

Sara Jones
Town Clerk
Salcombe Town Council
Cliff House
Cliff Road
Salcombe, TQ8 8JQ

25th July 2024

Dear Sara,

Further to my Internal Audit of the Council in respect of the 2024 Annual Return, I am submitting my report and observations to the Council. As you will notice from the attached Internal Audit Report, it was unfortunately necessary to issue a negative response in respect of Control Objective C, M and N.

Control Objective C

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

Reason for the negative response Control Objective C

The Practitioners Guide sets out that a Council “..needs to identify, assess and record risks..” and that “Having identified, assessed and recorded the risks, the authority needs to address them by ensuring that appropriate measures are in place to mitigate and manage risk.”

The normal practice by which a Council will meet the requirements of the Practitioners Guide is for the Council to maintain a risk register and for this register to be subject to review by Council on an annual basis.

From the records available, there is no evidence that the Council has undertaken such a review.

Implications in respect of the Annual Return

As previously advised it will be necessary for a negative response to be entered on the Internal Audit Report. In addition, the Council will also have to return a negative response in respect of Assertion 5 of the Annual Governance Statement.

Control Objective M

“In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023-24 AGAR period, were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set)”

Reason for the negative response Control Objective M

Regulation 15 of The Accounts and Audit Regulations (2015) sets out the requirements in respect of The Period for the Exercise of Public Rights.

As you are aware, it was not possible during the internal audit to verify that the Council had properly discharged its obligations as set out in the Regulations as the period for the Exercise of Public Rights did not include the first 10 working days of July.

Implications in respect of the Annual Return

As previously advised it will be necessary for a negative response to be entered on the Internal Audit Report. In addition, the Council will also have to return a negative response in respect of Assertion 4 of the Annual Governance Statement.

Control Objective N

“The authority has complied with the publication requirements for 2022/23 AGAR”

Reason for the negative response Control Objective N

Regulation 15 of the Accounts and Audit Regulations (2015) sets out the publication requirements in respect of the AGAR.

As you are aware, it was not possible during the internal audit to verify that the Council had discharged its obligation under the Regulations as the Council did not approve the Annual Governance Statement in time for the Exercise of Public Rights to commence in July as required by Regulation.

Implications in respect of the Annual Return

As previously advised it will be necessary for a negative response to be entered on the Internal Audit Report. In addition, the Council will also have to return a negative response in respect of Assertion 3 of the Annual Governance Statement.

It is highly likely that this issue will be subject to further query by the External Auditor and it would be helpful in that regard if the Council were to properly Minute a discussion of a review of this issue and to include an explanatory letter when submitting the Annual Return.

In addition to the Negative Responses on the Internal Audit Report I have also responded ‘Not Covered’ in respect of the Control Objectives F, K, L and O and I am required to explain why I have done this.

- I have responded 'Not Covered' in response to Objective F as I understand that the Council does not maintain a Petty Cash.
- We have responded 'Not Covered' in response to Objective K is that it is not applicable to your Council as you did not certify yourself as exempt from External Audit.
- At present no specific guidance has been provided to Internal Auditors as to what the ‘relevant legislation’ is in respect of Control Objective L. I have tested against the requirements of Statutory Instruments 2015/480 The Local Government (Transparency

Requirements) and 2015/494 The Smaller Authorities (Transparency Requirements), neither of which apply to your Council. The publication requirements of Statutory Instrument (2015/234) The Accounts and Audit Regulations are covered in our responses to Internal Control Objectives M and N. The Council should note that we have not considered any additional publication requirements that may apply, for example those set out in the ICO Model Publication Scheme for Parish Councils.

- We have responded 'Not Covered' in response to Objective O as we understand that the Council does not act as Sole Managing Trustee.

Additional Matters

In addition to this letter and the statutory Internal Audit Report, I have also submitted my Internal Audit Observations and Summary to you by email. You will note that, in addition to the non-compliances identified, there were a large number of other items identified which indicate a general poor control environment in place at the Council. A common feature of these appears to be the active involvement of Councillors in processes of which they do not appear to have a full appreciation of the legal and compliance requirements. Examples of this include the procurement arrangement for the office fit-out and those related to the employment of staff.

The Council should consider whether it is appropriate for Councillors to have such 'hands on' involvement in matters which are normally the responsibility of Officers. In addition the Council should consider whether Councillors (in particular Chairs of Committees) should undertake some form of training which, I understand, is available through the County Association.

I would be grateful if you could bring all of these to the Council's attention in due course.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Rose'.

Kevin Rose ACMA
Director