

Annual Internal Audit Report 2018/19

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 2019.

The internal audit for 2018/19 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. IF the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt. (<i>"Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR</i>)			✓
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.			Not applicable ✓
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

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

14/05/2018

18/12/2018

Name of person who carried out the internal audit

Kevin Rose ACMA - IAC Audit & Consultancy Ltd

Signature of person who carried out the internal audit



Date

19/06/2019

*If the response is 'no' you must include a note to 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 2018/19

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 2019, 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.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>	
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>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.</i>	
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		<i>responded to matters brought to its attention by internal and external audit.</i>	
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	
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	<i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>
			✓	

*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 should be published with the Annual Governance Statement.

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

24/06/19

and recorded as minute reference:

19763

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

Chairman

Roxie Pugh

Clerk

MBurns

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

Authority web address

www.tring.gov.uk

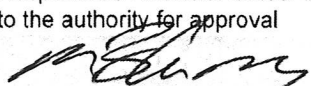
Section 2 – Accounting Statements 2018/19 for

Tring Town Council

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	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	292,079	314,557	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	126,922	130,874	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	176,589	148,410	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	121,529	128,272	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	146,017	93,946	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	314,557	358,136	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	304,463	331,884	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	1,798,118	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	78,976	69,280	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/A		N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2019 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


21/06/19

Date

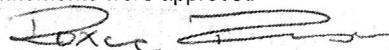
I confirm that these Accounting Statements were approved by this authority on this date:

24/06/19

as recorded in minute reference:

19764

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



Section 3 – External Auditor Report and Certificate 2018/19

In respect of **Tring Town Council – HT0110**

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 2019; 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 2018/19

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.

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

None

3 External auditor certificate 2018/19

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 2019.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

PKF Littlejohn LLP

Date

16/09/2019

* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2018/19 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

Tring Town Council 2018-19

Bank - Cash and Investment Reconciliation as at 31 March 2019

<u>Account Description</u>			<u>Balance</u>
<u>Bank Statement Balances</u>			
1	31/03/2019	Business Reserve	256,736.03
1	31/03/2019	Current Account	500.00
2	31/03/2019	Bonus Saver	1,130.60
3	31/03/2019	CCLA Account	81,103.45
4	31/03/2019	Petty Cash	2.53
			339,472.61
<u>Other Cash & Bank Balances</u>			
		Cashbook Suspense	0.00
			0.00
			<hr/> 339,472.61
<u>Unpresented Payments</u>			
1	26/03/2019	010483	156.00
1	26/03/2019	010485	1,500.00
1	26/03/2019	010486	631.20
1	26/03/2019	010487	1,944.00
1	26/03/2019	010488	1,600.00
1	26/03/2019	010489	300.00
1	27/03/2019	11/09	7.90
1	28/03/2019	010495	1,000.00
1	31/03/2019	ATC	450.00
			7,589.10
			<hr/> 331,883.51
<u>All Cash & Bank Accounts</u>			
1		Current Bank Accounts	249,646.93
2		Bonus Saver Account	1,130.60
3		Investment Account	81,103.45
4		Petty Cash	2.53
		Other Cash & Bank Balances	0.00
Total Cash & Bank Balances			<hr/> 331,883.51

Tring Town Council 2018-19

Supporting Reserves Reconciliation for ANNUAL RETURN 31 March 2019

Explains the difference between boxes 7 & 8 on the Annual Return

<u>Code</u>	<u>Description</u>	<u>Last Year £</u>	<u>This Year £</u>
	Total Reserves	314,556.62	358,136.19
100	Debtors	4,067.00	9,669.58
101	Other Debtors	1,654.56	0.00
102	CIL Debtor	8,331.43	20,180.84
105	VAT Control Account	1,522.14	584.67
	Less Total Debtors	15,575.13	30,435.09
500	Creditors	2,769.48	1,409.71
516	Outstanding Tax & NI	1,583.28	1,642.10
550	Museum Rent Deposit	1,128.54	1,130.60
	Plus Total Creditors	5,481.30	4,182.41
	Equals Total Cash and Bank Accounts	304,462.79	331,883.51
200	Current Bank Accounts	222,670.05	249,646.93
210	Bonus Saver Account	1,129.21	1,130.60
220	Investment Account	80,592.90	81,103.45
250	Petty Cash	70.63	2.53
	Total Cash and Bank Accounts	304,462.79	331,883.51

Explanation of variances – pro forma

Name of smaller authority: **Long Town Council**
County area (local councils and): **Haltonshire**

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);
- 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).

	2017/18 £	2018/19 £	Variance £	Variance %	Explanation Required?	Automatic responses trigger below based on figures input. DO NOT OVERWRITE THESE BOXES.	Explanation from smaller authority (must include narrative and supporting figures)
1 Balances Brought Forward	292,079	314,557					
2 Precept or Rates and Levies	126,922	130,874	3,952	3.11%	NO		
3 Total Other Receipts	176,589	148,410	-28,179	15.96%	YES		See Worksheet 'Box 3 Variance'
4 Staff Costs	121,529	128,272	6,743	5.55%	NO		
5 Loan Interest/Capital Repayment	13,487	13,487	0	0.00%	NO		
6 All Other Payments	146,017	93,946	-52,071	35.66%	YES		See Worksheet 'Box 6 Variance'
7 Balances Carried Forward	314,557	358,136					
8 Total Cash and Short Term Investments	304,463	331,884			YES	EXPLANATION REQUIRED ON RESERVES TAB AS TO WHY CARRY FORWARD RESERVES ARE GREATER THAN TWICE INCOME FROM LOCAL TAXATION/LEVIES	
9 Total Fixed Assets plus Other Long Term Investments and	1,798,118	1,798,118	0	0.00%	NO		
10 Total Borrowings	78,976	69,280	-9,696	12.28%	NO		

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable

Total Other Receipts (Box 3)

	Last Yr £	This Yr £	Variance	Notes
1090 Interest Received	275	869	594	
1100 Grants Received	57,542	19,984	-37,558	(i)
1150 CIL Receipts	23,016	30,033	7,017	(ii)
1200 Rental Income	89,025	83,959	-5,066	(iii)
1210 Income from Recharged Services	1,638	2,697	1,059	(iv)
1215 Hire of Facilities	60	5,800	5,740	(v)
1300 Allotment Income	4,892	5,058	166	
1900 Miscellaneous Income	141	10	-131	
Total	176,589	148,410	-28,179	

Notes:

- (i) The major contributor to the variance. Each year grants are received from the Principal Authority to cover the reduction in Council Tax support grant, services done for the Principal Authority, the town warden's salary and footpath improvements. Last year had exceptional grants of £10,000 from the National Lottery for a playground and £27,901 from the Principal Authority for projects within the Tring Town Plan. The latter was the last funding award for that project. In 2018/19 there were no exceptional grants
- (ii) The Principal Authority has introduced CIL - payments are half yearly and out of the control of the Town Council in terms of timing and value
- (iii) A property in the Town Council's portfolio was vacant for three quarters of this year
- (iv) Utilities and insurance are recharged to tenants - the sum reflects usage
- (v) The Market Place, which is otherwise under-utilised, was rented out twice to film companies this year very profitably

All Other Payments (Box 6)	Last Yr	This Yr	Variance	Notes
4150 Photocopier Costs	4,792	540	-4,252	(i)
4225 Civic Regalia	3,587	0	-3,587	(ii)
4260 Legal & Professional	1,754	5,318	3,564	(iii)
4275 Management Fees (Car Park)	10,279	2,974	-7,305	(iv)
4340/5 Grants	6,432	3,860	-2,572	(v)
4435 Repairs & Maintenance	17,501	10,517	-6,984	(vi)
4520 Parish Paths Partnership	2336	1000	-1,336	(vii)
4960 Friends of Millennium Wood	640	1,874	1,234	(viii)
4980 Meadow Brook	1,648	3,273	1,625	(ix)
4990 Market Place Car Park	0	5,452	5,452	(x)
4995 WW1 Commemoration	0	1,000	1,000	(xi)
4510 Play Areas	38,135	492	-37,643	(xii)
Total	87,104	36,300	-50,804	
Box 6	146,017	93,946	-52,071	

The items above, identified through a variance at account code level of £1,000 or more, combine to explain all but £1,267 of the difference between the financial years.

Notes:

- (i) Purchased two new photocopies as lease expired
- (ii) Added second to Mayor's chain
- (iii) Work on lease renewals and land registration in the current year
- (iv) This year new machines installed in the car park caused radical reduction in the Principal Authorities fee for managing the Town Council's car park due to the way in which that allocate costs. The expectation is that this will be reversed as users get use to the new system
- (v) Exceptional grants were made in
- (vi) Last year saw increased work across the Council's properties, primarily its open spaces
- (vii) In 2017/18 the timing of this annual scheme with the County Council meant two years were recorded in the one financial year.
- (viii) This project was initiated part way through 2017/18, getting fully underway in 2018/19 with the purchase of equipment
- (ix) The Meadow Brook project required clearance of an overgrown area of land, involving removal of trees, in 2018/19
- (x) This project was started in 2018/19 - to use the Market Place, which has stood empty since the relocation of the market, to a temporary car park
- (xi) An exceptional grant for the commemoration
- (xii) Major overhaul and expansion of a playground (NB. Lottery Grant in Box 3)

Explanation for 'high' reserves

(Please complete the highlighted boxes.)

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

	£	£	£
Earmarked reserves:			
Reserve 1 Contingency Reserve*	£42,013		
Reserve 2 Election expenses	£9,900		
Reserve 3 Marketing Council properties	£7,243		
Reserve 4 Nora Grace Hall Sinking Fund	£9,808		
Reserve 5 Town Plan Funding	£7,521		
Reserve 6 Project Market House Works	£8,400		
Reserve 7 Project Market Place Car Park	£12,048		
Reserve 8 CIL	£69,541		
Reserve 9 Rent Deposits*	£2,706		
		£ 169,180	
General reserve	£188,956		
		£ 188,956	
Total reserves (must agree to Box 7)			£ 358,136
Box 2	£130,874		
Ratio General Reserves to Box 2	1.44		

* 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 5,039) at £26.70 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 Council also holds rent deposits from two of its tenants.