

Annual Internal Audit Report 2017/18

Tring Town Council

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2018.

The internal audit for 2017/18 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	Agreed? Please choose one of the following		
	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 and year-end bank account reconciliations were properly carried out.	✓		
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. (For local councils only)	Yes	No	Not applicable
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

Name of person who carried out the internal audit

26/5/2017 23/11/2017

Kevin Rose ACMA - IAC Audit & Consultancy Ltd

Signature of person who carried out the internal audit



Date

14/05/2018

*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 2017/18

We acknowledge as the members of:

Tring 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 2018, that:

	Agreed		Yes	No*	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		has met all of its responsibilities where 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. Describe how the authority will address the weaknesses identified.

This Annual Governance Statement is approved by this authority and recorded as minute reference:

19302

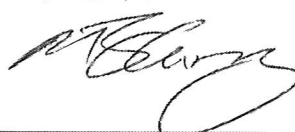
dated

25/06/18

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

Chairman

Clerk

P. Head


Other information required by the Transparency Codes (not part of Annual Governance Statement)
 Authority web address

www.tring.gov.uk

Section 2 – Accounting Statements 2017/18 for

Tring Town Council

	Year ending		Notes and guidance
	31 March 2017 £	31 March 2018 £	
1. Balances brought forward	RESTATED 227,569	292,079	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. 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	123,587	126,922	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	181,098	176,589	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	111,809	121,529	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	13,487	13,487	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	114,879	146,017	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	292,079	314,557	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	255,292	304,463	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	1,753,215	1,798,118	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	88,210	78,976	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 acts as sole trustee for and is responsible for managing Trust funds or assets.
	Not applicable		N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2018 the Accounting Statements in this Annual Governance and Accountability Return present fairly the financial position of this authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

Date

31/05/18

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

25/06/18

and recorded as minute reference:

19303

Signed by Chairman of the meeting where approval of the Accounting Statements is given

P. J. HEAVY

Section 3 – External Auditor Report and Certificate 2017/18

In respect of

Tring Town Council

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 2018; 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 2017/18

(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 2017/18

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 2018.

*We do not certify completion because:

External Auditor Name

External Auditor Signature

Date

*Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2017/18 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

Bank reconciliation – pro forma

Name of smaller authority: **Tring Town Council**

County area (local councils and parish meetings only): **Hertfordshire**

Financial year ending 31 March 2018

Prepared by Michael Curry Clerk & Responsible Financial Officer_(Name and role)

Date 15th May 2018

Balance per bank statements as at 31 March 2018:	£	£
Current Account	500.00	
Business Reserve	229,107.85	
Bonus Saver	1,129.21	
CCLA Public Sector Deposit Fund	80,592.90	
		311,329.96
Petty cash float (if applicable)		70.63
Less: any un-presented cheques at 31 March 2018		
Cheque No. 010314	4,494.00	
010316	1,602.00	
010317	36.00	
010318	649.80	
010319	156.00	
		6,937.80
Add: any un-banked cash at 31 March 2018		0.00
Net balances as at 31 March 2018 (Box 8)		304,462.79

The net balances reconcile to the Cash Book (receipts and payments account) for the year, as follows:

CASH BOOK:

Opening Balance 1 April 2017 (Prior year Box 8)

Add: Receipts in the year

Less: Payments in the year

Closing balance per cash book [receipts and payments book] as
at 31 March 2018 (must equal net balances above – Box 8)

(See example for guidance if required)

Explanation of variances – pro forma

Name of smaller authority: **Tring Town Council**

County area (local councils and parish meetings only): **Hertfordshire County Council**

Please provide **full explanations, including numerical values**, for the following:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- a breakdown of approved reserves if the total reserves (Box 7) figure is more than twice the annual precept/rates & levies value (Box 2).

Section 2	2016/17 £	2017/18 £	Variance £	Variance %	Detailed explanation of variance (with amounts £)
Box 2 <i>Precept or Rates and Levies</i>	123,587	126,922	3,335	2.70%	n/a
Box 3 <i>Total other receipts</i>	181,098	176,589	-4,509	-2.49%	n/a
Box 4 <i>Staff costs</i>	111,809	121,529	9,720	8.69%	n/a
Box 5 <i>Loan interest/ capital repayments</i>	13,487	13,487	0	0.00%	n/a
Box 6 <i>All other payments</i>	114,879	146,017	31,138	27.11%	<p>The Town Council re-equipped a play ground with a total cost of £38,000 (This is the major contributor to the increase in Box 9). The is the first major project of its type for several years. The Income & Expenditure Account Summary - Running Costs – Open Spaces & Environment shows the difference between the years and how close they are once this exceptional item is removed: 8,131 (2016/17) vs 8,368 (2017/18).</p> <p>Only two other cost centres had a variance plus or minus greater than £5,000 relative to the prior year.</p> <p>The first relates to the Legal & Professional Cost Centre – a reduction of £13,099. However this is overstated because the Town Council budgeted an allocation of £8,750 to made to an earmarked reserve (Project Market Place Car Park).</p> <p>The second, a reduction of £6,665 in the Projects Cost Centre. This arose through two factors – the completion of a project marketing Tring in 2016/17 worth £8,790 and an allocation to earmarked reserves in 2017/18 of £2,770 (Project Market House Works).</p>

Box 9 Total fixed assets & long term investments & assets	1,753,215	1,798,118	44,903	2.56%	n/a						
Box 10 Total borrowings	88,210	78,976	-9,234	-10.47%	n/a						
Explanation for 'high' reserves	<p>Box 7 is more than twice Box 2 because the authority held the following breakdown of reserves at the year end:</p> <table><tr><td>Box 2: Precept or Rates and Levies</td><td>£126,992</td></tr><tr><td>Box 7: Balances Carried Forward</td><td>£314,557</td></tr><tr><td>Ratio</td><td>2.48</td></tr></table> <p>Attached is a breakdown of the reserves at 31st March 2018.</p> <p>The Town Council receives less than half its total income from the precept – the precept is low for a town of its size (tax base 5000.30) at £26.15 for a Band D property. The main component of this 'other' revenue is rent from property (including a listed building). Consequently there is not the working capital/current income available to absorb shocks e.g. major building repairs and loss of revenue between tenants. Following a risk-based approach, the Council has included a contingency reserve in its policy to protect against loss of other income. The follow is the definitions with the Reserves Policy:</p> <ul style="list-style-type: none">• A Business Reserve Account – this is the account where the precept and other revenues for a financial year are listed, to go out as expenditure in the current year• A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – in Tring we call this the General Reserve• A contingency to cushion the impact of unexpected events or emergencies – in Tring we call this the Contingency Reserve• A means of building up funds or of reallocating specific funds from one year to the next- referred to as Earmarked Reserves, to meet known or predicted liabilities. <p>At the 31st March 2018 the Contingency Reserve amounted to £41,289.</p> <p>Within earmarked reserves: CIL is now becoming a significant factor - £39,508; The item 'Town Planning Funding Accruals' (£13,431) relates to funds made available by the Principal Authority to assist in the implementation of the Council's Town Plan. This will be spent during 2018/19 removing this item.</p> <p>Taken together these items account for £94,228 of the reserves total. This exceeds the £60,573 excess of the 2x factor box 2:box7.</p> <p>Prior to 2017/18 the Council's investment in the CCLA's public sector deposit fund (£80,386) had been treated as falling with Box 9 with the agreement of BDO, the previous external auditor. Consequently the 2x factor has not been triggered before.</p>					Box 2: Precept or Rates and Levies	£126,992	Box 7: Balances Carried Forward	£314,557	Ratio	2.48
Box 2: Precept or Rates and Levies	£126,992										
Box 7: Balances Carried Forward	£314,557										
Ratio	2.48										

Tring Town Council 2017-18

Income and Expenditure Account for Year Ended 31st March 2018

31st March 2017		31st March 2018
	Income Summary	
123,587	Precept	126,922
<u>123,587</u>	Sub Total	<u>126,922</u>
	Operating Income	
21,305	General Council	110,912
0	Office	31
0	Market House - Council Chamber	0
16,606	Market House - Ground Floor	16,101
5,558	Market House - First Floor	5,211
30,698	Market Place - Auction Rooms	31,641
3,159	Market Place - Museum	3,166
680	Market Place - Open Area	0
18,007	Old School Yard	24,712
0	Nora Grace Hall	0
3,000	New Road	3,000
6,832	Other Holdings	6,952
4,980	Allotments - Duckmore Lane	5,068
298	Allotments - Bulbourne	74
0	Open Spaces & Environment	0
53,190	Town Plan	27,091
16,492	Community Infrastructure Levy	23,016
<u>304,392</u>	Total Income	<u>383,897</u>
	Running Costs	
67	General Council	340
111,809	Salary	121,529
10,995	Office	15,249
1,517	Civic	5,369
19,663	Legal & Professional	6,564
2,724	Communications	3,622
22,213	Grants	19,732
6,398	Market House - Council Chamber	6,073
2,040	Market House - Info. Centre	3,669
1,640	Market House - Ground Floor	1,801
1,123	Market House - First Floor	1,018
439	Market Place - Auction Rooms	460
159	Market Place - Museum	166
17,086	Market Place - Open Area	16,522
11,409	Old School Yard	16,598
1,659	Nora Grace Hall	400
0	New Road	0
1,153	Other Holdings	2,516
4,332	Allotments - Duckmore Lane	1,104
320	Allotments - Bulbourne	235
8,131	Open Spaces & Environment	46,368
6,440	Town Plan	9,502
8,860	Projects	2,195
<u>240,176</u>	Total Expenditure	<u>281,033</u>

Tring Town Council 2017-18

Income and Expenditure Account for Year Ended 31st March 2018

31st March 2017

31st March 2018

General Fund Analysis

147,476	Opening Balance	211,693
304,392	Plus : Income for Year	383,897
<hr/> 451,868		<hr/> 595,590
240,176	Less : Expenditure for Year	281,033
<hr/> 211,693		<hr/> 314,557
0	Transfers TO / FROM Reserves	0
<hr/> 211,693	Closing Balance	<hr/> 314,557

Reserves Statement

	<u>31-Mar-18</u>	<u>31-Mar-17</u>	<u>Change</u>
1. Annual Return Box 7	£314,557	£211,693	£102,864
2. Less the money held as the Museum deposit	£1,129	£1,129	£0
3. Investment in CCLA's Public Sector Deposit Fund	£0	£79,000	-£79,000
Total Reserves	£313,428	£289,564	£23,864
Allocation:			
1. Business Reserve	£0	£0	£0
The working capital of the Council throughout the year. At year end this will be zero ready to receive the Council's income through the year			
2. General Reserve	£73,108	£71,040	£2,068
Equivalent to six month's precept* to smooth the cashflow (* includes concurrent services and Wardens allowance; excludes Council Tax Support Grant)			
3. Contingency Reserve			
To cushion the impact of unexpected events, including loss of income from the Council's assets (non-precept income). Equivalent to two month's total income.			
4. Earmarked Reserves	£100,094	£74,201	£25,893
Sums set aside for specific projects - see below			
5. Unallocated Reserves (Cash & CCLA)	£98,937	£103,656	-£4,719
Total Allocation	£313,428	£289,564	£23,864

Earmarked Reserves

	<u>31-Mar-18</u>	<u>31-Mar-17</u>	<u>Change</u>
Mayoral chain	£0	£3,000	-£3,000
Market House boiler	£3,000	£3,000	£0
Election expenses	£6,600	£3,300	£3,300
Marketing Council properties	£9,343	£9,343	£0
Marketing Tring Town/Town Plan	£0	£1,304	-£1,304
Tring Environmental Forum	£400	£400	£0
Nora Grace Hall Sinking Fund	£9,808	£9,808	£0
Council Tax Mitigation Grant	£5,554	£5,554	£0
Surveyors fees	£1,000	£1,000	£0
Town Plan Funding Accruals	£13,431	£21,000	-£7,569
Project Market House Works	£2,700	£0	£2,700
Project Market Place Car Park	£8,750	£0	£8,750
CIL Funds	£39,508	£16,492	£23,016
Total	£100,094	£74,201	£25,893
Unallocated Reserves excluding CCLA investment	£18,374	£23,270	-£4,896
Value of CCLA investment at 31st March	£80,562	£80,386	£176

Reconciliation between Box 7 and Box 8 in Section 2 – pro forma

(applies to Accounting Statements prepared on an income and expenditure basis only)

Name of smaller authority: **Tring Town Council**

County area (local councils and parish meetings only): **Hertfordshire**

There should only be a difference between Box 7 and Box 8 where the Accounting Statements (Section 2 of the AGAR) have been prepared on an income and expenditure basis and there have been adjustments for debtors/prepayments and creditors/receipts in advance at the year end. Please provide details of the year end adjustments, showing how the net difference between them is equal to the difference between Boxes 7 and 8.

	£	£
Box 7: Balances carried forward		314,556.62
Deduct:		
Debtors		
• Debtors	4,067.00	
• Other Debtors	1,654.56	
• CIL Debtor	15,352.80	
• VAT Control Account	1,373.04	
	15,575.13	
Deduct:		
Payments made in advance (prepayments)		
•		
•		
	0	
Total deductions		15,575.13
Add:		
Creditors		
• Creditors	2769.48	
• Outstanding Tax & NI	1,583.28	
• Rent Deposit	1,128.54	
	5,481.30	
Add:		
Receipts in advance (must not include deferred grants/loans received)		
•		
•		
	0	
Total additions		5,481.30
Box 8: Total cash and short term investments		304,462.79