

Annual Internal Audit Report 2020/21

Tring Town Council

www.tring.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. <i>(If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")</i>			✓
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 <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .	✓		
N. The authority has complied with the publication requirements for 2019/20 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .	✓		
O. (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

25/05/2020

02/03/2021

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

24/05/2021

*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).



The Clerk
Tring Town Council
The Market House
61 High Street
Tring
Hertfordshire
HP23 4AB

24-May-21

Further to our Internal Audit of your Council for the financial year 2020/21 I am pleased to submit the signed Internal Report for your Annual Return. We have completed our work and I can confirm that we have not given a Negative response for any of the Internal Control Objectives.

You will note that we have given 'Not Covered' responses in respect of Control Objective K, L and O and we are required to explain why we have done this.

- *The reason for the "Not Covered" response for Objective K is that it is not applicable to your Council as the Council did not certify itself exempt from limited assurance review in 2019/20.*
- *The reason for the Not Covered response for Objective L is that it is not applicable to your Council as your 'annual turnover' exceeds £25,000.*
- *The reason for the Not Covered response for Objective O as it is our understanding that the Council does not act as Trustee.*

I have also emailed you an Internal Audit summary of our audit testing which you may find useful. This sets out the number of tests that we have carried out and the number of positive and negative responses. Care should be taken when using this Summary as these tests are not given a weighting to reflect their relative importance and the Summary must therefore be considered in conjunction with our Internal Audit Observations.

I have made some Observations in respect of the year end audit which I would be grateful if you could draw to the Council's attention in due course. If the Council should have any queries regarding any points raised please do not hesitate to contact me.

I would like to express our thanks for the assistance you provided to us during the course of the audit.

Yours sincerely,

Kevin Rose ACMA
Director

Section 1 – Annual Governance Statement 2020/21

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 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:

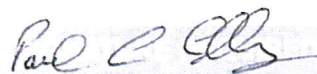
21/06/2021

and recorded as minute reference:

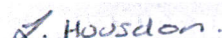
20540

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

Chairman



Clerk



WWW.Tring.Gov.Uk

Section 2 – Accounting Statements 2020/21 for

	Year ending		Notes and guidance
	31 March 2020 £	31 March 2021 £	
			<i>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.</i>
1. Balances brought forward	358,136	446,551	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	134,524	144,683	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	227,363	283,838	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 * Restated removing allowances & expenses.	* 128,803	154,086	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	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 * Restated adding staff allowances & expenses.	* 131,182	95,552	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	446,551	611,947 661,947	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	431,309	589,475	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	1,814,738	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	59,097	48,405	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

J. Housden

Date

15/06/2021

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

21/06/2021

as recorded in minute reference:

20541

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

Paul C. Sill

Section 3 – External Auditor Report and Certificate 2020/21

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 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

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:

The AGAR was not accurately completed before submission for review. The AGAR had to be sent back for amendment.

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



Date

12/09/2021

* 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)

Tring Town Council

Bank - Cash and Investment Reconciliation as at 31 March 2021

Confirmed Bank & Investment Balances

Bank Statement Balances

31/03/2021	Business Reserve	509,586.70
31/03/2021	Current Account	500.00
31/03/2020	Bonus Saver	1,133.34
31/03/2020	CCLA Account	81,864.61
31/03/2021	Petty Cash	0.00

593,084.65

Other Cash & Bank Balances

0.00

593,084.65

Unpresented Payments

3,610.03

589,474.62

Receipts not on Bank Statement

0.00

Closing Balance

589,474.62

All Cash & Bank Accounts

1	Current Bank Accounts	506,476.67
2	Bonus Saver Account	1,133.34
3	Investment Account	81,864.61
4	Petty Cash	0.00
5	Liasion FS Rent Deposit	0.00
	Other Cash & Bank Balances	0.00
	Total Cash & Bank Balances	589,474.62

Tring Town Council

Supporting Reserves Reconciliation for ANNUAL RETURN 31 March 2021

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	446,550.67	611,947.28
100	Debtors	11,451.00	2,100.00
102	CIL Debtor	10,158.24	35,138.97
105	VAT Control Account	0.00	2,635.79
110	Prepayments	0.00	3,542.39
	Less Total Debtors	21,609.24	43,417.15
105	VAT Control Account	1,159.61	0.00
500	Creditors	2,407.11	8,728.34
510	Accruals	0.00	9,902.00
516	Outstanding Tax & NI	1,669.82	1,183.55
550	Museum Rent Deposit	1,130.60	1,130.60
	Plus Total Creditors	6,367.14	20,944.49
	Equals Total Cash and Bank Accounts	431,308.57	589,474.62
200	Current Bank Accounts	348,376.50	506,476.67
210	Bonus Saver Account	1,132.87	1,133.34
220	Investment Account	81,702.60	81,864.61
250	Petty Cash	96.60	0.00
	Total Cash and Bank Accounts	431,308.57	589,474.62

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:			
Tenant Rent Deposits	£2,708		
Election Expenses	£7,068		
Marketing Council Properties	£7,093		
Nora Grace Hall Sinking Fund	£14,808		
Town plan Funding	£4,639		
Project Market House Works	£20,400		
Project COVID and High Street recovery fund	£5,000		
Project Market Place Car Park	£6,689		
Project Skateboard Park (From CIL Monies)	£25,000		
CIL	£306,788		
Contingency reserve *	£43,556		
		£443,749	
General reserve	£168,198		
		£168,198	
Total reserves (must agree to Box 7)			£611,947

* Because the Council owns property, including a listed building, and a high proportion of its total income comes from this rather than the precept (The precept in 2020-21 was only around 33% of the Council's total income) the Council reserves policy includes a contingency reserve - a reserve to cushion the impact of unexpected events, including the loss of income from the Council's assets (non-precept income) equivalent to two months total income. This has been needed given the loss of rental income during 2020-21 as a result of the coronavirus pandemic.

In addition there was not as much expenditure as planned as a number of the projects were not able to go ahead as a result of the coronavirus pandemic. The Council has set a balanced budget for 2021/22 and the precept at £147,577.

Total Other Receipts (Box 3)		Last Yr £	This Yr £	Variance	Notes
1090	Interest Received	1,353	361	-992	
1100	Grants Received	47,562	19,288	-28,274	(i)
1150	CIL Receipts	73,134	189,114	115,980	(ii)
1200	Rental Income	94,612	67,218	-27,394	(iii)
1210	Income from Recharged Services	2,802	2,256	-546	(iv)
1215	Hire of Facilities	2,100	120	-1,980	(v)
1300	Allotment Income	5,795	5,455	-340	
1900	Miscellaneous Income	6	25	19	
Total		227,364	283,837	56,473	

Notes:

- (i) Each year grants are received from the Principal Authority to cover the reduction in Council Tax support grant, services done for the Principal Authority and the town warden's salary. The wardens grant was £379 higher this year. A grant of £1,000 for footpath improvements was no longer received. Last year a one off grant of £27,653 was obtained for the installation of retractable seating in the Nora Grace Hall, a community hall owned by the Town Council. In 2020/21 there were no such grant.
- (ii) The Council benefited from residential development so increased CIL receipts were received from the previous year.
- (iii) Rental income was down overall, in excess of £11,235, as a result of rent breaks offered to assist with the COVID-19 pandemic. In addition £4,000 market rent was written off as bad debt (from a previous year). The rental income from the Old School Yard, which is a carpark own by Tring Town Council but managed by the District Council was £16,159 less than last year. As last year included arrears where a new ticket machine was installed but the District Council failed to transfer the parking fees paid by credit card to the Town Council. There were no arrears due for this year.
- (iv) Utilities and insurance are recharged to tenants - the sum reflects usage
- (v) There was not the usual requirement to hire out facilities this year as a result of the COVID-19 pandemic.

Staff costs (Box 4)

	Last Yr	This Yr	Variance	Notes
4100 Administration Salaries	42,489	54,654	12,165	(i)
4105 Warden Salaries	22,256	26,092	3,836	(ii)
4110 Information Centre Salaries	17,654	16,582	-1,072	(iii)
4115 Youth Council Salaries	7,404	7,552	148	(iv)
4120 Tax & NI	20,587	19,784	-803	(v)
4125 Pensions - Employer	18,412	29,421	11,009	(vi)
Total	128,802	154,085	25,283	
Box 4	128,803	154,086	25,283	

Notes:

- (i) A new clerk was employed and there was a handover period. Therefore from November to February two Clerks wages were being paid hence the increase from last year.
- (ii) A new Town Warden was employed and there was a handover period. Therefore from November to December two town wardens wages were being paid hence the increase from last year.
- (iii) Usually extra holiday cover is paid but this was not necessary given the Covid-19 pandemic.
- (iv) This member of staff is paid hourly so it depends on the hours worked during the year.
- (v) Difference as salary differences
- (vi) £9,902 is an additional pension contribution made to an employee in settlement of a complaint (it will be paid out in 21/22 but was agreed in 20/21). The balance is additional pension contribution resulting from the employment of the new Town Clerk & Town warden as explained above.

All Other Payments (Box 6)

	Last Yr	This Yr	Variance	Notes
4135 Staff Expenses and Allowances	4,549	1,871	-2,678	(i)
4260 Legal & Professional	840	2,722	1,882	(ii)
4265 Surveyors Fees	1,850	0	-1,850	(iii)
4280 Election Expenses	9,432	200	-9,232	(iv)
4335 Recruitment	0	1,517	1,517	(v)
4435 Repairs & Maintenance	35,082	6,518	-28,564	(vi)
4460 Wardens Equipment	3723	14661	10,938	(vii)
330 Tree Inspection & Works	2,526	250	-2,276	(viii)
4910 Tring Town Plan	2,882	0	-2,882	(ix)
4945 Project - Local Plan response	0	3,800	3,800	(x)
4990 Market Place Car Park	5,359	0	-5,359	(xi)
Total	61,694	29,668	-34,704	
Box 6	131,182	95,552	-35,630	

The items above, identified through a variance at account code level of £1,000 or more, combine to explain all but £926 of the difference between the financial years.

Notes:

- (i) Allowances for travel were down as a result of staff not having to travel to meetings as they were being held virtually as a result of COVID-19.
- (ii) Includes solicitors fees for a proposed disposal of Council land and a lease renewal.
- (iii) Last year surveys were instructed to obtain valuations of council property, these were not required this year.
- (iv) There were the costs of the election last year whereas only an advert for co-option was required this year.
- (v) Advertisement costs were incurred in respect of the Town Clerk and Town warden vacancies this year.
- (vi) Last year saw increased work across the Council's properties including a large purchase of retractable seating and fencing at a community hall owned by the council. Whereas this year mainly routine works have been required to the council chamber & outside areas.
- (vii) The major difference was the purchase of a van for the warden this year in the sum of £12,945
- (viii) Tree works were required at the community hall and Pond close last year whereas this year only minor work was required to allotments trees.
- (ix) Last year money was spent out of the Town Plan earmarked reserves to improve open spaces. Whereas this year CIL monies were used for this purpose instead.
- (x) A planning consultant was employed to assist with responding to the Borough Councils Local Plan consultation.
- (xi) This is an ongoing project to use the Market Place, which has stood empty since the relocation of the market, to a temporary car park however this year progress was postponed as a result of the COVID-19 pandemic.