Bicester Town Council

BICESTER
TOWN COUNCIL

Bicester Town Council Meeting

Ref: BTC02/2122

Monday 21st June 2021 - 19:00hrs
John Paul II Centre, Webb Court, Causeway, Bicester, Oxon OX26 6AW

Circulation: Town Mayor – Councillor Nicholas Mawer

Members:

Cllr Nicholas Mawer - **Chairman**, Cllr Alex Thrupp– **Vice-Chairman**
Cllr Nick Cotter, Cllr Sandy Dallimore, Cllr Dan Hallett, Cllr Harry Knight, Cllr Zoe McLernon, Cllr James Metcalf, Cllr Richard Mould, Cllr Lynn Pratt, Cllr Dan Sames, Cllr Les Sibley, Cllr Alex Thrupp, Cllr Fraser Webster

Other Circulation:
Cllr Donna Ford – OCC, Cllr Calum Miller – OCC, Cllr Michael Waine – OCC, Cllr Tom Wallis – CDC, Cllr Lucinda Wing – CDC

BICESTER
TOWN COUNCIL

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www.bicester.gov.uk

Monday 14th June 2021

Sir/ Madam

You are summoned to attend a meeting of the **Council** which will be held on **Monday 21st June 2021** at **19:00hrs** at the **John Paul II Centre, Webb Court, Causeway, Bicester OX26 6AW** to commence at **7pm** for the transaction of the following business.

PEvans

Phil Evans
Service Manager

Agenda

All Council Meetings are open to the public and press, unless otherwise stated.

1. Apologies for Absence

To consider apologies and reasons for absence. Committee members who are unable to attend the meeting should notify enquiries@bicester.gov.uk prior to the meeting, stating the reason for absence.

2. Declarations of Interest

Councillors are reminded to declare any interests on any item on this Agenda in accordance with Bicester Town Council's Code of Conduct.

3. Public Session

In accordance with Standing Orders 1 d-f, members of the public may make representations, ask questions and give evidence in respect of any item of business included in the agenda.

Time allocated shall not exceed 10 minutes. No member shall speak for more than 2 minutes.

4. Minutes of the Town Council Meeting

To confirm the minutes and **RESOLUTIONS** contained in the minutes of the following Town Council meeting:

BTC01/2122 – 17th May 2021

5. Minutes of the Environment Committee Meeting

To confirm the minutes and **RESOLUTIONS** contained in the minutes of the following Environment Committee meeting:

ENV01/2122 - 24th May 2021

6. Minutes of the Finance Committee Meeting

To confirm the minutes and **RESOLUTIONS** contained in the minutes of the following Finance Committee meeting:

FIN01/2122 - 8th June 2021

7. Minutes of the Planning Committee Meeting

To confirm the minutes and **RESOLUTIONS** contained in the minutes of the following Planning Committee meeting:

PL012122 - 18th May 2021

8. Questions on Working Parties and Other Groups

Members are asked to raise any questions they may have regarding the minutes of Working Parties and Other Groups contained in the Minute Book.

9. Report from Oxfordshire County/Cherwell District Councillors

A report may be delivered to Bicester Town Council from Oxfordshire County and Cherwell District Councillors.

10. Report of the Town Mayor

- 29th May - Grange Lodge Belated 'Open Day'
- 3rd June - SERFCA Briefing
- 3rd June - 1 Regt RLC Watt Bike Challenge Charity Event
- *With Consort:* 4th June - Private View of Artists in the Countryside

11. Conclusion of Internal Audit

Council is asked to consider the attached report.

12. Earmarked Reserves

Council is asked to consider the attached report.

13. Annual Governance and Accountability Statement

Council is asked to consider the attached report.

14. Annual Statement of Accounts

Council is asked to consider the attached report.

15. Annual Governance and Accountability Return – AGAR

Council is asked to consider the attached report.

16. Scroll for Bicester Garrison Freedom of Entry

Council is asked to consider the attached quotation.

17. Co-Opt

Council is asked to consider the attached report.

18. Date of Next Meeting – 7 September 2021 – 7pm Venue to be confirmed.

19. Exclusion of Press and Public

RECOMMENDED
That in accordance with section 1(2) of the Public Bodies (Admission to Meetings) Act 1960, the public and press be excluded from the meeting during the consideration of the items set out below on the grounds that publicity would be prejudicial to the general interest by reason of the confidential nature of the business to be transacted.

20. Minutes of the Special Personnel Meeting

To confirm the minutes and **RESOLUTIONS** contained in the minutes of the following Planning Committee meeting:

SPECIAL PCSO2/2122 - 21st April 2021

21. Staff Updates

Council is asked to **NOTE** the verbal report regarding staff updates.

CLOSE OF MEETING:

BICESTER TOWN COUNCIL

Monday 21st June 2021

Conclusion of Internal Audit

Chairman: Councillor Nicholas Mawer
Contact: nick.mawer@bicester.gov.uk

Callum McMahon – Office Supervisor
Contact: 01869 252915 callum.mcmahon@bicester.gov.uk

Ward Affected: All Wards

1. Overview

1.1 By law, the Council is required to appoint an independent internal auditor to review and verify the Council's systems of internal control before submitting the annual return to the external auditor.

1.2 In accordance with Financial Regulation 2.5 and following the Interim Internal Audit on 5th November 2020, the internal auditor conducted the Final Internal Audit 25th May 2021. The report can be found at Appendix 1.

1.3 The result of the internal audit found that the *"systems and internal procedures at Bicester Town Council are well established, and followed and that the AGAR will be ready for submission to the external auditor."*

1.4 To this end, the internal auditor completed and signed page 3 of the annual return which can be found at Appendix 2.

1.5 The recommendations from the internal auditors report will be considered and brought to the relevant committee in due course.

2. Recommendation

2.1 Council is recommended to **NOTE** the information in the report and **APPROVE** the use of the internal auditor's signed page in the annual return.

11. APPENDIX 1

MULBERRY & CO
Chartered Certified Accountants
Registered Auditors
& Chartered Tax Advisors

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Our Ref: MARK/BIC001

Mr Phil Evans
Bicester Town Council
The Garth
Launton Road
Bicester
Oxfordshire
OX26 6PS

25th May 2021

Dear Phil

Re: Bicester Town Council
Internal Audit Year Ended 31st March 2021

Executive Summary

Following completion of our interim internal audit on the 4th November 2020 and our final audit on the 25th May 2021 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. Testing requirements are shown in Red and 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.

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.

I would like to thank Callum for his assistance and obvious hard work in putting the end of year pack together 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 Bicester Town Council are well established, and followed and that the AGAR will be ready for submission to the external auditor.

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 on the 1st September 2020 covering the 2020/21 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 2020 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
- There has been no instance of high staff turnover

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.

Contents

A. BOOKS OF ACCOUNT (INTERIM AUDIT)

Internal audit requirement

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

Recommended Minimum Testing

- Ensure the correct roll forward of the prior year cashbook balances to the new financial year
- Check a sample of financial transactions in cashbooks to bank statements, etc: the sample size dependent on the size of the authority and nature of accounting records maintained

The Council continues to uses RBS Rialtus as a day to day accounting package, this is a tried and tested industry specific package, therefore I make no recommendation to change.

The system is used daily to report on and record the financial transactions of that of the Council. There are multiple users with their own individual logons, the Chief Officer acts as administrator.

The client has a complex password and two factor sign process for the IT system. Each user then required to logon to hosted Citrix environment, after which they login for the finance package. This provides sufficient levels of access security.

Every month, a month end hard close down is performed by an outside contractor, various reports are printed and filed in hard& soft copy, these include but are not limited to; Income and expenditure against budget, cashbooks, bank reconciliations and other reports as fit. The month end reporting is then reported to the Chief Officer and in turn a report is taken to finance committee.

A review of the cashbook shows that all data fields are being entered, the hard copy reports are easy to read and logically filed. My audit testing showed that supporting documentation could be easily located from records. I make no recommendation to change in this system.

I tested opening balances as at 1/4/20 and confirmed they could be agreed back to the audited accounts for 2019/20.

The Council is VAT registered and the last VAT return was for the quarter ended 30th September 2020, which shows a refund of £28,745.99 which was received by direct credit from HMRC in October 2020. This is also an indicator that the council is up to date with its postings on the financial package.

Final Audit

The March 2021 VAT return was agreed to the underlying records and the refund of £29,894.25 was received April 20th 2021.

A review of the December to March cashbooks shows these continue to be populated with sufficient detail so that the casual reader can garner an understanding of the nature and scope of the transactions.

Overall, I have the impression that the accounting systems are well ordered and routinely maintained and as such I make no recommendation to change.

Section Conclusion

I am of the opinion that the control assertion of "Appropriate accounting records have been properly kept throughout the financial year" has been met.

B. FINANCIAL REGULATIONS, GOVERNANCE & PAYMENTS (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.

Recommended Minimum Testing

- Review the procedures in place for acquisition of formal tenders and quotes, ensuring they are in line with the SOs and FRs which should be based on the latest version.
- Ensure that consistent values are in place for the acquisition of formal tenders between SOs and FRs (frequently different limits are recorded in the two documents)
- Review the procedures for receipt of invoices, agreement of invoice detail and confirmation of goods /services delivery and approval for payment: ideally, a suitably designed certification stamp should be in place providing for evidencing of these checks and payment authorisation
- Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments
- Check that VAT reclaims are prepared and submitted in a timely manner in line with the underlying records and in accordance with current HMRC requirements
- Where debit / credit cards are in use, establish the total monthly and individual transaction limits and ensure appropriate controls over physical security and usage of the cards are in place

Interim Audit

Check the publication & minuting of the prior year audited AGAR and notice of conclusion of audit.

External auditors report & notice of conclusion has not been returned by the auditor to the council as at today's date. Past testing shows these will be posted to the website when received.

Final Audit Update: External auditors report & notice of conclusion was taken to and approved by full council in its January 2021 meeting – Minute ref 298/2021.

Evidence was noted in the minutes of the internal auditor's report being reviewed and accepted in the 22nd June 2020 meeting. [022/2021]

Confirm by sample testing that councillors sign statutory office forms

No new councillors have joined since April 2020. I confirmed last year by sample testing that Councillors sign "Acceptance of Office" forms, register of members interests and acceptance to receive information by electronic means, all in line with regulations.

Confirm that the Council is compliant with the relevant transparency code.

The Council is required by law to follow the 2015 Transparency Code, and a review of the website shows the code is being followed in full.

Confirm that the Council is compliant with the GDPR.

The council has a privacy statement and policies compliant with GDPR. Data subjects are made aware of the use of data and their rights and have to tick a box to accept they have seen and read the relevant notices.

The council has an accessibility statement and has been through a process to update the website for the latest regulations.

Confirm that the Council meets regularly throughout the year
The council has the following committees:

- Full Council; meets circa bi monthly
- Environment; meets bi monthly
- Policy – bi monthly
- Planning; meets 4 weekly
- Finance meets bi monthly
- Personnel (Subcommittee) quarterly

There are also a number of working parties and groups which meets as and when necessary to cover specific tasks each committee has spending powers.

Final Audit Update: The council has now returned to full face to face meetings for committees and working group.

Check that agendas for meetings are published giving 3 clear days' notice.
The Chief Officer was able to demonstrate that at least 3 clear days' notice is given on both web site and hard copy agendas. Whilst we have not tested every single committee and council meeting there was no evidence of non-compliance.

I reviewed the agenda for the 22nd June 2020 Full council meeting and can conform the proper notice was given.

Check the draft minutes of the last meeting(s) are on the council's website
A review of the web site shows that minutes are generally posted – I reviewed a sample of minutes for full council, finance and planning and these were posted to the website.

Final audit update: It was noted the minutes for full council 8th March 2021 are not published on website. **I recommend a review of the minutes for all committees is undertaken to ensure proper publication within statutory timescales.**

Confirm that the Parish Council's Standing Orders have been reviewed within the last 12 months.
Revised Standing Orders were taken to policy committee on the 24th August 2020. The committee resolved not to approve them at this time. The chief officer has written a report to council dated August 2020 advising the current Standing Orders are becoming out of date ad need up dating to the new NALC model.

I remind council that this document must be reviewed and adopted by the council year end as current 2017/18 standing orders are becoming aged.
Final Audit update: Council resolved to introduce updated standing orders at its meeting on the 8th March [minute ref 363/2021]

Confirm that the Parish Council has adopted and recently reviewed Financial Regulations.
Financial regulations are based on the NALC model and were last reviewed November 2019.

Check that the council's Financial Regulations are being routinely followed.
The de-minimis limit recorded in the Financial Regulations for the competitive purchase of items and services is as listed below.

- £60,000 + Tender Process
- £12,500 - £60,000 3 quotations are required.
- £2,500 - £12,500 – strive to get 3 estimates
- 0 - £2,500 – power to spend

Financial regulation 2.2 deals with bank reconciliations, the council is performing a monthly bank reconciliation for all accounts.

Financial regulation 4 deals with budgetary control and authority to spend. The council has thresholds in place at which authorisations to spend must be obtained.

- £25,000 + Full council
- £10.000 - £25,000 – Committee
- £2,500 - £10,000 – Chief Officer, mayor or chair of committee
- 0 - £2,500 – power to spend

The council uses a manual Purchase Order (PO) system for the majority of expenditure items and has a strong procedure in place to ensure that all expenditure is authorised in line with financial regulations

1. Expenditure requirement is identified and notified to appropriate manager/administration officer

2. The administration officer completes PO which is copied and is passed to either the Chief Officer or Service Manager for signature approval. The PO is sometimes annotated with notes re budget etc. Due to the current pandemic the system has been amended and PO are authorised by email trail. – I have verified an email trail with the assistance of the Chief Officer which showed amendment and approval.

3. Administration Officer places order for goods or services.

4. Supplier Invoices are received and passed to Administration Officer for processing
   - A pink slip is attached to each and every supplier invoice.
   - Pink copy PO– attached to supplier invoice

5. Supplier Invoice passed to Chief Officer or Service Manager for approval.

6. Invoice then posted to finance package.

7. Report run on finance package to detail invoices due for payment. Invoices cross checked against report

8. Payment set up by Administration Officer on the on-line banking system and batch listing printed in hard copy and sent digitally for councillors to review. The hard copy is signed by councillors at a later date. Due to the pandemic the system has been altered – the Chief Officer is setting up the payments and the council are approving payments. The dual authorisation system will be reinstated as soon as practicable.

   The chief officer was able to demonstrate an email thread of authorisations for payments. I am under no doubt the council is authorising payments and that they are made in the proper manner.

9. Chief officer cross checks batch payment list per bank with payment list from the finance package and authorises payments and signs the hard copy batch report.

The Chief Officer was able to demonstrate that budget monitoring reporting to members is completed on a monthly basis. Reporting is comprehensive, and is minuted appropriately.

Financial Regulation 5 deals with authorisation of payments. The minutes show authorisation of payments lists in accordance with regulations. I verified this to the minutes of the 6th October Finance Committee [147/2021]

Financial regulation 6 deals with making payments. The council makes payments by cheque and direct debit, credit card and on-line banking:

- Cheques must be signed by three individuals, two councillors and an officer. Audit testing showed cheque stubs to be initialled twice.
- interbank transfers can be made by the chief officer and finance officer
- Internet payments are made via the bank website, the bank is set such that the originator cannot authorise the same transaction, so there is a natural segregation of duties and control in place. Admin changes must be authorised by an officer.
- Credit Card, the chief officer has a credit card – transactions are reported monthly in the usual manner. Pin number not known to anyone other than Chief Officer.

Confirm all section 137 expenditure meets the guidelines & does not exceed the annual per elector limit of £8.12 per elector.
The council has no S.137 expenditure, because they have the power GPC. I confirmed that the council was still eligible to claim this.

Confirm that checks of the accounts are made by a councillor.
Throughout the tests completed above – I have noted councillor approval at all stages. I am of the opinion that sufficient internal reviews are made.

Final Audit
I have reviewed the expenditure list which is broadly similar to the prior year after accounting for one off expenditure items. 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.

We verified a purchase from Microshade for £9,000 + VAT and were able to confirm that council has followed its financial regulations and sought the necessary line manager and council approvals for the expenditure. In addition to this, we proved a grant payment drawn at random and proved this to the grant application. There were no errors.

Creditors were £282,311 (2020: £152,021) of which

- Trade creditors £128,109 (2020: £17,534) - agrees to aged creditors rpt – no significant aged balances.
- Retentions Due £9,523 (2020: £9,523) from 2017/18
- Accruals £132,733 (2020: £117,440) – in the main grounds maintenance with Cherwell.
- PAYE & NI £7,525 (2020: £5,772) – agreed to payroll
- Income in advance £4,421 (2020: £1,750 – this is rents received in advance

Section Conclusion
I am of the opinion that the control assertion "This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for", 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.

Recommended Minimum Testing

- Ensure that authorities have prepared, and formally adopted, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc
- Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security
- Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches: such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation

Interim Audit

The Council undertakes a full risk assessment that covers operational and financial risks, this was taken to council in March 2020. The tabular format is easy to read and understand.

Whilst the council has continuity plans in place, I feel this is insufficient for replacement of key staff. This is a risk area council needs to consider.

I have confirmed that the Council has a valid insurance certificate. The Council reviews its insurance requirements as part of the renewal process. Money and asset cover appear adequate.

In respect of motor insurance, drivers are checked annually.

We discussed assertion 8 of the AGAR and whether or not this had any impact on the council.

"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."

Section Conclusion

I am of the opinion that the control objective of "This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.", has been met

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.

Recommended Minimum Testing

- Ensure that the full Authority, not a Committee, has considered, approved and adopted the annual precept in accordance with the required parent Authority timetable
- Ensure that budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances
- Review the budget performance either during the year or at the financial year-end seeking explanations for any significant or unanticipated variances
- Ensure that the Authority has considered the establishment of specific earmarked reserves and, ideally, reviews them annually as part of the budget assessment process
- Ensure that the precept in the accounts matches the submission form to the relevant authority and the public record of precepted amounts

Interim Audit

I confirmed that the 2020-21 budget and precept setting process was underway at the time of our interim audit, with all precepting authority deadlines achievable. A review of the minutes shows discussion and agreement of the same.

However, it was noted that currently no three-year forecast is shown. I would recommend that council add its 3 year forecast in accordance with financial regulation 3.1 for now this can be a simple % increase, which can then be worked on and reviewed on a rolling basis over the course of the council year, following which it can be dropped in as budget for the next year. Final Audit Update – this has now been completed

As at 31st August 2020 total reportable income was £1,613,507 (Annual Budget £1,755,193), and expenditure £386,534 (annual budget £1,755,193). The expenditure is under budget due in the main to projects underspend. It would appear that the council is underspending this year. The current outturn indication is that the council will make a surplus this year.

In respect of reserves at the 31-08-20, the council has £1,956,028 of general reserves and earmarked reserves £2,658,005. The council has 13 earmarked reserves covering various projects the largest being BTC at £1,140,764, followed by burials at £544,096.

The councils' reserves are still very high with little indication that these will be utilised, it will be a requirement to explain this to the external auditor at the year-end again. I remind council it does not have the power to accumulate funds and that these must be spent for the benefit of the local community. Final Audit update – the council has resolved to earmark further reserves.

Final Audit

The council has £3,891,908 of reserves of which £3,159,359 are earmarked reserves and £732,549 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 £783k. I was pleased to see the detailed working and council verification of the reserves working. I am of the opinion that general reserves are reasonable and properly reported on.

All significant variances to budget were explained satisfactorily. The Council's on-going strategy is to increase reserves; this strategy is aimed at funding (either part or in whole) future projects in the Town.

There is clear an unambiguous minuting at Full council of the approval of the budget and precept for the 2021/22 council year.

Section Conclusion

I am of the opinion that the control objective of "The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.", 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.

Recommended Minimum Testing

- Review "Aged debtor" listings to ensure appropriate follow up action is in place
- Allotments: ensure that appropriate signed tenancy agreements exist, that an appropriate register of tenants is maintained identifying, that debtors are monitored.
- Burials: ensure that a formal burial register is maintained that it is up-to-date and that a sample of interments and memorials are appropriately evidenced, that fees have been charged at the correct approved rate and been recovered within a reasonable time: (Authorities should also acquire and retain copies of Burial / Cremation certificates)
- Hall hire: ensure that an effective diary system for bookings is in place identifying the hirer, hire times and ideally cross-referenced to invoices raised
- Leases: ensure that leases are reviewed in a timely manner in accordance with the terms of the lease and rents similarly reviewed appropriately at the due time
- Other variable income streams: ensure that appropriate control procedures and documentation are in existence to provide a clear audit trail through to invoicing and recovery of all such income
- Where amounts are receivable on set dates during the year, ensure that an appropriate control record is maintained duly identifying the date(s) on which income is due and actually received / banked

Interim Audit

Annual charges were last reviewed by Policy Committee in 27th January 2020. I verified this to invoices raised.

The precept of £1,566,506 has been received in full and correctly posted to the accounts – this agreed to the accounts and bank statement.

I sampled VAT transactions for Zero, Standard and Exempted rated items. VAT has been properly calculated on invoices.

Bad & aged debts are monitored on a monthly basis, statements are issued using the finance package and a report is made to council/committee. At the audit date there were circa £2,296 of aged debts which equates to circa 50% of the entire outstanding ledger this is due in the main to the rent of the café – council is aware of this and is negotiating payments holidays to support the local business.

Cash receipt and invoicing are in the main dealt with by separate individuals. There is segregation of duties in the system. Further testing on the event income audit trail will be undertaken at the year end.

Final Audit

The precept income was tested third party evidence supplied to the auditor and has been correctly shown in box 2 of the AGAR, with all other income shown in box 3. There are no errors to report.

I have reviewed the income list which is broadly similar to the prior year after accounting for one off income items. 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.

We reviewed an internment fee and pitch hire fee drawn at random and agreed these back to the current list of annual charges shown on the website – there were no errors.

I remind council not to forget to review its annual charges. *FR 3 The council, or relevant committee will review all fees and charges at least annually, following a report of officers.*

At the year-end date he council has £74,010 (2020: £101,462) of debtors:

- Misc. debtors £ni (2020: £13,733)
- Sales Ledger £6,213 (2020: £25,729) – agrees to aged debtors rpt.
- VAT £29,894 (2020: £27,177)
- Prepayments £32,460 (2020: £30,024) – in the main insurance - verified to invoice
- Mayors Contra acc. £5,442 (2020: £4,797) – owed by the mayor to the council- offsets Mayors fund.

The mayors contra account is used to record charitable/grant payments made on behalf of the mayor for which the mayor fundraises during his or her term of office and then repays the council. It is not overly clear what happens if and when the mayor does not raise sufficient funds to cover the committed expenditure in year? **I would recommend a policy is drawn up to deal with this eventuality.**

Section Conclusion
I am of the opinion that the control objective of "Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.", 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.

Recommended Minimum Testing

- A number of Authorities are now running down and closing their petty cash accounts and using debit / credit cards for ad hoc purchases. Consequently, a "Not applicable" response is frequently required in this area.
- Review the systems in place for controlling any petty cash and also cash floats (used for bar, catering, etc)
- Check a sample of transactions during the financial year to ensure appropriate supporting documentation is held
- Review the existence of evidenced periodic independent verification of the petty cash and any other cash floats held
- Ensure that VAT is identified wherever incurred and appropriate
- Physically check the petty cash and other cash floats held
- Where bar or catering facilities are in place, ensure that appropriate cashing-up procedures are in place reconciling the physical cash takings to the till "Z" total readings

Interim Audit

The council has a float of £200. This was reviewed at the audit date when there was circa £93 in the tin. It is clear this is used for small sundries and is not significant or material.

Petty cash expenditure is presented monthly to a Council meeting for approval.

Final Audit

We were able to reconcile the cash per the tin the underlying records

Section Conclusion

I am of the opinion the control objective of "Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.", 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.

Recommended Minimum Testing

- Ensure that, for all staff, a formal employment contract is in place together with a confirmatory letter setting out any changes to the contract
- Ensure that appropriate procedures are in place for the payment of members allowances and deduction of any tax liability
- Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the approved spinal point on the NJC scale or hourly rate, if off-scale, and also with the contracted hours
- Ensure that appropriate tax codes are being applied to each employee
- Where free or paid for software is used, ensure that it is up to date.
- For the test sample of employees, ensure that tax is calculated appropriately
- Check the correct treatment of Pension contributions to either the Local Government pension scheme (non - taxable, deducted from the gross salary or DC schemes like NEST which already allow for tax deductions
- For NI, ensure that the correct deduction and employer's contributions are applied: NB. The employers allowance is not available to councils but may be used by other authorities
- Ensure that the correct employers' pension percentage contribution is being applied
- Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies

Interim Audit

The council uses an external firm who uses the Iris payroll package to calculate the tax and national insurance. The council has fulfilled its obligations in respect of auto-enrolment and uses LGPS.

All Council employees are paid through the payroll for all Council work undertaken. No employees are paid separately for any other Council work undertaken. Casual labour payments are correctly recorded with a temp agency used.

Councillors were paid allowances in June via the payroll.

The September 2020 PAYE liabilities have been paid on time via the Payroll Bureau. The council has correctly not claimed the employment allowance.

Final Audit

The amounts shown on the AGAR, were reconcilable to the payroll records, there were no errors.

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 PAYE and NI liability for March 2021 was paid after date.

All Council employees are paid through the payroll for all Council work undertaken. No employees are paid separately for any other Council work undertaken. Casual labour payments are correctly recorded via the payroll. Councillors were paid allowances in June via the payroll.

Section Conclusion

I am of the opinion that salaries are correctly stated on the AGAR and that the control object of "Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.", has been met.

H. ASSETS AND INVESTMENTS (INTERIM & FINAL AUDIT)

Internal audit requirement

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

Recommended Minimum Testing

Tangible Fixed Assets

- Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of / no longer serviceable assets
- Physically verifying the existence and condition of high value, high risk assets may be appropriate
- Ideally, the register should identify for each asset the purchase cost and, if practicable, the replacement / insured cost, the latter being updated annually and used to assist in forward planning for asset replacement
- Additions and disposals records should allow tracking from the prior year to the current
- Ensure that the asset value to be reported in the AGAR at Section 2, Box 9 equates to the prior year reported value, adjusted for the nominal value of any new acquisitions and /or disposals
- Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or "self-insured" by the Authority

Fixed asset investments

- Ensure that all long-term investments (i.e., those for more than 12 month terms) are covered by the "Investment Strategy" and reported as Assets in the AGAR at Section 2, Box 9.

Borrowing and Lending

- Ensure that the authority has sought and obtained appropriate DMO approval for all loans acquired
- Ensured that the authority has accounted for the loan appropriately (i.e., recorded the full value of the loan. Any arrangement fee should be regarded as an admin expense) in the year of receipt
- Ensure that the combined principal loan repayment and interest for the year is correctly recorded in the AGAR at Section 2 Box 5
- Ensure that the outstanding loan liability as at 31st March each year is correctly recorded in the AGAR at Section 2, Box 10 (value should be verified via the DMO website)
- Where the Authority has issued loans to local bodies, they should ideally seek signed indemnities from the recipient body, or their members, agreeing to underwrite the loan debt

Interim Audit

The council has detailed fixed asset registered maintained on excel. These are working documents and clearly show the movement of assets. Assets are correctly stated at historic or proxy cost. Any addition to the asset register is normally with a cost value greater than £1,000.

The loan interest and capital repayments were agreed to PWLB debt management letters and the closing balance to the end of year statement letter. There were no errors.

The Council does not hold any long term non cash investments over 1 year.

Final Audit

The loan interest and capital repayments were agreed to PWLB debt management letters and the closing balance to the end of year statement letter. There were no errors.

The Council does not hold any long term investments i.e. over 1 year. Any addition to the asset register is normally with a cost value greater than £1,000.

The fixed asset register has been maintained in an Excel spreadsheet and agreed to the AGAR. The asset register was up to date with all relevant assets as at the current financial year end.

Section Conclusion
I am of the opinion that the control objective of "Asset and investments registers were complete and accurate and properly maintained.", has been met.

I. BANK & CASH (INTERIM & FINAL AUDIT)

Internal audit requirement

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

Recommended Minimum Testing

- Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members
- Verify the accuracy of the year-end bank reconciliation detail and ensure accurate disclosure of the combined cash and bank balances in the AGAR, Section 2, Box 8.
- Where the authority has bank balances in excess of £100,000 it has an appropriate investment strategy.

Interim Audit

At the interim audit date the council had a reconciled bank position and evidence shows the council is undertaking regular monthly reconciliations. The minutes show review and a councillor is nominated to sign them when pandemic restrictions allow.

I have seen that the May bank statement have been signed by the mayor. The chief officer will have the later reconciliations and bank statements signed in due course.

It is noted that the council has sums invested with Santander and Lloyds that are not earning interest. The Chief Office wrote a report to council in July 2020 in this regard. **I recommend council review its investment process with a view to ensuring return on investment.** Final audit update. The council has undertaken to review alternative investment opportunities. [Finance committee 16/2/21]

Final Audit

At the year-end date the council had a reconciled bank position which will be signed in accordance with financial regulations in the coming weeks as lock downs are lifted.

There is clear evidence in the minutes of the proper reporting of the bank reconciliation in the minutes.

The council has eight bank accounts, together with petty cash. None of the accounts are long term non cash investments and as such do not need to be disclosed in box 9 of the AGAR.

It was noted that 2 item clearing on the 1st April 2021 for a total £77 had been marked as reconciled instead of showing as outstanding items. There is no overall effect on the reconciliation this is just a presentational adjustment on the reconciliation sand whilst this is an immaterial adjustment and I make no recommendation to change – I remind council the cut-off date is the 31st March.

Section Conclusion

I am of the opinion that bank and cash balances are properly shown on the AGAR and that the control objective of "Periodic and year-end bank account reconciliations were properly carried out.", 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.

Recommended Minimum Testing

- Ensure that, where annual turnover exceeds £200,000,appropriate records are maintained throughout the year on an Income and Expenditure basis to facilitate budget reporting in that vein
- Ensure that appropriate accounting arrangements are in place to account for debtors and creditors during the year and at the financial year-end

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	*'Yes' means that this authority*	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.	*prepared its accounting statements in accordance with the Accounts and Audit Regulations.*	**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.	*made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.*	**YES** – there is regular reporting of financial transactions and accounting summaries, offering the opportunity for scrutiny.
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.	*has only done what it has the legal power to do and has complied with Proper Practices in doing so.*	**YES** – the Clerk is experienced and advises the council in respect of its legal powers.
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.	*during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.*	**YES** – the requirements and timescales for 2019/20 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.	*considered and documented the financial and other risks it faces and dealt with them properly.*	**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 accounting records and control systems.	*arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.*	**YES** – the council has appointed an independent and competent internal auditor has completed two audits during the year.
7	We took appropriate action on all matters raised in reports from internal and external audit.	*responded to matters brought to its attention by internal and external audit.*	**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.	*disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.*	**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.	*has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.*	**N/A** – the council has no trusts.

Section 2 – Accounting Statements

Agar Box Number		2019/20	2020/21	Auditor Notes
1	Balances brought forward	3,024,147	3,387,060	Agrees to 2020 cfwd
2	Precept or Rates and Levies	1,468,070	1,566,506	Agrees to third party evidence provided to auditor
3	Total other receipts	269,693	107,600	Agrees to underlying records
4	Staff costs	372,355	397,911	Agrees to underlying records
5	Loan interest/capital repayments	11,226	11,038	Agreed to Pwlb
6	All other Payments	991,269	760,309	Agrees to underlying records
7	Balances carried forward	3,387,060	3,891,908	Casts correctly

8	Total value of cash and short term investments	3,437,619	4,100,209	Agrees to reconciliation
9	Total fixed assets plus long term investments and assets	3,646,393	3,656,251	Agrees to register
10	Total borrowings	160,875	156,000	Agreed to PWLB

11	For Local Councils Only) Disclosure note re Trust funds (including charitable)	YES	NO	No trusts
			✓	

The year-end accounts have been correctly prepared on the income & expenditure basis with the box 7 & 8 reconciliation properly completed.

The AGAR correctly casts and cross casts and the comparatives have been correctly copied over from the 2018-19 AGAR.

The variance analysis was required because there were variances greater than 15% and £200. This was properly prepared on a summary table basis showing the financial elements and explanatory narrative.

The council had made provision within its schedule of meetings to sign off the annual governance statement.

Section Conclusion
I am of the opinion the control objective of "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.", has been met.

K. LIMITED ASSURANCE REVIEW (INTERIM & FINAL AUDIT)

Internal audit requirement

IF the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")

No applicable

L: TRANSPARENCY (INTERIM & FINAL AUDIT)

Internal audit requirement

If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/ webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.

No applicable

M: EXERCISE OF PUBLIC RIGHTS - INSPECTION OF ACCOUNTS

Internal audit requirement

The authority, during the previous year (2019-20) 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).

Recommended Minimum Testing

- IAs should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection.
- IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR

Due to the Covid 19 outbreak during the 2020/21, the statutory deadlines had been changed for the 2019/20 AGAR as follows:

The publication date for final, audited, accounts was moved from the 30 September to 30 November 2020 for all local authority bodies. To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of July was removed. Instead, local authorities must have commenced the public inspection period on or before the first working day of September 2020.

This meant that draft accounts must be have been approved by 31 August 2020 at the latest.

Authorities must publish the dates of their public inspection period, and given the removal of the common inspection period and extension of the overall deadlines for this year, it is recommended that all authorities provide public notice on their websites when the public inspection period would usually commence, explaining why they are departing from normal practice for 2019/20 accounts.

The regulations (SI 2020/404 The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020) implementing these measures were laid on 7 April 2020 and came into force on 30 April 2020.

I confirmed with the RFO that arrangements are in place at this Council to ensure proper exercise of public rights. Relevant dates are set out in the table below.

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	2019/20	2020/21
Accounts approved at full council	22nd June	21st June
Date Inspection Notice Issued and how published	29th June	22nd June
Inspection period begins	1st July	23rd June
Inspection period ends	11th August	3rd August
Correct length	Yes	yes
Common period included?	N/A	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 of *"The authority, during the previous year (2019-20) 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):"* has been met.

N. PUBLICATION REQUIREMENTS (INTERIM & FINAL AUDIT)

Internal audit requirement

The authority has complied with the publication requirements for 2019/20 AGAR. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Recommended Minimum Testing

- IAs should acquire / examine a copy of the required "Public Notice" ensuring that it clearly identifies the statutory 30 working day period when the Authority's records are available for public inspection.
- IAs may also check whether councils have minuted the relevant dates at the same time as approving the AGAR

Before 1 July 2021 authorities must publish:
• Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
• Section 1 - Annual Governance Statement 2020/21, approved and signed, page 4
• Section 2 - Accounting Statements 2020/21, approved and signed, page 5

Not later than 30 September 2021 authorities must publish:
•Notice of conclusion of audit
•Section 3 - External Auditor Report and Certificate
•Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.
It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

I have reviewed the website and am under no doubt that the council follows the publication requirements.

Section Conclusion
I am of the opinion that the control assertion of *"The authority has complied with the publication requirements for 2019/20 AGAR. Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:"* has been met.

O. TRUSTEESHIP (INTERIM AUDIT)

Internal audit requirement

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

No trusts.

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

Kind regards
Yours sincerely

M Mulberry

Mark Mulberry

Final Audit - Points Forward

Audit Point	Audit Findings	Council comments
Income	I remind council not to forget to review its charges (burials, pitch fees etc) on an annual basis. Financial regulation 9.3	
Income/Policies	The mayors contra account is used to record charitable/grant payments made on behalf of the mayor for which the mayor fundraises during his or her term of office and then repays the council. It is not overly clear what happens if and when the mayor does not raise sufficient funds to cover the committed expenditure in year? **I would recommend a policy is drawn up to deal with this eventuality.**	

11. APPENDIX 2

Annual Governance and Accountability Return 2020/21 Part 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities*:

- **where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or**
- **where the higher of gross income or gross expenditure was £25,000 or less but that:**
  - **are unable to certify themselves as exempt (fee payable); or**
  - **have requested a limited assurance review (fee payable)**

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2020/21

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Part 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with *Proper Practices.*
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
   - The **Annual Internal Audit Report must** be completed by the authority's internal auditor.
   - **Sections 1 and 2 must** be completed and approved by the authority.
   - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published on the authority website/webpage **before 1 July 2021.**
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both) **no later than 30 June 2021.** Reminder letters will incur a charge of £40 +VAT:
   - the Annual Governance and Accountability Return Sections 1 and 2, together with
   - a bank reconciliation as at 31 March 2021
   - an explanation of any significant year on year variances in the accounting statements
   - notification of the commencement date of the period for the exercise of public rights
   - Annual Internal Audit Report 2020/21

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the limited assurance review and is able to give an opinion, the Annual Governance and Accountability **Section1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Before 1 July 2021 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2020/21**, approved and signed, page 4
- **Section 2 - Accounting Statements 2020/21**, approved and signed, page 5

Not later than 30 September 2021 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 and 2 of AGAR** including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

**for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.*

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return (AGAR) 2020/21

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this AGAR. *Proper Practices* are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the AGAR is complete (no highlighted boxes left empty), and is properly signed and dated. If the AGAR contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.
- Use the checklist provided below to review the AGAR for completeness before returning it to the external auditor by email or post (not both) no later than 30 June 2021.
- The Annual Governance Statement (Section 1) must be approved on the same day or before the Accounting Statements (Section 2) and evidenced by the agenda or minute references.
- The Responsible Financial Officer (RFO) must certify the accounts (Section 2) before they are presented to the authority for approval. The authority must in this order; consider, approve and sign the accounts.
- The RFO is required to commence the public rights period as soon as practical after the date of the AGAR approval.
- Do not send the external auditor any information not specifically requested. However, **you must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant authority owned generic email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the AGAR covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements **(Section 2, page 5)**. An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2020) equals the balance brought forward in the current year (Box 1 of 2021).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights of 30 consecutive working days which **must** include the first ten working days of July.
- The authority **must** publish on the authority website/webpage the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2021.**

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?	✔	
	Has all additional information requested, including **the dates set for the period for the exercise of public rights**, been provided for the external auditor?	✔	
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?	✔	
Section 1	For any statement to which the response is 'no', has an explanation been published?	✔	
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?	✔	
	Has an explanation of significant variations from last year to this year been published?	✔	
	Has the bank reconciliation as at **31 March 2021** been reconciled to Box 8?	✔	
	Has an explanation of any difference between Box 7 and Box 8 been provided?	✔	
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? **NB:** do not send trust accounting statements unless requested.		✔

Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices, can be downloaded from **www.nalc.gov.uk** or from **www.ada.org.uk**

Annual Internal Audit Report 2020/21

Bicester Town Council

www.bicester.gov.uk

During the financial year ended 31 March 2021, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2020/21 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✔		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✔		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✔		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✔		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✔		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✔		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✔		
H. Asset and investments registers were complete and accurate and properly maintained.	✔		
I. Periodic bank account reconciliations were properly carried out during the year.	✔		
J. 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.	✔		
K. If the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. *(If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")*			✔
L. If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/ webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.			✔
M. The authority, during the previous year (2019-20) 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).*	✔		
N. The authority has complied with the publication requirements for 2019/20 AGAR *(see AGAR Page 1 Guidance Notes).*	✔		

	Yes	No	Not applicable
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			✔

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

04/11/2020 25/05/2021

Name of person who carried out the internal audit

Mark Mulberry BA(Hons) FCCA CTA

Signature of person who carried out the internal audit

Date 25/05/2021

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2020/21

We acknowledge as the members of:

Bicester Town Council

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2021, that:

	Agreed			
	Yes	*No**		*'Yes' means that this authority:*
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✔			*prepared its accounting statements in accordance with the Accounts and Audit Regulations.*
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✔			*made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.*
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.	✔			*has only done what it has the legal power to do and has complied with Proper Practices in doing so.*
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.	✔			*during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.*
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.	✔			*considered and documented the financial and other risks it faces and dealt with them properly.*
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✔			*arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.*
7. We took appropriate action on all matters raised in reports from internal and external audit.	✔			*responded to matters brought to its attention by internal and external audit.*
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.	✔			*disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.*
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	**Yes**	**No**	**N/A**	*has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.*
			✔	

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

21/05/2021

and recorded as minute reference:

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

Clerk

www.bicester.gov.uk

Section 2 – Accounting Statements 2020/21 for

Bicester Town Council

	Year ending		Notes and guidance
	31 March 2020 £	31 March 2021 £	*Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.*
1. Balances brought forward	3024147	3387060	*Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.*
2. (+) Precept or Rates and Levies	1468070	1566506	*Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.*
3. (+) Total other receipts	269693	107600	*Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.*
4. (-) Staff costs	372355	397911	*Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.*
5. (-) Loan interest/capital repayments	11226	11038	*Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).*
6. (-) All other payments	991269	760309	*Total expenditure or payments as recorded in the cash-book less staff costs (line 4) and loan interest/capital repayments (line 5).*
7. (=) Balances carried forward	3387060	3891908	*Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).*

8. Total value of cash and short term investments	3437619	4100209	*The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March –* ***To agree with bank reconciliation.***
9. Total fixed assets plus long term investments and assets	3646393	3656251	*The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.*
10. Total borrowings	160875	156000	*The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).*

11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	*The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.*
		✔	*N.B. The figures in the accounting statements above do not include any Trust transactions.*

I certify that for the year ended 31 March 2021 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

Date 25/05/2021

I confirm that these Accounting Statements were approved by this authority on this date:

21/06/2021

as recorded in minute reference:

Signed by Chairman of the meeting where the Accounting Statements were approved

Section 3 – External Auditor's Report and Certificate 2020/21

In respect of Bicester Town Council

1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit,** it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/ .

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2021; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor's limited assurance opinion 2020/21

(Except for the matters reported below)* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the authority:

(continue on a separate sheet if required)

3 External auditor certificate 2020/21

We certify/do not certify* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2021.

*We do not certify completion because:

External Auditor Name

External Auditor Signature

Date

BICESTER TOWN COUNCIL

Monday 21st June 2021

Earmarked Reserves

Chairman: Councillor Nicholas Mawer
Contact: nick.mawer@bicester.gov.uk

Callum McMahon – Office Supervisor
Contact: 01869 252915 callum.mcmahon@bicester.gov.uk

Ward Affected: All Wards

1. Background

1.1 Financial Regulation 4.9 requires Council to approve any changes to earmarked reserves (EMR).

1.2 Finance Committee, 8th June, considered the below transfer to EMR and recommends these to Council for approval.

1.3 The figure below forms part of the Council's annual return and has been verified by the internal auditor.

2. Transfers to EMR

2.1 The proposal which Finance Committee recommends is to transfer £521,582 from general reserve to earmarked reserve.

2.2 In summary, this transfer brings the level of general reserve to an appropriate figure and allocates funds to planned projects. For a full breakdown please see Appendix 1 and 2 attached.

3. Recommendation

3.1 Council is recommended to **NOTE** the information and **APPROVE** the transfer and allocation to EMR.

12 . APPENDIX 1

Agenda Item 12

BICESTER TOWN COUNCIL
FINANCE COMMITTEE

Monday 8th June 2021

Earmarked Reserves

Chairman: Councillor Alex Thrupp
Contact: alex.thrupp@bicester.gov.uk

Callum McMahon – Office Supervisor
Contact: 01869 252915 callum.mcmahon@bicester.gov.uk

Ward Affected: All Wards

1. Background

1.1 The Council is required to be able to justify the level of reserves it is budgeting for. Reserves may be general reserves (used as working capital or to meet known expenditure and an amount for risk mitigation), or earmarked reserves to meet the costs of planned future projects and activities.

1.2 The Council currently has 14 identified lines of earmarked reserve provision (including one ringfenced). Details of the position are attached in Appendix 1.

1.3 Where funds have been used to meet expenditure in the year, these are identified and the earmarked balance adjusted accordingly.

2. Proposal for Allocation

2.1 Due to Covid-19, a significant proportion of 20/21 budgeted expenditure was not used. This resulted in a larger than normal surplus drawn down into the general reserve (£504,848 as detailed earlier in this agenda). If left in the general reserve, the reserve would stand at £1,233,903 – an unjustifiably large figure for a general reserve.

2.2 A proposal is made to transfer £521,582 from general reserve to earmarked reserve bringing the general reserve down to £729,055 in line with good practice being approximately half the 21/22 precept.

2.3 The £521,582 transferred to earmarked reserves is for specific future planned spend and contributes to existing lines of provision. Commentary on the allocations can be found in Appendix 1.

3. Reserves Position

3.1 Although the above transfer and allocation to earmarked reserves does reduce the general reserve to appropriate levels, the total of all reserves remains the same at £3,891,908.

3.2 This is significantly more than twice the 21/22 precept (a measure of appropriate upper limits). The Council has also been reminded by previous internal audit that it does not have the power to unduly accumulate funds.

3.3 Whilst there is a reasonable and practical answer as to why the reserves are so high, it behoves the Council to address this imbalance by a planned reduction of reserves.

3.4 Those allocations set out above and in Appendix 1 are the start of what is envisaged to benefit the communities of Bicester and in doing so bring the reserves back to appropriate levels.

4. Recommendation

1. Committee is asked to **AGREE** £521,582 be added to earmarked reserves and allocated as outlined in this report and **RECOMMEND** this to Council 21st June 2021 for approval.

2. Committee is recommended to **NOTE** the resulting level of general reserve for the year commencing 1st April 2021.

12. APPENDIX 2

Bicester Town Council
Reserve Movements 31.3.2021

Earmarked Reserves

	Balance 31.3.2020	Added in Year	Used to fund Expenditure	Reserve Transfers	Balance 31.3.2021	
Play Area/Open Space Investment	233,902	92,492	1,251		325,143	190k spend planned for 21/22 - growing reserves for 22/23 refurbishments
BTC Premises	1,140,764	85,000			1,225,764	Garth House refurbishment plan - potential for improvements for allotments
Equipment Replacement/Maintenance	134,863	86,122	7,125		213,860	Shredder 11k , Electric Van 25k , Review of Ride on equipment
Burial Ground Provision	544,096	126,968			671,064	New cemetery needed for 2022/23 - growings funds to support
Community and Elections	26,556	3,000			29,556	Budget underspend from Elections
Green Infrastructure	307,057		8,102		298,955	
Skate Park	6,750		3,750		3,000	
Partnership	24,100				24,100	
SW Sports Village Contribution	166,167	70,000			236,167	Budget underspend from Whitelands
Pedestrianisation Scheme	28,000	13,000			41,000	Budget underspend from Street Scene
Shopmobility	4,750				4,750	
Town Centre	21,000	25,000			46,000	Budget underspend from Projects: Town Centre
Garth Park Toilets		10,000			10,000	Budget underspend from Garth Park Toilets
					0	
Ringfenced					0	
					0	
SW Sports Village Sinking Fund	20,000	10,000			30,000	Annual increase to restricted reserve
	2,658,005	521,582	20,228	0	3,159,359	