

Chesham Town Council

Bill Richards
Town Clerk



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5th January 2021

Dear Councillor

I hereby give you notice that a **Meeting of the FINANCE COMMITTEE** to be held remotely in accordance with The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, on

MONDAY 11TH JANUARY 2021 AT 5.30pm

when the business set out below is proposed to be transacted:

AGENDA

1. Apologies for absence.
2. Declarations of Interests.
3. To receive and confirm the Minutes of the meetings of 19th October 2020, as amended, and the 23rd November 2020
4. Proposed Budgets and Precept 2021/22
5. Internal Audits 2020/21 and External Audit 2019/20

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Bill Richards'.

Bill Richards
Town Clerk

Publication Date 5.1.2021.



Chesham Town Council

continued . . .

Councillor Circulation:

Councillor	Q. Chaudhry	Councillor	J. L. Baum
Councillor	A. K. Bacon	Councillor	M. W. Shaw
Councillor	N. L. Brown	Councillor	F. S. Wilson
Councillor	D. MacBean	Councillor	P. W. Yerrell
Councillor	P. J. Hudson		

AGENDA ITEM NO: 4 - 2021/22 CAPITAL AND INVESTMENT MAJOR PROJECTS

Reporting Officers: Bill Richards (01494 583824) and Steve Pearson (01494 583825)

Summary

1. To consider the budgetary proposals for 2021/22 with recommendations to be approved by Council.

Background Information

2. At the Council meeting of the 14th December 2020, it was minuted that ‘*a small group of Members from the Finance Committee and the Community, Assets and Environment Committee be delegated to work with officers to look at proposing both an operational budget and a schedule of works to be ratified by the Finance Committee and Council before setting the Annual Precept.*’ (Min No. 64)

Financial Implications

3. As detailed within the report.

Strategic Objectives

4. Accords with the Council’s strategic objectives one, ‘*To enable residents to enjoy high quality social, recreational, and cultural facilities within the town and to seek the continuing improvement and development of these facilities in accordance with the desires expressed by the residents*’ and six ‘*Chesham Town Council will ensure that the money entrusted to it by the residents of Chesham is securely managed and spent effectively on achieving the above strategic objectives.*’

Environmental Implications

5. The projects which have environmental implications in possible capital works have been highlighted in the Capital works schedule.

Equality Act Implications

6. Non applicable.

Detailed Consideration

7. As can be seen from the notes **attached**, the Budgetary Working Party duly met on the 21st December to discuss the matter.
8. Three clear recommendations came out of the meeting. Firstly, that the Council set a zero per cent increase rise on a Band D property for 2021/22 with the reduction of the Council Tax Base being covered by contributions from the General Fund or Reserves.

9. Secondly, that the Earmarked Reserves, be transferred into the General Reserve or General Fund unless there is a reason why they should not. Explanations to this and recommendations to which ones can be transferred are also **attached**.
10. Thirdly, was the proposal to utilise the capital/investment budget (now separated from an operational budget largely based on the 2020/21 set budgets) to undertake small works separate to day-to-day maintenance and repairs. With a recommended budget of £116,800, a prioritised list has been devised and **attached**. Members are asked to note that two items at the Elgiva need to be completed by March 31st to conform with the Arts Council's Arts Recovery Grant.
11. In addition to these works, the Budgetary Working Party has proposed an additional £100,000 be committed from Reserves to allow for major capital/investment/Covid Recovery and Transformation schemes. It has been suggested that this level of recovery fund should be reviewed for adequacy after six months with projects to be brought forward and reviewed by the Community, Assets and Environment Committee.
12. Budgetary figures until the end of November 2020 as reported to the Budgetary Working Party are also **attached**.

Resolved to Recommend

1. **The Council set a budget requiring no increase to the 2020/21 precept of £997,160 and that a sum of around £13,500 be allocated from the General Fund or Reserves to maintain a zero increase to the 'Band D' property charge.**
2. **That the Earmarked Reserves be transferred to the General Fund, where recommended by officers.**
3. **That the small works projects as presented be agreed and contained within the £116,800 budgetary provision and a further £100,000 to be committed for special Covid Recovery and projects from Reserves or General Fund which schemes to be considered and approved by the Community, Assets and Environment Committee and its level of adequacy to be reviewed after 6 months.**



FINANCE BUDGETARY WORKING PARTY

Minutes of the Meeting held on the 21st December 2020

Present:

Cllr David MacBean

Cllr Jane MacBean

Cllr Roderick McCulloch

Cllr Fred Wilson

Cllr Peter Yerrell

Bill Richards (Town Clerk)

Steve Pearson (Finance and Contracts Manager)

1. Purpose of meeting

BR opened the meeting by explaining that those present had been delegated by the Council to make recommendations on the budget for 2021/22 due to the pressures this year caused by the Covid pandemic and the difficulties for officers to provide accurate projections on income and expenditure due to an ever-changing scenario.

2. Budgetary Discussions

DM, as Chairman of Finance Committee, explained that he believed that the Working Party should make three recommendations to the Finance Committee, namely:

- An operational budget for 2021/22 and any increase on the precept
- A reallocation of the Earmarked/General Reserves if necessary, following a review
- Proposals for what major Capital projects ought to go forward for next year if any.

He reminded the Working Party that, while it was a year of uncertainty, the Council has Reserves of around £1m and, with grants and furlough payments, he was expecting another surplus this year. Accordingly, therefore the Council's finances were relatively robust.

- *Operational Budget*

DM and JM both opined that the Council should try and set a zero per cent 'Band D' equivalent increase for local taxpayers to reflect the hardships many had suffered in the pandemic. It was noted that there had been a fall in the Council Tax Base Rate of 1.43% but it was agreed that the additional £13k required to set this zero per cent rise budget because of this should be found from Reserves if necessary. It was highlighted however that the Council's finances were comparatively healthy due to one off grants and furlough payments that may not be repeated so a degree of caution was required.

It was agreed that in these very uncertain times, budgets needed constant monitoring and revision if necessary but should be based on the budgets set for the start of 2020/21

Recommendation

The Council set a budget requiring no increase to the 2020/21 of £997,160 and that a sum of around £13k be allocated from the Reserves to maintain a zero increase to the 'Band D' property charge.

- *Earmarked and General Reserves*

There was general consensus that the earmarked reserves were better utilised in the General Reserve since the contributions to such projects as a new Cemetery or desilting Skottowes Pond were largely insignificant to the overall project costs. SP also advised that the Marston Pavilion insurance monies could only be used for capital projects and not to offset the precept.

Recommendation

That the Earmarked Reserves, unless required for reasons of good practice or legal reasons, be transferred to the General Reserve.

- *Major Capital Works*

The Working Party noted the list of capital projects brought forward by officers for consideration for 2021/22.

In consideration, JM suggested that some of the smaller ones are more operational and should be contained within existing maintenance budgets and opined the list should be revised to reflect this. Having noted that the capital works proposed by officers would exceed the additional £116,800 budgetary provision, it was agreed that such projects be reviewed and prioritised to be contained in this figure with an additional £100k to be utilised from Reserves for special 'Covid Recovery' projects to be approved by the Community, Assets and Environment Committee as and when brought forward.

Recommendation

That the smaller capital projects be revised and funded through existing maintenance budgets with other capital/investment projects to be prioritised and contained within the £116,800 budgetary provision and a further £100k to be committed for special 'Covid Recovery' or major investment projects from Reserves.

3. Close of Meeting

The Meeting closed at 6.15pm

EARMARKED RESERVES

Capital Receipt (Marston Pav.) - £17,000

This is unique and was insurance monies that can only be spent on capital project as laid out in local government finance legislation. Nevertheless, if not used for defraying the precept

TRANSFER TO GENERAL RESERVE AGREED

Emergency reserve £25,000

This was suggested and agreed by Members of the Finance Committee. However, with robust level of Reserves

TRANSFER TO GENERAL RESERVE AGREED

Election £8,379

TRANSFER TO GENERAL RESERVE NOT RECOMMENDED

New Cemetery £35,000

TRANSFER TO GENERAL RESERVE AGREED

Desilting of Skottowes Pond £35,000

TRANSFER TO GENERAL RESERVE AGREED

Codmore Pavilion £3,222

Lottery grant for Codmore Pavilion upgrade obtained and this is the remaining monies from the grant. Parks and Premises Manager is intending to do the stage 2 at some point based around making the referee's room directly accessible to the field rather than coming into the room via the internal area but it could be used for electrical works but only for Codmore Pavilion.

Building Valuations £3,200

Legally there used to be a requirement to have buildings valued by the District Valuer. This requirement no longer exists so the monies could be returned to the General Reserve.

TRANSFER TO GENERAL RESERVE AGREED

Local Produce Market Profit £228

This was a bigger amount but was agreed to be spent on eco audit and some other green initiatives.

TRANSFER TO GENERAL RESERVE AGREED

Green Flag £770

This was a specific grant from BCC for entry so technically not sure we can return to the General Reserve and should be used as and when we re-enter.

TRANSFER TO GENERAL RESERVE NOT RECOMMENDED

Long Term Sickness £13,185

This is used only when we have had a long-term issue when locums or contractors are required to fill gaps. For instance, if the Parks and Premises team lose particular specific skills within the team, they may require a private contractor to fulfil such a role. It can also be used to finance specialists between recruitment and appointment e.g. a locum Town Clerk.

TRANSFER TO GENERAL RESERVE NOT RECOMMENDED

Holding monies donated for:

Lords Mill £10,000

This is an open planning application so still relevant and if we don't use it the monies revert to Buckinghamshire Council

Portas Funds £5,670

Some spent recently and new planters and information boards being investigated.

Play equipment £12,500

CDC Match funding for Nashleigh Hill play area and MUGA repair as highlighted in capital projects

VE Day Celebration £150

TRANSFER TO GENERAL RESERVE AGREED

Grave Maintenance £2,671

This is a historical one. Many years ago, certain grave owners paid monies upfront to this fund where the interest was to be used for the council to maintain their graves individually.

The interest now is negligible TRANSFER TO GENERAL RESERVE AGREED subject to being used on cemetery projects

TRANSFER TO GENERAL RESERVES TOTAL RECOMMENDED:

£118,249

SMALLER ITEMS

		ECO AUDIT
Elgiva		
Display and shelving systems for cloakroom and beer cellar		
	2000	
Hazer	4000	
Replace Poster Boards sites around Town	4500*	
Website Upgrade/capacity	9000*	
Codmore Pavilion		
Internal works	4000	X
Gym and Swim Centre		
Resurface poolside	35000	
Parks and Open Spaces		
Replace rotting boardwalk in MWG to recycled plastic	4500	
Town Hall		
Redecoration of Town Hall	2000	
Lighting Upgrade	8000	X
Heating Upgrade	3000	X
Amenities		
Nashleigh Hill Rec play area	14000	
MUGA refurb Lowndes Park	7700	
General		
IT upgrade across Council	10000	
Consultants -finance review etc	9000	
GRAND TOTAL	116700	

* needs to be completed by end of March 31st 2021

NET MONTHLY FORECAST			
	SEPT	OCT	NOV
		£	£
		ACTUAL	ACTUAL
SURPLUS	-88149		
MOOR GYM & SWIM		15055	-6924
ELGIVA-Taking into account the grant		1477	-15181
TOWN HALL		6618	1109
ADMIN		24048	27232
DEPOT		23182	24701
OTHER BUDGETS		-11325	28156
PRECEPT-excluding Elgiva & Moor Gym		-64725	-64664
TOTAL		-5670	-5570
Running surplus (-)/deficit (+)	-88149	-93819	-99389
RESERVE -forecast			
Minimum Reserve Target			
Income is shown as a minus -			
Expenditure is positive			
		OCT	NOV
		£	£
MOOR GYM & SWIM			
INCOME-Gym,etc		31084	16863
FURLOUGH		0	10567
PRECEPT		9606	9606
TOTAL INCOME		40690	37036
SALARIES & WAGES		39645	23614
OVERHEADS		16100	6498
End of year adjustments			
TOTAL EXPENDITURE		55745	30112
NET SUBSIDY		15055	-6924
ELGIVA			
INCOME-shows,etc		13983	3269
FURLOUGH		3750	11044
GRANT-Arts Recovery		22196	30696
PRECEPT		7160	7160
TOTAL INCOME		47089	52169
SALARIES & WAGES		32670	28935
SHOW FEES,OVERHEADS,etc.*		15896	8053
End of year adjustments			
TOTAL EXPENDITURE		48566	36988
NET SUBSIDY		1477	-15181

AGENDA ITEM NO: 5 – INTERNAL AUDITOR’S REPORT

Reporting Officers: Steve Pearson (01494 583825) and Bill Richards (01494 583824)

Summary

1. To consider the internal auditor’s recent Internal Audit Reports.

Background Information

2. The Accounts and Audit Regulations 2003 state that ‘*a relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its systems of internal control in accordance with the proper internal audit practices*’.
3. The Finance Committee appointed the current internal auditor at its meeting held on the 18th September 2017.

Financial Implications

4. The internal audit budget is £1,500 per annum.

Strategic Objectives

5. Accords with Strategic Aim 6 – ‘*Chesham Town Council will ensure that the money entrusted to it by the residents of Chesham is securely managed and spent effectively on achieving the above strategic objectives.*’

Equality Act Implications

6. None pertaining to this report.

Detailed Consideration

7. A copy of the internal auditor’s - IAC Audit & Consultancy Ltd - Internal Audit Report and Internal Audit Observations are **attached** together with officers’ responses. These are pertaining to the company’s visits in July and October.
8. It has been well-documented that the Finance team has been under pressure, particularly since the outbreak of Covid-19. This is reflected in the concerns raised by the Internal Auditor. The Council has committed itself to an independent review of financial operations and systems early in the New Year and your Clerk has approached the Internal Auditor to suggest that he perhaps have some input into the review, particularly with the outside consultant having little direct local authority experience. His reply is as follows: ‘*I would be happy to support the Council in whatever way I can. I think that the proposal for Internal Audit to review the report is a good idea, although I think that there should be some involvement prior to the finalising of the full report, perhaps with a view to incorporating our views in terms of Internal Control and statutory compliance issues.*’ He suggests a fee of £541.50 based on two half-days to do this.

9. The External Auditor has completed their limited assurance review for the year ended 31st March 2019 and signed off the accounts (certificate **attached**) and officers are pleased to report no adjustments were required or areas of concern raised.

Recommendation

1. That the Committee notes the Report and the officers' comments.
2. That the Committee agrees to commit a further amount to utilise the Internal Auditor to review the independent report and to liaise with the consultant on statutory compliance.
3. That the External Auditor's Limited Assurance Review be noted.



Bill Richards
Town clerk

[REDACTED]
Town Clerk
Chesham Town Council
Chesham Town Hall
Chesham
Bucks
HP5 1DS

16/07/2020

Dear Bill,

Further to our Internal Audit of your Council for the financial year 2019/20 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 the Control Objectives K, L and M 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 you did not certify yourself as exempt from External Audit.

For Objective L we have given a 'Not Covered' response to this as, although we have seen the completed Notice document, there is no formal documentary evidence that the required Notice was posted as required. You will be aware that there is, in fact, no requirement for this documentary evidence to be maintained by you and therefore it is impossible for an auditor to independently verify this. We are aware that this issue has been discussed with the External Auditors and we expect most, if not all, Councils to also have 'Not Covered' as a response to Objective L from their Internal Auditors.

We have responded 'Not Applicable' in respect of Objective M 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

Client	Chesham Town Council	
Clerk name:	Bill Richards	Steve Pearson (FO)
	Name	Date
Pre Audit	Paula Sakalla	3 October 2019
Visit 1 Auditor:	Kevin Rose	16 October 2019
Year End Auditor	Kevin Rose/Paula Sakalla	10 July 2020

Complete
Yes
Yes
Yes

Internal Audit Summary 2019-20



Annual Return – Compliance with Requirements		Not checked	Not applicable	Positive	Negative	Overall	Interim Recommendations	Year End Recommendations	Observations
Box A	Appropriate accounting records have been kept properly throughout the year.	1	0	2	0	100.00%	1	0	
Box B	This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	10	3	20	4	83.33%	3	1	The Council should refer to the attached Internal Audit Observations
Box C	This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	1	2	6	1	85.71%	0	0	
Box D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	0	2	15	1	93.75%	1	0	
Box E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	8	2	10	0	100.00%	0	0	
Box F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	0	0	9	0	100.00%	0	0	
Box G	Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.	0	3	9	0	100.00%	0	0	
Box H	Asset and investments registers were complete and accurate and properly maintained.	0	4	2	2	50.00%	0	0	
Box I	Periodic and year-end bank account reconciliations were properly carried out.	0	0	7	3	70.00%	1	2	The Council should refer to the attached Internal Audit Observations
Box 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.	0	0	6	1	85.71%	0	1	The Council should refer to the attached Internal Audit Observations
Box K	IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt.	0	2	0	0	0.00%	0	0	
Box L	During summer 2019 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.	0	3	0	0	0.00%	0	0	
Box M	Trust funds (including charitable) – The council met its responsibilities as a trustee.	0	4	0	0	0.00%	0	0	

Total

20	25	86	12	87.76%
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Chesham Town Council

Financial Year 2019-20



Year End Internal Audit Observations

Visit date: 10 July 2020

B This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

No.	Audit Conclusion	Observation	Recommendation	Priority	OFFICERS' Comments
1	The value stated in Box 5 was not agreed to the PWLB statement	<i>There was a difference noted in the value stated in Box 5 of the Accounting Statement and the schedule provided by the PWLB. It is understood that this is due to an interest accrual made in the prior year</i>	Council to note	Low	Noted

C This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	The Council has not reviewed its insurance coverage during the year	<i>It is understood that the Council review the insurance cover once the contract is ending.</i>	The Council must ensure that it undertakes a regular review of its insurance coverage.	High	This will be part of the Annual Review of Finance Regs etc at end of March

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No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	The Council has not reviewed the asset register during the financial year.	<i>It is understood that the Council does not carry out review of the Asset Register annually.</i>	The Council should undertake a formal review of the asset register on an annual basis.	High	This to be done with review of Standing Orders, Financial Regs etc at the end of Financial year
2	Continuing existence of assets is not checked on a regular basis	<i>The Council does not physically check the existence of Council Assets.</i>	The Council should put in place arrangements for the regular physical verification of its assets. The date the verification was carried out should be recorded.	High	Parks and Premises team to be asked to undertake a physical check on an annual basis.

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No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	Year end cash balances were not supported by cashiers certificates	<i>Year end confirmations of cash balances were not obtained due to the COVID-19 outbreak.</i>	Council to obtain confirmation of cash balances once activities resume.	High	This is being progressed

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.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	Physical stock quantities on hand have not been physically verified	<i>It is understood that the Council does not carry out Year End stock takes.</i>	The Council to review its stock taking arrangements to ensure it has robust measures for the control and monitoring of stocks.	High	This is a capacity issue that definitely needs to be considered by the financial review as officers believe this is a very time consuming task.

Client	Chesham Town Council	
Clerk:	Bill Richards/Steve Pearson (FO)	
	Name	Date
Prior Year Audit Signed	Kevin Rose	16 July 2020
Pre Audit	Paula Sakalla	23 October 2020
Visit 1 Auditor:	Paula Sakalla	29 October 2020
Year End Auditor		
Reviewed by		

Internal Audit Summary 2020-21



Complete
Yes
Yes
Yes
No
No

Negative Analysis

Annual Return – Compliance with Requirements		Not checked	Not applicable	Positive	Negative	Overall % Positive	Statutory Non-Compliance	High	Medium	Low
Box A	Appropriate accounting records have been kept properly throughout the year.	2	0	2	1	66.67%	0	0	1	0
Box B	This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	11	2	25	2	92.59%	0	0	2	0
Box C	This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	8	0	2	0	100.00%	0	0	0	0
Box D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	9	1	11	3	78.57%	0	2	1	0
Box E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	1	3	18	1	94.74%	0	1	0	0
Box F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	0	0	9	0	100.00%	0	0	0	0
Box G	Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.	11	6	0	0	0.00%	0	0	0	0
Box H	Asset and investments registers were complete and accurate and properly maintained.	9	0	0	0	0.00%	0	0	0	0
Box I	Periodic and year-end bank account reconciliations were properly carried out.	11	0	4	1	80.00%	0	1	0	0
Box 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.	8	0	0	0	0.00%	0	0	0	0
Box 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.	0	2	0	0	0.00%	0	0	0	0
Box L	During summer 2020 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.	0	0	4	0	100.00%	0	0	0	0
Box M	Trust funds (including charitable) – The council met its responsibilities as a trustee.	0	5	0	0	0.00%	0	0	0	0

Total

70	19	75	8	90.36%	0	4	4	0
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Chesham Town Council

Financial Year 2020-21

Visit date: 29 October 2020

Interim Internal Audit Observations

Box A Appropriate accounting records have been kept properly throughout the year.

No.	Audit Conclusion	Observation	Recommendation	Priority	OFFICERS' Comments
1	Council Minutes have not been signed in accordance with the Local Government Act 1972 due to the current lock down restrictions.	<i>The Full Council meeting minutes have not been signed due to the current lock down restrictions.</i>	The Council must ensure that Minutes are signed in accordance with the requirements of the Local Government Act 1972 once lockdown restrictions have been eased. Copies of the Full Council signed minutes to be presented to Internal Audit on the next Interim Audit visit.	Medium	These will be signed by respective Chairmen as soon as face to face meetings reoccur

Box B

This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	The Council has not issued any guidance on the usage of any Council debit or credit card.	<i>The Finance Officer continues to share the Barclays credit card with other members of staff although Internal Audit made an Observation in 2018-19 not to do so. It is understood that the Council are considering obtaining credit cards for other members of staff of the Council.</i>	The Council must issue guidance on the permitted usage of any debit or credit card.	Medium	Officers are looking at supplying section heads with their own cards and for greater controls/ scrutiny to be at that level and guidance will be circulated at that point

Box D

The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	The Council has not formally minuted consideration of the points raised by the Internal Auditor in their report.	<i>The Council did not record the review of the Internal Audit Observations for Year End.</i>	The Council MUST ensure that it minutes consideration of reports of the Internal Auditor. The Council should consider what response it should give in respect of Assertion 7 of the Annual Governance Statement		The pressures of Covid-19 and hastily rearranged meetings has meant to the last Internal Audit was left off the Finance Committee agenda. This shouldn't happen again.
2	Council has not returned completed Internal Audit Observations spreadsheet to IAC.	<i>The Council has not completed the Internal Audit Observation spreadsheet for the Year End.</i>	Council must complete and return prior year's Internal Audit Observations to IAC.	Medium	To be undertaken following meeting of Finance Committee on the 11th January 2021.

Box E

Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	The Council VAT Year End control account is higher than the VAT claimed by the Council.	<i>The previous year end VAT claim (£10,211.56) does not match the VAT control account on the Council accounting system (£11,128.44). There is an apparent underclaim of £916.88. First quarter VAT claim made for 2020-21 and claimed on 7 August 2020. The next claim is being worked on for the next 2020-21 quarter.</i>	The Council to review and verify the balances on the Council VAT control account for last year.	High	This has been done and all difference accounted for prior to the internal audit visit.

Box I

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

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
	End of month bank statements have not been reconciled to accounts	<i>It is understood that the Council carries out regular bank reconciliations on the Council new accounting system however reconciliation reports are not produced.</i>	Bank statement must be reconciled to the Council's accounting records. Reconciliation reports should be produced and made available for independent review and Internal Audit purposes.	High	Bank reconciliations are carried out weekly by the Finance Assistant but print-outs have not been as easy with the new financial software. This is under review.
1	Bank reconciliation have not been subject to independent review.	<i>It is understood that the Council does not produce bank reconciliation reports for Council to independently review, sign and date as carried out previously.</i>	On a regular basis, at least quarterly, bank statements must be subject to formal review. The bank reconciliation statement should be signed and dated and the supporting bank statements initialled as evidence of this review. On a regular basis reconciliations should be reviewed by Council and signed and dated as evidence of this review.	High	With Covid, visits to the Town Hall by the designated Member have temporarily ceased. This will be restarted following vaccinations.
2					

Section 3 – External Auditor Report and Certificate 2019/20

In respect of

CHESHAM TOWN COUNCIL – BU0045

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 2020; 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 2019/20

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 2019/20

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 2020.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

Date

27/11/2020

* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2019/20 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

Section 1 – Annual Governance Statement 2019/20

We acknowledge as the members of:

CHESHAM 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 2020, 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
			✓
has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.			

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

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

24/08/20

and recorded as minute reference:

MINUTE NUMBER 30

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

Chairman

Clerk

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

Authority web address

www.chesham.gov.uk

Section 2 – Accounting Statements 2019/20 for

CHESSHAM TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2019 £	31 March 2020 £	
1. Balances brought forward	792,564	825,285	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	930,000	958,000	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	1,038,458	1,252,671	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	-912,644	-1,030,023	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	- 18,373	- 15,797	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	-1,004,720	- 984,390	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	825,285	1,005,746	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	1,065,073	1,156,083	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	7,024,841	7,016,129	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	75,017	62,331	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 2020 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

Stephen Pearson

Date

20 07 20

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

24/08/20

as recorded in minute reference:

MINUTE NUMBER 30

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