

Annual Internal Audit Report 2020/21

Halesworth Town Council

ENTER PUBLIC ADDRESS <https://halesworthtowncouncil.org.uk/> ENTER PRIVATE ADDRESS

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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Asset and investments registers were complete and accurate and properly maintained.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I. Periodic bank account reconciliations were properly carried out during the year.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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. <i>(If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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 <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
N. The authority has complied with the publication requirements for 2019/20 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

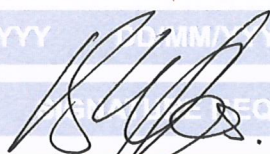
Date(s) internal audit undertaken

27/04/2021.

Name of person who carried out the internal audit

Victoria Waples (on behalf of SAC)

Signature of person who carried out the internal audit



Date

27/04/2021.

*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:

Halesworth 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' means that this authority:
	Yes	No*	
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
			✓

*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:

04/05/2021

and recorded as minute reference:

MINUTE REFERENCE
61.19c

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

Chairman

Clerk

SIGNATURE REQUIRED
SIGNED REQUIRED

ENTER PUBLIC ADDRESS <https://halesworthtowncouncil.org.uk/> ENTER ADDRESS

Section 2 – Accounting Statements 2020/21 for

Halesworth Town Council

	Year ending		Notes and guidance
	31 March 2020 £	31 March 2021 £	
1. Balances brought forward	230,304	281,061	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	115,000	116,641	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	67,463	35,055	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	52,904	57,010	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	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	78,802	84,883	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	281,061	290,864	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	281,061	290,864	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	99,233	119,431	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	0	0	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

SIGNATURE REQUIRED

Date

07/05/21

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

04/05/2021

as recorded in minute reference:

MINUTE 61.19d REFERENCE

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

SIGNATURE REQUIRED

Section 3 – External Auditor Report and Certificate 2020/21

In respect of

HALESWORTH TOWN COUNCIL – SF0178

1 Respective responsibilities of the body and the auditor

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.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work **does not** constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and **does not** provide the same level of assurance that such an audit would do.

2 External auditor report 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 (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR 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.

The AGAR has not been signed in accordance with the Accounts and Audit Regulations 2015:

- Section 2 was not signed by the Responsible Finance Officer before approval

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

None

3 External auditor certificate 2020/21

We 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.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

PKF Littlejohn LLP

Date

02/09/2021

* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

Explanation of variances – pro forma

Name of smaller authority: **Halesworth Town Council**
County area (local councils and parish meetings only):

Insert figures from Section 2 of the AGAR in all **Blue** highlighted boxes

Next, please provide full explanations, including numerical values, for the following that will be flagged in the green boxes where relevant:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- New from 2020/21:** variances of £100,000 or more require explanation regardless of the % variation year on year;
- a breakdown of approved reserves on the next tab if the total reserves (Box 7) figure is more than twice the annual precept/rates & levies value (Box 2).

	2019/20 £	2020/21 £	Variance £	Variance %	Explanation Required?	Automatic responses trigger below based on figures input, DO NOT OVERWRITE THESE BOXES	Explanation from smaller authority (<u>must include narrative and supporting figures</u>)
1 Balances Brought Forward	230,301	281,061				Explanation of % variance from PY opening balance not required - Balance brought forward does not agree, query this	
2 Precept or Rates and Levies	115,000	116,641	1,641	1.43%	NO		
3 Total Other Receipts	67,463	35,055	35,055	48.04%	YES		The Council received £43,173 of CIL payments in 2019/20 which made the receipts for that year unusually high. The Council received £10,000 for Covid rates relief grant but no significant CIL funds this year. If the CIL funds and the covid grants are taken out (35,055 receipts - 10,000 Grant = 25,055 this would be comparable to last year without CIL, i.e. 67,463 - 47,173 = £24,290; 3.15%)
4 Staff Costs	52,904	57,010	4,106	7.76%	NO		
5 Loan Interest/Capital Repayment	0	0	0	0.00%	NO		
6 All Other Payments	78,802	84,883	6,081	7.72%	NO		
7 Balances Carried Forward	281,058	290,864			YES	VARIANCE EXPLANATION NOT REQUIRED EXPLANATION REQUIRED ON RESERVES TAB AS TO WHY CARRY FORWARD RESERVES ARE GREATER THAN TWICE INCOME FROM LOCAL	
8 Total Cash and Short Term Investments	0	0				VARIANCE EXPLANATION NOT REQUIRED	
9 Total Fixed Assets plus Other Long Term Investments and Assets	99,233	119,431	20,198	20.35%	YES		The Town Council purchased and installed CCTV cameras and equipment in the town centre to the value of £19,500 and 2 x dogbins @ £300 each
10 Total Borrowings			0	0.00%	NO		

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable

Explanation for 'high' reserves
(Please complete the highlighted boxes.)

Halesworth Town Council

Box 7 is more than twice Box 2 because the authority held the following breakdown of reserves at the year end:

	£	£	Description
Earmarked reserves:			
Park Equipment reserve	10000		Play equipment, benches, bins & park lighting reserve
Memorial reserves	5756		Cleaning and repairs to the listed War Memorial
Skatepark reserves	17065		Skateboard park needs replacing with concrete in the near future and this reserve (being built up) is for that purpose
Station Building reserves	13940		Extensive damp damage to the building over many years, this reserve is for repairs, refurbishment and redecoration
Election reserves	8774		Reserves to allow for an unscheduled by-election
Allotment reserves	1843		Maintenance and replacement of equipment reserves
Depreciation	5171		Depreciation of general assets including computer equipment
Street Furniture	5000		Reserves to replace or repair street furniture
Festive Lights (Electricity)	416		Transfer from budget (2018-2019) unspent funds to be held in reserve
Divestment of East Suffolk Council services & property	46072		Reserves being built up as Halesworth Town Council will need to manage and maintain assets being handed back from East Suffolk Council in the near future. This includes maintenance of buildings, toilets and town park. The transfer has not as yet been concluded but it is expected that the Council will take over these assets during 2020/2021
Neighbourhood Planning	3000		General reserve for the Neighbourhood Plan Steering group
Market Reserve	3000		Reserves for upgrading Market Place equipment
Emergency Staff Provision	10000		As recommended by the internal auditors to keep a reserve for emergency staff costs if the Clerk and/or assistant Clerk were absent due to illness or other reasons
Youth Development Reserve(New	3000		General reserves to cover youth events and refurbishment of youth facilities & youth events
Grants (repaid) reserve	5665		Repaid grant (s) to be held in reserve for future use if grant budget is under pressure
Civic Duties Reserve	1000		Reserve for Civic functions not covered by Chair's allowance for unexpected events
Twinning Reserve	1000		A reserve to assist the Twinning Group and the Town Council to meet their duties in maintaining relations with our two Twin Towns; Eitorf and Bouchain
Covid-19 Relief Fund	1040		An emergency relief fund to meet local needs during the emergency lockdown for Corona Virus
		141742.00	
General reserve	149122.00		(Includes Community Infrastructure levy payments received (currently £44,706 awaiting spend) this is not shown as a reserve as it will have to be paid back after 5 years if unspent.
Total reserves (must agree to Box 7)		290864.00	

Bank reconciliation – pro forma

This reconciliation should include all bank and building society accounts, including short term investment accounts. It must agree to B headed "Year ending 31 March 20xx" in Section 2 of the AGAR – and will also agree to Box 7 where the accounts are prepared on a re basis. Please complete the highlighted boxes, remembering that unpresented cheques should be entered as negative figures.

Name of smaller authority:

Haleswoth Town Council

County area (local councils and parish meetings only):

East Suffolk

Financial year ending 31 March 2021

Prepared by (Name and Role):

Nick Rees Clerk/ RFO

Date:

26/04/2021

Barclays Current	128,844.89
Unity Trust	63,949.58
Barclays Savings	92,702.24
Barclays Community Account	5,296.33

[add more accounts if necessary]

account 5
account 6
account 7
account 8

290,793.0

Petty cash float (if applicable)

71.83

Less: any unpresented cheques as at 31/3/21 (enter these as negative numbers)

item 1
item 2
item 3
item 4
item 5
item 6
item 7
item 8

[add more lines if necessary]

-

Add: any un-banked cash as at 31/3/xx

-

Net balances as at 31/3/21(Box 8)

290,864.9

CONFIRMATION OF THE DATES OF THE PERIOD FOR THE EXERCISE OF PUBLIC RIGHTS

Name of smaller authority: Halesworth Town Council

County Area (local councils and parish meetings only): East Suffolk

On behalf of the smaller authority, I confirm that the dates set for the period for the exercise of public rights are as follows:

Commencing on 14th June 2021

and ending on Friday 23 July 2021

(Please enter the dates set by the smaller authority as appropriate which must be 30 working days (i.e. Monday – Friday only, and not Bank Holidays) inclusive and must include the first 10 working days of July 2021 (i.e. Thursday 1 July – Wednesday 14 July).

We have suggested the following dates: Monday 14 June – Friday 23 July 2021. The latest possible dates that comply with the statutory requirements are Thursday 1 July – Wednesday 11 August 2021.)

Signed:  _____

Role: Town Clerk

This form is only for use by smaller authorities subject to a review:

Please submit this form to PKF Littlejohn LLP with the AGAR Part 3 and other requested documentation – this form is not for publication on your website.

Contact details

Name **Nick Rees of smaller authority Halesworth Town Council**

County Area (local councils and parish meetings only): **East Suffolk**

Please complete this form and send it back to us with the AGAR or exemption certificate

	Clerk/RFO (Main contact)	Chair
Name	Nick Rees	Rosemary Lewis
Address	Halesworth Town Council Waveney Local Office London Road Halesworth Suffolk IP19 8LW	41, Holton Road Halesworth Suffolk IP19 0RS
Daytime telephone number	01986 874517	01986 835779
Mobile telephone number		
Email address	clerk@halesworthtowncouncil.org.uk	rlewis.htc@gmail.com