewed in terms of the consequences of the identified risk on the Service, (i.e. the extent to which it may cause failure or unavailability).

Impact will be classified using the following criteria:

- *Extreme (5) e.g. total failure of process*
- *Very High (4) e.g. serious disruption to the process*
- *Medium (3) e.g. disruption to the process*
- *Low (2) e.g. some minor impact to the process*
- *Negligible (1) e.g. annoyance but does not disrupt the process.*

Section 4 – Testing and recommendations

Risk Management (continued)

Risk Management and Risk Registers (continued)

Risk Management Policy (continued)

An assessment of the likelihood of the identified risk occurring within a relevant timeframe will be carried out using the following classification:

- *Almost Certain (5)*
- *Likely (4)*
- *Moderate (3)*
- *Unlikely (2)*
- *Rare (1)*

Based on the above, each level of impact will be multiplied against each level of likelihood, providing a 'RAG risk rating' score and enabling the council to set out a general 'risk matrix' as follows:

- *Green Category - which are low priority risks which do not require specific management attention but may be monitored as appropriate - these are any score between 1 – 4*
- *Yellow Category – which are medium risks that require managing and monitoring – these are scores between 5 - 10, and*
- *Red category – which are high risks that require an immediate response, active monitoring and suitable managing – these are scores between 11 and 25*

Using the results of the risk ratings which categorised risks into three levels, this then enables attention to be focused on the highest priority area.

Section 4 – Testing and recommendations

Risk Management (continued)

Risk Management and Risk Registers (continued)

Risk Register

The Town Clerk and Locum Democratic Services Manager provided a copy of the Council Risk Register for perusal (the most recent version had last been reviewed in January 2024) to review compliance with the Risk Management Policy guidance above.

The risk register is in excel format and has 3 separate tabs

- Risk Register – see further details below
- Summary – this tabular sheet shows:
 - the individual risk name.
 - the current impact and likelihood scores,
 - the target likelihood and impact scores and
 - how far the Council are from the target score required
- Matrix – this sheet shows both:
 - the current strategic overview of each of the 11 risks and has placed the risks in one of the 3 coloured categories given their current score, and
 - it also shows each of the risks and has categorised them into one of the 3 colours when the target strategic overview scores are achieved.

The risk register has included 11 separate risks titles on the risk register tab:

- Corporate Strategy & Medium Term Financial Plan
- Successful Events
- Sports funding
- Asset Management
- Workforce
- Partnership Working
- Sports and Play
- Financial Management
- Legal Challenge
- Commerciality
- Health and Safety

Section 4 – Testing and recommendations

Risk Management (continued)

Risk Management and Risk Registers (continued)

Risk Register (continued)

For each of the identified risks above there is the following detail:

- Reference of risk
- Risk title (headline)
- Cause of Risk
- Consequence of Risk
- Current Working Controls
- Current Likelihood score (between 1 and 5)
- Current Impact score (between 1 and 5)
- Current Risk rating (the score when likelihood is multiplied by impact score) and RAG rating
- Further action required
- Target Completion Date
- Target Likelihood score (between 1 and 5)
- Target Impact score (between 1 and 5)
- Target Risk rating (the score when likelihood is multiplied by impact score) and RAG rating
- Risk Lead (initials of designated person)

Section 4 – Testing and recommendations

Risk Management (continued)

Risk Management and Risk Registers (continued)

After review of the risk register, it appears that although suitable weighting has been given to the individual risk areas, the actual risks identified may not be either current or appropriate. This may be explained by the fact that on the register all risks were last reviewed in January 2024 and includes staff who are no longer employed at the Council (such as the previous Democratic Services Manager and the previous Town Clerk)

Recommendation

The Council Risk Register should be updated to ensure risks are still current and relevant and could either be removed or new risks added.

A more frequent review of the register should then be undertaken as per the Risk Management Policy.

<u>Management Response and Agreed Action</u>	<u>Designated Responsible Officer</u>	<u>Target Date for Action Implementation</u>	
<p><i>The risk register is up to date and was taken to council along with the policy and was agreed on 17th March 2025. Its normally taken every year between January and February, due to staffing issues it was 4 weeks late.</i></p> <p><i>The council is looking into using their insurance company to carry out the works involved with risk. The quotes have been obtained and will be taken to council to be agreed.</i></p>	<p><i>Town Clerk</i></p>	<p><i>Implemented</i></p>	AMBER

Section 4 – Testing and recommendations

Website Publishing and Compliance

R

Website testing

The Council's website was reviewed and tested for its compliance to the LGTC Transparency Code 2015, within this there is a list of required material of which must be displayed on a council's website and how often it must be updated.

It was discussed with the Locum Democratic Services Manager that the website at current is not functioning properly, the council is currently in talks with a different firm of web designers in regard to having a new website design.

Following the conversation with the Locum Democratic Services Manager it was identified that their knowledge of the LGTC transparency code, and its requirements, was satisfactory but due to the website currently not functioning properly there was no way to confirm nor deny this. Therefore, at the next visit this will be revisited, and the progress of the new website and its contents will be reviewed.

Recommendation

It would be recommended that the progress of this new website be closely monitored and tracked to ensure progress is as quick as possible to ensure compliance with the LGTC Transparency Code 2015

<u>Management Response and Agreed Action</u>	<u>Designated Responsible Officer</u>	<u>Target Date for Action Implementation</u>	RED
<i>The website provider has been contacted to ensure compliance with legal publication requirements.</i>	<i>Town Clerk</i>	<i>Implemented</i>	
<i>An accessibility and transparency checklist is now actively maintained.</i>			
<i>Officers will carry out a quarterly review of website content.</i>			

Section 5 – Conclusion

Conclusion

Overall, the Council operates a reasonable system of control over the various areas reviewed above but there are several areas that require major improvement.

All tests were completed in accordance with the schedule of work and have been satisfactorily concluded subject to the recommendations raised.

It is acknowledged that a high turnover of senior staff, a staffing restructure, and the subsequent recruitment processes have contributed to the issues identified.

The significant recommendations from this visit which need urgent attention relates to the publication of updated information on the Council website and retaining the correct Right To Work in the UK evidence on recruitment.

Clive Owen LLP

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CLIVE OWEN LLP

21 March 2025

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DATE