

To: All members of the Audit and Governance Panel

A meeting of the Audit and Governance Panel will be held in the Council Chamber, Town Hall, Lewes, on 28 September 2022 at 18:00pm, which you are summoned to attend.

Laura Chrysostomou
Town Clerk
23 September 2022

Agenda

1 Filming of council meetings and mobile phones

During this meeting, the public are allowed to film the committee and officers only from the front of the public gallery, providing it does not disrupt the meeting. Any items in the exempt part of an agenda cannot be filmed. If another member of the public objects to being recorded, the person(s) filming must stop doing so until that member of the public has finished speaking. Please switch mobile devices to silent for the duration of the meeting

2 Election of chair

To elect a chair for the municipal year 2022 to 2023

3 Apologies for absence

4 Members' declarations of interests

To note any declarations of personal or prejudicial interest in items to be considered at this meeting.

5 Question time

Members of the public are welcome to attend this meeting of the buildings working party. Questions regarding items on the agenda may be heard at the start of the meeting with the Chair's consent. A period of 15 minutes is allocated for this purpose. Questions or requests to address the working party must be submitted to the Town Clerk by noon the day before the meeting.

6 Minutes

To agree the minutes of the Audit and Governance Panel meeting held on 7 March 2022.
(Attached on pages 3 to 5)

7 Chair's report and urgent items

8 Officers' reports

8.1 Internal Audit Report 2021 to 2022

(Report AGP001/2022 attached pages 6 to 20)

8.2 Review of grant funding procedure

(Report AGP002/2022 attached pages 21 to 27)

8.3 Update on transition to new accounting software

To receive an oral update from the Town Clerk regarding the new accounting software.

9 Exempt business

It is recommended that:

The public and accredited representatives of the press be excluded from the meeting under Section 100 Local Government Act 1972 due to the confidential nature of the business to be conducted.

How to contact us

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**LEWES
TOWN
COUNCIL**

Minutes of a Meeting of the Audit and Governance Panel held online on Monday 7th March 2022 at 18.00pm

Present: Cllrs M Bird (from 18.20), S Catlin, R Handy, Dr W Maples, M Milner (Chair) and I Makepeace, Dr J Baah (not appointed to the Panel)

In attendance: Town Clerk

9. **Apologies:** were noted from Cllr Vernon.
10. **Member's Declarations of Interest:** There were none.
11. **Question Time:** There were none
12. **Minutes:** The Minutes of the meeting held on Thursday 5th August 2021 were agreed as an accurate record. It was noted that there were questions raised about inaccuracies in expenditure at the meeting which have not been included in the minutes and replies were not received.
13. **Chair's announcements:** There were none.
14. **Finance Report:**
 - 14.1 Members sought clarity on the Bus Service Funding and whether the Town Council is clear as to what it is subsidising, recognising that supporting bus services is important. The Town Clerk explained £15,000 is for Compass Bus Services and £8,240 for CTLA, which are 'rolling' agreements. It was agreed that it will be useful to have bus funding more clearly presented in the budget.
 - 14.2 It was **resolved** that:

The Bus Service funding would be formalised as three-year service funding agreements with performance reviews of the service and SFAs being reported to the Transport Committee. The SFAs would have clear service targets and identify what the Town Council requires the funding to be spent on in the future.

- 14.3 It was noted that having the 'miscellaneous total' wasn't helpful, and although these have been explained before, it would be good to have them presented in a clearer format.
- 14.4 Members asked about the Christmas Lights funding. The Town Clerk clarified that the Town Council funded the lights £10,000 per annum for three years, making a total of £30,000. Lewes District Council (LDC) match funded this. The High Street Traders in their presentation to the Town Council for major funding had pledged nearly £9,000 and were hoping to raise a further £8,000. However due to COVID further donations and crowdfunding were not received. The full proposal was scaled back due to limitations with attachments to listed buildings. The infrastructure for the lights on the columns has been put in place and can be used in future years. The actual lights were on a hire agreement, which is normal practice for Christmas Lights as this enables them to be stored as required, maintained, and changed subject to contract. The Town Clerk has been liaising with the High Street Traders Association, along with an officer from LDC to fully

understand the financial implications. It is understood just over £60,000 has been spent over the three-year period. The Town Clerk will continue to work with the officer at LDC and the HSTA to clarify the expenditure. Members agreed that going forward the Town Council must ensure agreements are in place with grantees, and the Council's new robust major funding process will support this, along with measures such as releasing funding on production of invoices.

15. Interim Internal Report:

15.1 Points were raised about processes that were deemed inadequate. Some councillors noted that some inadequacies were previously raised by councillors. The Town Clerk explained that her approach to Internal Audit is different and that being new in the post it was important to explore areas with the Internal Auditor. This resulted in some existing areas being noted for consideration and other areas which were new, such as online payment systems, had been highlighted for improvements.

16. Review Major Funding Procedure:

16.1 Members reviewed the procedure following its recent application at Full Council.

16.2 Members discussed the value of scoring beforehand and being able to score after hearing answers to questions posed to the applicant.

16.3 Cllr Maples had sent a proposal earlier that day for improving the Major Grants assessment process which was discussed at length. It was agreed that the guide to differentiate scores was implemented. Sustainability should remain as a scoring factor as it is applicable to some applications. It was agreed that 'personal (subjective) assessment' shouldn't be scored. The Policy section of the form should include new criteria regarding supporting inclusivity and diversity, minority, special needs, and protected groups/interests. The entire criteria should then be listed in section 1 of the Assessment Sheet.

16.4 It was agreed that the Grant Panel should undertake an initial assessment of Major Funding applications with the ability to invite the applicant to present their application and answer questions. The Grant Panel would then make a recommendation to Full Council, who would in turn undertake the scoring assessment. An Extraordinary Grant Panel would be convened to assess Major Funding applications. Applications would need to be received four clear weeks before the Full Council meeting to allow for this process to be completed in a timely manner.

16.5 It was agreed that for Major Funding applications there should be clear indication whether the project will go ahead without Town Council funding and/or whether it can go ahead if the applicant receives less money than requested from the Town Council. Applicants should be clear about other funding sources, confirming when these are obtained, and encouraged to source other funding.

16.6 Members agreed that it is important to ascertain robustness and impact for the Major Funding application and for there to be monitoring and evaluation when the project was complete.

16.7 It was **resolved** that:

The Town Clerk revise the Major Funding procedure for the Audit and Governance Panels future consideration.

16.8 It was noted that the whole application form needs to be reviewed and this would be undertaken in time for the 2023 to 2024 cycle and ideally a form available on the Town

Council's website.

16.9 It was **resolved** that:

The Grant Panel be asked to formulate a set of FAQs (Frequently asked questions) for officers to ask grant applicants ahead of Grant Panel meetings.

17. Bank Reconciliation:

17.1 The November and December bank reconciliations were reviewed by the panel and verified by the Chair, to be signed at a later date.

The meeting ended at 19:57

Signed:

Date:

Lewes Town Council

Non- Confidential

Panel: Audit and Governance Panel

Date: 28 September 2022

Report Number: AGP001

Report by: Town Clerk

Subject: Internal Audit Report 2021 to 2022

1. Summary

- 1.1 Attached, as Appendix 1, is the final internal audit report for Lewes Town Council for the financial year 2021 to 2022. The audit was conducted by the Town Council's Internal Auditor, Mulberry & Co.
- 1.2 One of the functions of Internal Audit is to give assurance to Members of the Council that the systems, financial and otherwise, are following best practice, operating correctly, compliant with all laws and regulations and can be relied upon.

2. Recommendations

- 2.1 The Committee is Recommended to:
 1. Note the Internal Auditor report for the 2021 to 2022 accounts and the action to implement the Internal Auditor's recommendations.

3. Background

- 3.1 The Internal Auditor makes two visits per year. The attached report covers the final visit for 2021 to 2022.

The areas that were audited were:

- Books of account
- Financial Regulations, Governance and payments
- Risk Management and Insurance
- Budget, Precept and Reserves
- Income and Petty Cash
- Payroll
- Assets and Investments
- Bank and Cash
- Year End Accounts, Exercise of Public Rights, Publication Requirements
- Trusteeship

Items to be brought to the Committee's attention are:

3.2 Budget, Precept and Reserves

- 3.2.1 In respect of general reserves, rule of thumb calculations would suggest that 50% of precept as adjusted for local conditions would be reasonable being circa £606,000 for Lewes Town Council. The auditor reported the general reserve as low for a council this size and given the monthly cash burn of circa £100,000 of which salaries are around £50,000 the council has around three to four months cover.
- 3.2.2 The auditor noted bank and cash balances of £1.2million. However, the earmarked reserves position indicates £1million is set aside and there is £80,000 of CIL (Community Infrastructure Levy) money that must be used or returned by 2026. When the Council pushes forwards with plans for the Town Hall heating, All Saints Centre structural works this will start to erode the bank and cash balances and the council may find itself in a position where it has insufficient cover to wait for the next tranche of precept. The auditor recommended that council put together a note of when the earmarked reserves are likely to be utilised and use this to project its future cash requirements for the next 12 to 18 months.
- 3.2.3 The Town Clerk has implemented 'real time' movement of earmarked reserves, including budget reporting that shows commitments and this will be reported on quarterly. Work is underway to establish when reserves are likely to be used and this will be further explored in budget workshops planned for the autumn and during budget setting.

3.3 Assets and Investments

- 3.3.1 The Council has a fixed asset register in place across multiple documents. The auditor recommended consolidation into one. Assets are correctly stated at historic or proxy cost, however, as a working document the register needs further work. The auditor recommended the asset register is reviewed over the course of the next year with a view to ensure assets are in existence.
- 3.3.2 The Town Clerk has begun work with the RFO and Town Ranger to address this. The Town Ranger has been updating the public amenities assets. An initial review of the asset register has brought to light an error in the revised value of Malling Community Centre, as refurbishment costs should not increase the asset value. This will need to be restated in the Annual Return for 2022 to 2023.

3.4 Transparency

- 3.4.1 At the interim audit the auditor noted that the Council is required by law to follow the 2015 Transparency Code. A review of the web site showed that whilst some information is available not all of the code is being followed. The auditor recommended that over the course of the council year the website is updated to reflect this.
- 3.4.2 The new accounting system produces the required supplier transactions information. The Finance and Administration Officer (FAO) is working with the Communications Officer to ensure these are uploaded to the website.
- 3.4.3 The Town Clerk will work with the RFO, FAO and Communications Officer to address other data required. The Communications Officer is about to start

work on the structure of the website to enable the Council to present this information in a clearer manner.

3.5 Trusteeship

- 3.5.1 The auditor noted the charity accounts show a net zero position with income matching expenditure. The expenditure figures being taken from the Town Council's own nominal records from the accounting software. This is an obvious double count with the charity and council both reporting the same expenditure in their own respective accounts. This is not correct. The auditor believes the activities of the charity are in fact undertaken by the council in its position as sole managing trustee and as such the charity accounts should show nil each year. This would dispense with the requirement to complete charity accounts and save the council considerable accountancy fees each year. The auditor recommends the council review the need for the charity accounts.
- 3.5.2 The Town Clerk has sought initial legal advice on the matter and the contracted RFO will investigate the matter further and advise on action required.

4. Conclusion and Opinion

- 4.1 It is clear the council takes governance, policies and procedures very seriously and overall, the systems and procedures in place are fit for purpose. The existence of an audit committee with its own detailed scope of works, testing & reporting regime is very much best practice and is to be applauded
- 4.2 Whilst the report contains recommendations to change, these are not indicative of any significant failings, but rather are pointers to improving upon an already well ordered system.

Laura Chrysostomou

Town Clerk

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Our Ref: MARK/LEW001

Mrs L Chrysostomou
Lewes Town Council
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6th June 2022

Dear Laura

Re: Lewes Town Council
Internal Audit Year Ended 31st March 2022

Executive Summary

Following completion of our interim internal audit on the 3rd December 2021 and final audit on the 6th June we enclose our report for your kind attention and presentation to the Council. The audit was conducted in accordance with current practices and guidelines and testing was risk based. Whilst we have not tested all transactions, our samples have where appropriate covered the entire year to date. Where appropriate **recommendations for future action are shown in bold text and summarised in the tables at the end of the report.**

Our report is presented in the same order as the assertions on the internal auditor report within the published AGAR. The start of each section details the nature of the assertion to be verified, followed by recommended minimum testing requirements. Each section is then concluded with an opinion as to whether the assertion has been met or not.

Interim Audit Summary

Our sample testing did not uncover any errors or misstatements that require reporting to the external auditor, nor did we identify any significant weaknesses in the internal controls such that public money would be put at risk. It is clear the council takes governance, policies and procedures very seriously and I am pleased to report that overall the systems and procedures you have in place are fit for purpose. The existence of an audit committee with its own detailed scope of works, testing & reporting regimen is very much best practice and is to be applauded. I would recommend the continuance of this into the future.

I would like to thank Laura and Viv for their assistance and whilst my report contains recommendations to change these are not indicative of any significant failings, but rather are pointers to improving upon an already well ordered system.

It is therefore our opinion that the systems and internal procedures at Lewes Town Council are well established, and followed.

Final Audit Summary

We have reviewed the AGAR and underlying documentation and we are of the opinion the AGAR is ready for approval by council and submission to the external auditor.

The accounts and underlying documentation were thorough and complete and I can confirm that the governance statement can be signed off in all areas positively as there were no breaches of regulations in any of our sample testing.

Regulation

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. In addition to this, a smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Internal auditing is an independent, objective assurance activity designed to improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

Internal audit’s function is to test and report to the authority on whether its specific system of internal control is adequate and working satisfactorily.

The internal audit reports should therefore be made available to all members to support and inform them when they considering the authority’s approval of the annual governance statement.

Independence & Competence

Your audit was conducted by Mark Mulberry of Mulberry & Co. We confirm we are independent from the management of the financial controls and procedures of the council and neither the internal auditor or the firm have any conflicts of interest with the audit client, nor do they provide any management or financial assistance to the client.

Your auditor is a qualified practicing accountant with over 20 years’ experience as a registered statutory auditor.

Engagement Letter

An engagement letter was issued In September 2021 covering the 2021/22 internal audit assignment. Copies of this document are available on request.

Planning & Inherent Risk Assessment

The scope and plan of works including fee structure was issued to the council on the 1st September 2021 under separate cover. Copies of this document are available on request. In summary, our work will address each of the internal control objectives as stated on the Annual Internal Audit Report of the AGAR.

- There have been no instances of breaches of regulations in the past
- The client uses an industry approved financial reporting package
- The client regularly carries out reconciliations and documents these
- There is regular reporting to council
- The management team are experienced and informed

- Records are neatly maintained and referenced
- The client is aware of current regulations and practices

It is my opinion that the inherent risk of error or misstatement is low and the controls of the council can be relied upon and as such substantive testing of individual transactions is not required. Testing to be carried out will be “walk through testing” on sample data to encompass the period of the council year under review.

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A. BOOKS OF ACCOUNT (INTERIM AUDIT)**Internal audit requirement**

Appropriate accounting records have been properly kept throughout the financial year.

B. FINANCIAL REGULATIONS, GOVERNANCE & PAYMENTS ACCOUNT (INTERIM & FINAL AUDIT)**Internal audit requirement**

This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

Final Audit

I have reviewed the expenditure list and I also reviewed the nominal ledger for evidence of netting off and significant journal entries, the individual entries were in accordance with the heading under which they were posted and corrections/transfers where evident were bonafide. We found no evidence of breaches of financial regulations in the sample testing completed.

Section Conclusion

I am of the opinion that the control assertion has been met.

C. RISK MANAGEMENT & INSURANCE (INTERIM AUDIT)**Internal audit requirement**

This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

D. BUDGET, PRECEPT & RESERVES (INTERIM & FINAL AUDIT)**Internal audit requirement**

The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

Final Audit

The council has £1,298,232 of total reserves of which earmarked reserves are £812,898, £80,233 are CIL reserves and £405,102 are general reserves.

In respect of general reserves, rule of thumb calculations would suggest that 50% of precept as adjusted for local conditions would be reasonable being circa £606k. The councils' general reserves low for a council of this size and given the monthly cashburn of circa £100k of which wages are circa £50k the council has circa 3-4 months cover.

I understand that the council has circa £1.2m in bank and cash balances; however, the earmarked reserves position indicates that of this £1m is set aside and there is £80k of CIL money that between now and 2026 may have to be returned if not utilised. When the council pushes forward with its plans for the Pells and Town hall etc this will start to erode the bank and cash balances and the council may find itself in a position where it has insufficient cover to wait for the next tranche of precept.

I would recommend the council put together a note of when the earmarked reserves are likely to be utilised and use this to project its future cash requirements for the next 12 to 18 months.

Section Conclusion

I am of the opinion that the control assertion has been met.

E. INCOME (INTERIM & FINAL AUDIT)**Internal audit requirement**

Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

Final Audit

The precept income was tested to third party evidence supplied to the auditor and has been correctly disclosed in box two of the AGAR.

All other income has been correctly shown in box 3 of the AGAR, the year-on-year movement of £5k is below the threshold to report on the list of significant variances.

I have reviewed the income list which is broadly similar to the prior year after accounting for one of income items. I also reviewed the nominal for evidence of netting off. The individual entries were in accordance with the heading under which they were posted and corrections/transfers where evident were bonafide. We found no evidence of breaches of financial regulations in the sample testing completed.

Section Conclusion

I am of the opinion that the control assertion has been met.

F. PETTY CASH (INTERIM AUDIT)**Internal audit requirement**

Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.

The council does have a petty cash this balance remains aged and immaterial.

Section Conclusion

I am of the opinion that the control assertion has been met.

G. PAYROLL (INTERIM & FINAL AUDIT)**Internal audit requirement**

Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.

Final Audit

The amounts shown on the AGAR agree to the underlying cashbook and payroll reports. I can confirm that only payroll costs are shown in box 4 of the AGAR.

Monthly and year-end PAYE and NI deductions and returns have been submitted online, on time to HMRC. There were no errors recorded or late payments to HMRC during the financial year under review.

The March PAYE was paid before the year end and is therefore not shown on the box 7 & 8 reconciliation.

Section Conclusion

I am of the opinion that the control assertion has been met.

H. ASSETS AND INVESTMENTS (INTERIM & FINAL AUDIT)***Internal audit requirement***

Asset and investments registers were complete and accurate and properly maintained.

Final Audit

The fixed asset register lists the assets, their cost or proxy cost together with insurance values. Assets are correctly stated at historic cost. There was one purchase of a laptop in the year.

I recommend the fixed asset register is reviewed over the course of the next year with a view to ensure assets are in existence

The PWLB loans were agreed to the statements.

Section Conclusion

I am of the opinion that the control assertion has been met.

I. BANK & CASH (INTERIM & FINAL AUDIT)***Internal audit requirement***

Periodic and year-end bank account reconciliations were properly carried out.

Final Audit

At the year-end date the council had a reconciled bank position. I also reviewed the after-date bank statements for evidence of March transactions to verify the cut off. There were no errors in the sample reviewed.

The March reconciliation has been signed. I am under no doubt the bank is being properly reconciled.

The council has two bank accounts together with a petty cash card with total holdings of £1,271,032. None of the accounts are long term investment accounts and as such do not need to be disclosed in box 9 of the AGAR. It was confirmed that the deposit accounts in part support the earmarked reserves, but not fully.

The council does not have reserve balances greater than twice the precept and as such these do not need reporting to the external auditor.

Section Conclusion

I am of the opinion that the control assertion has been met.

J. YEAR END ACCOUNTS (FINAL AUDIT)**Internal audit requirement**

Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.

The council, at its meeting to sign off the year-end accounts, must discuss the Annual Governance Statement and record this activity in the minutes of the meeting. Based on the internal audit finding, I recommend using the table below as the basis for that discussion. THIS MUST BE A SEPARATE AGENDA ITEM TO THE SIGNING OF THE ANNUAL ACCOUNTS.

Section 1 – Annual Governance Statement

	Annual Governance Statement	<i>'Yes' means that this authority</i>	Suggested response based on evidence
1	We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	YES – income & expenditure accounts follow latest Accounts and Audit Regulations and practitioners guide recommendations.
2	We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	YES – there is regular reporting of financial transactions and accounting summaries, offering the opportunity for scrutiny. The council has at least two internal audits per annum. The council has up to date financial regulations
3	We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	YES – the Clerk is experienced and advises the council in respect of its legal powers. There is no evidence in the accounts to show spending outside of power. The council has financial regulations
4	We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>	YES – the requirements and timescales for 2020/21 year-end were followed.
5	We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	YES – the council has a risk management scheme and appropriate external insurance.
6	We maintained throughout the year an adequate and effective system of internal audit of the	<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective</i>	YES – the council has appointed an independent and competent internal

	accounting records and control systems.	<i>view on whether internal controls meet the needs of this smaller authority.</i>	auditor has completed two audits during the year.
7	We took appropriate action on all matters raised in reports from internal and external audit.	<i>responded to matters brought to its attention by internal and external audit.</i>	YES – where matters are raised, action taken by council is recorded in the minutes.
8	We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and. Where appropriate, have included them in the accounting statements.	<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	YES – no matters were raised during the internal audit visits.
9	Trust funds including charitable – In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/asset(s), including financial reporting and, if required, independent examination or audit.	<i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>	Yes – the council has met its obligations

Section 2 – Accounting Statements

Agar Box Number		2020/21	2021/22	Auditor Notes	
1	Balances brought forward	1,712,251	1,103,789	Agrees to cfwd	
2	Precept or Rates and Levies	1,213,829	1,213,829	Agrees to third party evidence provided to auditor	
3	Total other receipts	57,835	152,193	Agrees to underlying records	
4	Staff costs	460,300	577,328	Agrees to underlying records	
5	Loan interest/capital repayments	58,374	58,374	Agreed to PWLB	
6	All other Payments	1,361,452	535,877	Agrees to underlying records	
7	Balances carried forward	1,103,789	1,298,232	Casts correctly	
8	Total value of cash and short term investments	913,231	1,271,032	Agrees to reconciliation	
9	Total fixed assets plus long term investments and assets	4,221,837	4,222,532	Agrees to register	
10	Total borrowings	594,578	551,484	Agreed to PWLB	
11	For Local Councils Only) Disclosure note re Trust funds (including charitable)	YES ✓	NO	N/A	Yes the council has fulfilled its obligations

The year-end accounts have been correctly prepared on the income & expenditure basis with a box 7 & 8 reconciliation properly completed. The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the prior year.

The variance analysis is required because there are variances greater than 15% and £500.

Section Conclusion

I am of the opinion that the control assertion has been met.

K. LIMITED ASSURANCE REVIEW (INTERIM AUDIT)

Internal audit requirement

If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick “not covered”)

The council did not itself exempt in 2020/21 or 2021/22.

L: TRANSPARENCY (INTERIM & FINAL AUDIT)

Internal audit requirement

The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements.

The council is recommended to follow the transparency code for larger authorities as it has turnover in excess of £200k. A review of the web site shows the council is following some of this. However, I believe the information could be better presented, to make it easier for to locate, which would be more in the spirit of the legislation.

I have sign pointed the clerk to a website that shows transparency as best practice.

<https://www.salisburycitycouncil.gov.uk/your-council/transparency-code>

Section Conclusion

I am of the opinion that the control assertion has been met.

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS (FINAL AUDIT)**Internal audit requirement**

The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).

The Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 require that the statement of accounts prepared by the authority (i.e. the Annual Governance & Accountability Return (AGAR) Part 2), the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested, during a period of 30 working days set by the smaller authority and including the first 10 working days of July.

Inspection - Key date	2020/21 Actual	2021/22 Actual
Date Inspection Notice Issued and how published	28 June 2021	24 th June
Inspection period begins	1 July 2021	27 th June
Inspection period ends	13 August 2021	5 August
Correct length	Yes	yes
Common period included?	Yes	yes
Summary of rights document on website?	Attached to inspection announcement	Attached to inspection announcement

Section Conclusion

I am of the opinion that the control assertion has been met.

N. PUBLICATION REQUIREMENTS (INTERIM AUDIT)**Internal audit requirement**

The authority has complied with the publication requirements for 2020/21 AGAR.

A review of the website and the findings above shows that the local authority has complied with the regulations in respect of publication.

Section Conclusion

I am of the opinion that the control assertion has been met.

O. TRUSTEESHIP (INTERIM & FINAL AUDIT)**Internal audit requirement**

Trust funds (including charitable) – The council met its responsibilities as a trustee.

It is noted that the charity accounts as published with the charities commission show a net zero position with income matching expenditure in all years. The expenditure figures being taken from the councils own nominal records from the council Sage system. The notes of the accounts also state that the charity has no bank accounts of its own.

This is an obvious double count with the charity and the local authority both reporting the same expenditure in their own respective accounts. This is not correct.

I believe the activities of the charity are in fact undertaken by the council in its position as sole managing trustee and as such the charity accounts should show £nil each year. This would dispense with the requirement to complete charity accounts and save the council considerable accountancy fees each year.

I recommend the council review the need for the charity accounts as the transactions reported are already reported and audited as part of the local authority accounts.

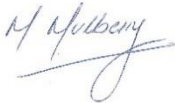
Section Conclusion

I am of the opinion that the control assertion has been met.

Should you have any queries please do not hesitate to contact me.

Kind regards

Yours sincerely



Mark Mulberry

Interim Audit - Points Forward

Audit Point	Audit Findings	Council comments
Reserves	I would recommend the council put together a note of when the earmarked reserves are likely to be utilised and use this to project its future cash requirements for the next 12 to 18 months.	
Charity accounts	I recommend the council review the need for the charity accounts as the transactions reported are already reported and audited as part of the local authority accounts.	
Transparency	I would recommend the council review its transparency information and seek to present this information in a clearer manner. https://www.salisburycitycouncil.gov.uk/your-council/transparency-code	
Fixed Assets	I recommend the fixed asset register is reviewed over the course of the next year with a view to ensure assets are in existence	

Lewes Town Council

Non- Confidential

Committee: Audit and Governance Panel

Date: 28 September 2022

Report Number: AGP002

Report by: Town Clerk

Subject: Review of grant funding assessment procedure

1. Summary

- 1.1 Following a review of the grant assessment process by the Audit and Governance Panel as requested by Full Council, the Audit and Governance Panel asked the Grants Panel to consider its proposed amendments. The Grants Panel reviewed the proposals at its meeting on 21 September 2022 and have made recommendations to the Audit and Governance Panel.
- 1.2 The amendments include changes to the criteria used for scoring and the implementation of a guide to differentiating scores.
- 1.3 There is a proposed revision to the procedure for major funding applications, which would involve the Grants Panel undertaking the scored assessment of any applications in an extraordinary meeting and then making a recommendation to Full Council, as is the current procedure for small grants.

2. Recommendations

- 2.1 Panel is recommended to:
 1. Comment on and note the report formulating a recommendation on the revised procedure to Full Council.

3. Background

- 3.1 Following a major funding request in 2022 Council requested that the Audit and Governance Panel review the major funding procedure.
- 3.2 The Audit and Governance Panel put forward a revised procedure and asked the Grants Panel to consider this, particularly because the procedure included a first stage of assessment by the Grants Panel prior to an application going to Full Council.
- 3.3 The existing procedure is detailed at appendix A for the panels reference.
- 3.4 The Grants Panel considered the proposals at its meeting on 21 September and have made recommendations on these to the Audit and Governance Panel.

4. Proposed scoring

- 4.1 The current procedure involves scoring five set criteria:
- 1) Closeness of match to the Council’s objectives and underlying values
 - 2) Robustness of proposal – general likelihood of success, sustainability
 - 3) Financial planning – adequacy, prudence, appropriateness
 - 4) Scope and sustainability – beneficiaries, scale, thoroughness
 - 5) Personal (subjective) assessment – any special insight or consideration.
- 4.2 The Audit and Governance Panel noted that sustainability is assessed in two criteria, 2 and 4. It is therefore proposed that sustainability, where applicable, is only assessed in criterion 3, financial planning.
- 4.3 It was agreed by the Audit and Governance Panel that Council’s policy criteria for grants (criterion 1 of the list in 4.1 above) is listed on the scoring sheet to aid assessment. It was also agreed that the policy criterion be amended to add “support for equality, diversity and inclusion and under-represented groups” to the policy criteria of “support for foodbanks and the disadvantaged”.
- 4.4 It is proposed that criterion 5, personal (subjective) assessment, is not scored as this is not appropriate in what is an objective process. This can however be offered as part of the discussion, with added insights that might be of general interest to the assessors.
- 4.5 The revised scoring criteria proposed by the Audit and Governance Panel is detailed in the table below. This would be applied to both smaller and major grants.

1	<p>Closeness of match to the Council’s policy, objectives and underlying values.</p> <p>Support of the Council’s vision, which covers:</p> <ul style="list-style-type: none"> • Sustainable Transport, related infrastructure and signage, cycling routes, bus transport • Openness, engagement, consultation, partnership • Trees and biodiversity; wildlife and the environment; open spaces • Support for equality, diversity and inclusion, and specifically disadvantaged and under-represented groups and foodbanks
2	<p>Robustness: general likelihood of success. Will the project be able to achieve its own aims? How thorough is the application in demonstrating this?</p>
3	<p>Financial Planning: are there strong indicators of financial prudence? For example, are there adequate accounts or previous projects achieved to budget? Is the amount of funding requested appropriate</p>

	for the project? If the project is to continue beyond a pilot stage, is it sustainable? Has other support been considered or obtained?
4	Scope: Is the cost proportional to the prospective benefits over the course of the project/activity/installation? This may include number and breadth of beneficiaries, geographical scope across different areas, but also duration or legacy merits. What is the demonstrable impact for the community?
5	Narrative explanation and any special insight or consideration

4.6 The Grants Panel agreed with the above changes to the criteria.

4.7 The Audit and Governance Panel identified a need to develop a simple guide to differentiating scores. This would be applied to both smaller and major grants. Previously 5 criteria were each scored out of 20 giving a total max score of 100. With only 4 criteria being scored, each criteria will be scored out of 25 to maintain a max score of 100. The proposed scoring definitions are listed in the table below:

1 to 6	There is some merit in this application on this criteria but am not in favour of funding
7 to 12	I support this application on this criteria and want there to be partial funding
13 to 18	I strongly support this application on this criteria and want there to be majority funding
19 to 25	I completely support this application on this criteria and want it to receive all the funding requested.

4.8 The Grants Panel proposed that each criteria is scored out of 5 rather than 20. The proposed scoring definitions from the Grants Panel are listed in the table below:

1	The application has no merit and am not in favour of funding
2	There is some merit in this application on this criteria but am not in favour of funding
3	I support this application on this criteria and want there to be partial funding
4	I strongly support this application on this criteria and want there to be majority funding
5	I completely support this application on this criteria and want it to receive all the funding requested.

4.9 The Grants Panel also discussed how to address scores of those absent or not scoring due to a declared interest. Currently a median score is inserted if no scores have been sent in by the councillor. The Grants Panel recommended that if scores have been submitted by a councillor they should

be included but if no scores have been sent in then a median should not be used.

5. Major funding grant proposed change to procedure

- 5.1 The Audit and Governance Panel recommended that the major funding procedure be changed so that applications are assessed in the first instance by the Grants Panel. Applications should be submitted at least four weeks in advance of a Full Council meeting. An extraordinary Grants Panel will be convened on receipt of the application and will undertake an initial assessment using the scoring procedure. The Grants Panel will consider any further questions that need a response and whether there should be a presentation by the applicant.
- 5.2 The Grants Panel would make a recommendation to Full Council. Full Council would also undertake a scored assessment at its meeting.
- 5.3 The Grants Panel considered point 5.1 and 5.2 above and recommend to the Audit and Governance Panel that major funding applications should follow the same procedure as the smaller grants process, in that they are assessed and scored by the Grants Panel who then make a recommendation to Full Council. Full Council would receive a report from the Grants Panel assessment with a recommendation on the award, which would be discussed and voted on. In this procedure there would be no further scoring at full council. The Grants Panel on receiving the application for major funding would consider any further questions and could invite the applicant to present at their meeting.
- 5.4 Concern has been raised by some councillors regarding applicants being present in the public gallery during deliberation and scoring at Full Council. Councillors are asked to consider the matter of exempt business in relation to Section 100 of the Local Government Act 1972, the confidential nature of the business to be conducted and the relevant paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972 that must be applied if the public are to be excluded.

Further information on the legislation can be found here:

<https://www.legislation.gov.uk/ukpga/1972/70/schedule/12A>

<http://askyourcouncil.uk/openness-and-accountability/annex-b/>

Qualification C should be noted: information is exempt information if, and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

6. Development of FAQs

- 6.1 The Grants Panel were asked to formulate some FAQs (frequently asked questions) for the officer receiving grant applications to assist them in their initial review of the application and ensuring all relevant information is available for the Grants Panel prior to the panel's assessment meeting.
- 6.2 FAQs proposed:

- Have they had funding previously from the Town Council? If so, how much and when? Have they given feedback on previous projects?
- Are they based in Lewes?
- What specifically will they use the money for, giving examples such as subsidised tickets, materials, costumes.

Laura Chrysostomou

Town Clerk



Assessment of requests for ‘Major funding’

Background:

1. The system employed when assessing smaller grants (<£2,000) within the established Community Grants Scheme is that the Grants Panel evaluates applications in four ‘rounds’ each year, with members individually awarding scores on perceived merits in five categories; then collectively analyzing aggregate results, and reaching consensus having assessed comparative ‘ranking’ of applications and other factors. Recommendations for awards are made in a report to Council.
2. Requests arise from time to time for financial support in larger sums – “Major funding” - usually related to projects within the community that appear to the applicant body to have some resonance with the aims of a parish council, and these may be brought direct to Council or to a Committee or Working Party according to context.
3. Such requests are usually received individually, and a system of comparative ranking as used by the Grants Panel is not appropriate. Council has agreed a system (*Resolution FC2020/07.2 refers*), devised by the Audit & Governance Panel, giving a simple, structured, assessment that can be understood by both applicant and assessors. This follows the same principle of five equally-weighted elements and similar criteria. These are:
 - i) Closeness of match to the council’s objectives and underlying values*
 - ii) Overall “robustness” of the proposal – *ie* general likelihood of success/sustainability
 - iii) Financial planning exhibited – *ie* adequacy/prudence/appropriateness *etc.*
 - iv) Scope and sustainability of the proposal – *ie* beneficiaries; scale; thoroughness
 - v) A personal (subjective) assessment; based on any special insight or considerations.

Also considered are factors such as the balance or proportion of Council funding being sought, compared with other sources and the applicant’s own funds, and other detail elements of a proposal.

*These are inherent in the establishment of a parish Council and enhanced by published policies in specific areas of activity or aspiration.

Assessment:

4. When a relevant application is received, to be considered at any meeting of Council; Committee or Working party, a standard application form completed by the applicant will be accompanied by this briefing note and a blank scoresheet for Councillors to complete individually. An example is attached to this note.
5. Councillors should individually record a score for each of the five elements (maximum score 20 for each = total max 100) according to their own judgement. A median average of the scores recorded by those present will be entered on behalf of any absent Member. The resulting total score will be represented as a percentage of the maximum possible. This process is a first-stage to moderate any inherent ‘high’ or ‘low’ scoring tendencies among individuals. The final decision is reached following a discussion – informed by the ‘scoring’ of the application in terms of total score and proportion of the theoretical maximum.
6. Council should set a minimum threshold score required before a request might be eligible for further consideration (65% is recommended in most circumstances). Failure to reach the threshold will result in immediate rejection. If there is sufficient support, represented by a score at or above the threshold, the matter is then concluded following discussion.
7. Following discussion, any award should be agreed by a vote in the normal manner.

FUNDING APPLICATION ASSESSMENT SHEET

Larger sums or requests falling outside the Financial Grants Scheme *(Resolution FC2020/07.2 refers)*



**LEWES
TOWN
COUNCIL**

Ref: *report FCnnnn/20nn*

APPLICANT *name* Requested **£*n,nnn***

Councillor _____

Date: **meeting date**

	AREA	COMMENTS	SCORE (Max 20)
1	Closeness of match to the Council’s objectives and underlying values		
2	“Robustness” of proposal – general likelihood of success/sustainability		
3	Financial planning – adequacy/prudence/appropriateness		
4	Scope & Sustainability – beneficiaries; scale; thoroughness		
5	Personal (subjective) assessment – any special insight or consideration		
TOTAL (max 100)			

Signature _____