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## **Aylsham Town Council**

***Internal Audit Report: 2021-22 (Final Update)***

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***Stephen Christopher***

***for Auditing Solutions Ltd***

## **Background and Scope**

There is a statutory requirement for all town and parish councils to make arrangements for an independent internal audit examination of their accounting records and system of internal control each year and for the conclusions to be reported in the Annual Governance and Accountability Return (AGAR). Auditing Solutions Ltd was appointed to provide this service to Aylsham Town Council for the 2021-22 financial year.

This report sets out the results of our final audit visit in relation to 2021-22, which was undertaken on 18<sup>th</sup> May 2022. We wish to thank the Town Clerk and Assistant Town Clerk for assisting us with the completion of our audit work.

## **Internal Audit Approach**

In carrying out our internal audit for the year, we have had regard to the materiality of transactions and their susceptibility to potential mis-recording or mis-representation in the year-end Statement of Accounts, operating a mix of 100% substantive or selective sampling techniques, where applicable.

Our audit programme is designed to afford appropriate assurance that the Council's financial systems remain robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Annual Internal Audit Report' in the AGAR, which requires independent assurance over a number of internal control objectives.

## **Overall Conclusion**

On the basis of the programme of work we have undertaken, we have concluded that the Council continues to maintain an adequate and effective system of internal control. The records held in support of the accounting transactions continue to be of a high standard and provide an effective audit trail, with clear cross-referencing of all relevant documentation.

In the sections below, we have explained the objectives of each area of our audit, summarising the work undertaken and our findings. We have identified certain areas where we consider the existing control arrangements could be further improved and these are set out in the report, together with our recommendations for action. The recommendations are drawn together in the appended Action Plan. We ask that Members consider the content of this report and respond, in due course, to the recommendations set out in the Action Plan.

This report has been prepared for the sole use of Aylsham Town Council. To the fullest extent permitted by law, no responsibility or liability is accepted by Auditing Solutions Ltd to any third party who purports to use or rely on, for any reason whatsoever, this report, its content or conclusions

# Detailed Report

## Accounting and Banking Arrangements

Our objective in this area is to confirm that the accounting records are being maintained accurately and kept up to date, that no anomalous entries appear in cashbooks or financial ledgers, and that appropriate banking arrangements are in place.

As in previous years, the Rialtas (Omega) accountancy package is used to maintain the financial records. The Council continues to use Barclays Bank Plc for its main day-to-day banking services. Two bank accounts are in operation, the main General (current) Account, supplemented by an Active Saver (instant access deposit) Account.

In line with good practice, the Council has also deposited funds that are surplus to its immediate requirements across a number of financial institutions, in order both to minimise risk and to ensure a reasonable rate of interest return is achieved. During the financial year, the Council's short-term investments (i.e., those with a maturity date of up to one year) included investments with the CCLA Public Sector Deposit Fund and the Shawbrook Bank.

For much of the year, the Council also held a 2-year Fixed Rate Bond with Hodge Bank, which was accounted for as a long-term investment. However, this bond matured in February 2022 and the balance is currently held in the General Account, pending a decision on how it should be re-invested.

In the course of our audit work, we have:

- Confirmed that the opening trial balance for 2021-22 recorded on Omega reconciled to the 2020-21 AGAR;
- Verified that the accounting records remained "in balance" as at 31<sup>st</sup> October 2021 (the latest completed month on Omega at the time we commenced our interim audit work) and at 31<sup>st</sup> March 2022;
- Confirmed the accounting code structure in place provides adequate information to meet budget reporting and control requirements;
- Checked and agreed the transactions recorded on Omega to the relevant bank statements for three sample months (May and October 2021, plus March 2022);
- Confirmed that regular monthly bank reconciliations were carried out by the Finance Officer and independently reviewed by the Town Clerk throughout the year;
- Checked and verified the detail of the bank reconciliations as at 31<sup>st</sup> October 2021 and 31<sup>st</sup> March 2022, and
- Confirmed that appropriate procedures remain in place for backing up financial and other IT systems in use at the Council.

### Conclusion

*There are no matters arising that require a formal comment or recommendation.*

Aylsham TC 2021-22 (Final Update)	20 <sup>th</sup> May 2022	Auditing Solutions Ltd
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## Corporate Governance arrangements

Our objective is to confirm that the Council has robust corporate governance arrangements in place and that, as far as we may reasonably be expected to ascertain (as we do not attend Council meetings) all meetings are conducted in accordance with the adopted Standing Orders and that no actions of a potentially unlawful nature have been or are being considered for implementation.

During the course of our audit, we have confirmed the following:

- Our review of the minutes of the Council meetings for the year did not identify any matters that we consider might have an adverse effect, through litigation or other causes, on the Council's future financial stability;
- The Standing Orders and Financial Regulations continue to be the subject of periodic review and to reflect the latest national guidance provided by NALC. The most recent review was at the Council meeting on 2<sup>nd</sup> March 2022, when it was confirmed that no changes were required;
- The Council formally re-adopted the General Power of Competence at its meeting in May 2019 and this continued to be applicable throughout 2021-22;
- The Council has continued to give active consideration to internal control matters, in particular, through the work of the Effectiveness of Internal Control Working Party and the "Independent Scrutineer" role, and
- Following a recommendation by the Efficiency of Internal Control Working Party, the Council agreed to set up official email accounts for all councillors. We have confirmed that this was in progress at the year-end.

### Conclusion

*There are no matters arising that require a formal comment or recommendation.*

## Expenditure

Our objective is to ensure that:

- Council resources are released in accordance with approved procedures and budgets;
- An official order has been raised for the supply of goods and services on any occasion where one would be anticipated;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- Any discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct expense codes have been applied to invoices when processed; and
- VAT has been correctly identified and coded to the control account for recovery.

Aylsham TC 2021-22 (Final Update)	20 <sup>th</sup> May 2022	Auditing Solutions Ltd
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We have completed our review of the procedures in place, selecting a sample of non-pay related payments across the financial year, to confirm compliance with the above criteria. Our test sample included all payments in excess of £2,000, together with a more random selection of every 30<sup>th</sup> payment as recorded in the Omega accounts. The net value of our sample was £270,000, which equated to 78% of non-pay expenditure in the year.

The Council holds a corporate Barclaycard for occasional urgent/internet purchases, with a maximum credit limit of £10,000. The Clerk is the only authorised user and the account is settled in full each month by direct debit. We checked the expenditure for one sample month (statement dated 7<sup>th</sup> August 2021), with no issues arising.

VAT re-claims have been submitted on a regular quarterly basis during the 2021-22 financial year. We reviewed the detail of the re-claims for all four quarters, confirming that they agreed to the Omega control account.

### **Conclusion**

*There are no matters arising that require a formal comment or recommendation.*

## **Assessment and management of Risk**

Our objective is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health & safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage any risks identified in order to minimise the opportunity for their coming to fruition.

During the course of our audit work, we have confirmed the following:

- In October 2021, the Council entered into a new three-year agreement with Hiscox for the provision of its insurance services. The cover includes Employer's Liability and Public Liability of £10 million, Hirer's Liability of £5 million and Fidelity Guarantee cover of £0.75 million, which is in line with similar-sized authorities;
- The Council's risk management arrangements, comprising the Financial Risk Assessments, Risk Management Policy and Internal Control Policy were re-adopted at the Council meeting on 2<sup>nd</sup> February 2022, following consideration by the Effectiveness of Internal Audit Group;
- Council staff have continued to undertake regular reviews of playground equipment throughout the year, with annual inspections carried out by RoSPA Playsafety Ltd. The latest annual inspections were undertaken in June and September 2021 and we confirmed that no potentially high-risk issues were identified.

### **Conclusion**

*In general, the controls relating to risk management were found to be adequate and to be operating effectively. The one area where we consider that further action is required is in relation to ensuring appropriate and timely action is taken to address any issues identified by the annual external play inspections and the more regular internal reviews.*

*At the time of our interim report, we were informed that remedial work to address matters identified by the annual external play inspections in June and September 2021 was*

Aylsham TC 2021-22 (Final Update)	20 <sup>th</sup> May 2022	Auditing Solutions Ltd
-----------------------------------	---------------------------	------------------------

*scheduled to be completed early in 2022. In following this up at our final audit, we confirmed that no action had yet been taken. From our review of the 'facilities task folder' currently maintained and from discussions with staff, we identified scope to improve the existing monitoring arrangements, to ensure that appropriate action is taken on a timely basis.*

- R1 The Council should review the arrangements in place for ensuring that issues identified by the annual play inspections or internal reviews are addressed on a timely basis. We recommend that all issues raised are recorded on a monitoring schedule/log, which should identify the nature of each issue, the source (which could also include matters raised by a member of the public), the associated level of risk, the action required and the timescale for completion. It should also identify the member of staff responsible for ensuring appropriate action is taken and include evidence of manager review.*
- R2 In future years, the key issues arising from the annual play inspections should be reported to the Council, given Members' responsibilities in relation to health & safety matters and potential budget implications of any significant remedial actions required. (NB: We acknowledge that no high-risk issues were identified in the 2021 annual inspections)*

## **Budget setting, budgetary control and reserves**

Our objective here is to confirm that the Council has robust procedures in place for identifying and approving its future budgetary requirements and the level of Precept to be drawn down from the District Council: also, that an effective reporting and monitoring process is in place. We also consider whether the Council retains sufficient funds in earmarked and general reserves to finance its ongoing spending plans and to cover any unplanned expenditure that might arise.

During our interim audit, we have confirmed that effective budget monitoring arrangements remain in place, with the Council receiving monthly reports on progress against the budget and the overall financial position, including the level of reserves.

The budget and Precept requirement for 2022-23 were formally agreed at the Council meeting on 5<sup>th</sup> January 2022. The Precept was set at £451,120, compared to £409,500 for 2021-22. This represents an estimated cost of £156.14 for an average Band D property, an increase of approximately 2.7%. As in previous years, a detailed budget report was provided by the Town Clerk to inform the decision-making process. As part of the budget process, consideration was given to the hall hire, burial fees and allotment charges to apply for 2022-23 and it was decided that they would remain unchanged.

At the year-end, the Council's overall reserves amounted to £408,197 (compared to £417,782 at the previous year-end). Of the total reserves, £317,260 (£282,921) has been earmarked for specific purposes, with the remaining £90,937 (£134,861) held as a General Fund (contingency reserve).

In previous years, we have reported that, whilst there is no formal guidance on the level of General Fund that should be retained, as this will vary depending on the circumstances of each council and the risks faced, a yard-stick of between 25% and 50% of the Precept is often cited, Whilst the Council's General Fund at 31<sup>st</sup> March 2022 is lower than this, at

around 20% of the 2022-23 Precept, this does not appear unreasonable given the significant level of funds retained in earmarked funds.

### ***Conclusion***

***There are no matters arising that require a formal comment or recommendation.***

## **Review of Income**

In considering the Council's income streams, our objective is to confirm that robust systems are in place to ensure the identification of all income due to the Council from its various sources, to ensure that it is invoiced in a timely manner and that effective procedures are in place to pursue recovery of any outstanding monies due. In addition to the Precept and any grants received, the main sources of income for the Council are allotment rents, cemetery and related fees, market rents (general market, farmers' market and collectors' fair) and hall hire.

To meet our objective, we have undertaken the following audit work:

- Fees and charges: We have confirmed that Members continue to review the Council's scales of fees and charges annually, in line with the requirements of the Financial Regulations. Those for 2021-22 were considered as part of the annual budget-setting process;
- Banking of income: As noted earlier in this report, we have checked and agreed two sample months' receipts transactions from cashbooks to relevant bank statements;
- Cemetery-related income: We have checked the details of interments, as recorded in the Burial Register, for the period 1<sup>st</sup> April to 5<sup>th</sup> October 2021, confirming that all entries are supported by appropriately completed undertakers' applications and that the correct fee has been invoiced, with payment received and banked in a timely manner;
- We also reviewed the income arising from the sale of Exclusive Rights of Burial and installation of memorials/addition of further inscriptions for the same period, again confirming that the appropriate fees have been charged, recovered and banked promptly;
- Hall fees: We have reviewed the fees charged for the hire of the Town Hall and Drill Hall for a sample period of two weeks in September 2021, confirming that all hirers were invoiced for the correct amounts and income was received on a timely basis;
- Allotment rents: We confirmed that all allotment holders have been invoiced for the current year and that, in all cases, the rent due has been received. We also undertook a sample review of tenancy agreements, to confirm these were in place, with no issues arising, and
- Outstanding Debtors: We have examined the Sales Ledger "Aged Debtors Report" as at the end of October 2021 and at 31<sup>st</sup> March 2022 and confirmed that the amount of outstanding debt remains very low and the debtor position is well managed.

### **Conclusion**

*In general, the controls over income were found to be adequate and to be operating effectively. However, there is one area, market rents, where we consider the controls need to be further improved.*

*From a review of income relating to three separate markets held during November 2021, we were able to confirm that receipts were issued for payments received. However, no record is maintained of the stall holders present on each day, so we were not able to confirm that all those present had been charged.*

*R3 A register of stall holders should be maintained and should be completed on each market day to record attendance. The register should be reconciled to the receipts book (which is also used to record payments made by card) to confirm that all attendees have paid for their pitch.*

### **Petty Cash**

When completing the ‘Annual Internal Audit Report’ in the AGAR, we are required to confirm that there are effective controls over the petty cash account operated by the Council. To meet that objective, we confirm that:

- Any petty cash account(s) in operation are managed effectively and that all expenses incurred are appropriately supported by a trade invoice or relevant till receipt;
- Only low value expenditure is incurred from any petty cash account(s) in use;
- Where appropriate, VAT is identified and coded accordingly for periodic recovery from HMRC; and
- The physical cash held is periodically reconciled to the supporting records.

The Council operates a limited petty cash account, topped up “as and when required” to a maximum holding of £250. At our interim audit, we reviewed the most recent reconciliation undertaken by the Finance Officer (19<sup>th</sup> October 2021), confirming that the cash held and accompanying petty cash receipts agreed to the overall float, and that the reconciliation had been independently reviewed by another member of staff. We also reviewed the year-end reconciliation and confirmed that this was in order and that the petty cash balance as at 31<sup>st</sup> March 2022 has been included correctly as part of the ‘total cash and short-term investments’ figure in Section 2, Line 8 of the AGAR.

### **Conclusion**

*There are no matters arising that require a formal comment or recommendation.*

### **Salaries and Wages**

In examining the Council’s payroll function, our objective is to confirm that extant employment legislation is being adhered to, that the requirements of HM Revenue and Customs (HMRC) legislation are satisfied regarding the deduction and payment over of income tax and NI contributions and that the requirements of the local government pension scheme are met.

All Council staff continue to be paid on a monthly basis, with the “Brightpay” software used

Aylsham TC 2021-22 (Final Update)	20 <sup>th</sup> May 2022	Auditing Solutions Ltd
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to prepare the payroll. This is completed by the Finance Officer and reviewed by the Town Clerk.

To meet our objectives, we have:

- Confirmed that the Council continues to approve the staff pay rates annually. (NB At the time of our interim audit, the National Joint Council for Local Government Services (NJC) pay award for 2021-22 had still to be agreed);
- Confirmed, for a sample month (October 2021), that;
  - Tax and National Insurance deductions for all employees have been made applying the appropriate PAYE code and NIC Table;
  - The correct local authority pension scheme percentage deductions are being applied, where applicable;
  - The net payments to staff as shown on the payslips agree to the summary BACS settlement reports; and
  - The correct payments have been to HMRC and the Norfolk Pension Fund.

We noted that an incremental increase due to one member of staff had not been made, but confirmed that this had been corrected in the November 2021 salary payment, which was made just prior to our audit.

The national Local Government Services pay agreement for 2021-22, applicable from 1st April 2021, was finally agreed by all parties at the end of February 2022. At our final audit visit, we confirmed that the payment of arrears due to all staff was made in March 2022 and that the appropriate revised pay scale rates were applied.

### ***Conclusion***

***There are no matters arising that require a formal comment or recommendation.***

## **Asset and Investment Register**

The reporting arrangements for assets in the AGAR require councils to report the value of each asset at purchase cost or at a suitable proxy where that value is not known, and for community assets to be valued at a nominal £1. The value of individual assets should not change from one year to another, with the only changes being the inclusion of new assets purchased or removal of assets disposed of.

The Council maintains a detailed asset and investment register, with asset values recorded in accordance with the above requirements, which is updated at the end of each financial year. In the course of our final audit work, we reviewed the register as at 31st March 2022 and agreed the total asset value of £3,832,793 - reconciling the movements from the previous year end value of £3,889,664. The most significant change relates to the removal of the value of the long-term investment with Hodge Bank, which matured in February 2022.

We have confirmed that the total value of assets has been correctly reported in the 'total fixed assets and long-term investments' value in the Accounting Statements (Section 2, Line 9 of the AGAR).

Aylsham TC 2021-22 (Final Update)	20 <sup>th</sup> May 2022	Auditing Solutions Ltd
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### **Conclusion**

*There are no matters arising that require a formal comment or recommendation.*

## **Investments and Loans**

Our objective here is to confirm that an appropriate investment strategy/policy is in place, that any funds not required for immediate use, whether temporarily or on a longer-term basis are invested in line with that strategy and that interest earned is brought to account correctly and appropriately in the accounting records. We also confirm that any loan repayments due to or payable by the Council are transacted in accordance with the relevant loan agreements.

During the course of our audit work, we have:

- Confirmed that the Council's investment strategy was re-adopted, without amendment, at the Council meeting in March 2021;
- Confirmed that the Council no longer any long-term investment in place – as noted above, a 2-year Fixed Rate Bond with Julian Hodge Bank matured in February 2022 and the funds are currently held in the General Account, pending a decision on re-investment;
- Reviewed the transactions for the short-term investments held in the CCLA Public Sector Deposit Fund and with Shawbrook Bank;
- Checked and agreed the capital and interest repayments in the year for the Council's Public Works Loan Board (PWLB) loan to the third party "demand" notice'
- Confirmed that the first annual principal repayment of £10,000 has been made on the interest-free loan of £50,000 which the Council obtained from the Salix Energy Efficiency Loan Scheme towards the LED upgrade of existing street lights.
- Confirmed that the loan repayments made in the year, for both the PWLB loan and Salix loan, and the overall loan balances outstanding at the year-end have been reported correctly in the AGAR (Section 2, Lines 5 and 10, respectively).

### **Conclusion**

*There are no matters arising that require a formal comment or recommendation.*

## **Statement of Accounts and AGAR**

We have examined the detailed Income and Expenditure accounts produced from the Omega software and the draft of the statutory Accounting Statements that the Council is required to complete as Section 2 of the AGAR. We have agreed the detail to the supporting accounting records and other related documentation.

### **Conclusions**

*No matters have arisen from this area of our review that require a formal comment or recommendation. We look forward to receiving a copy of the finalised AGAR (Sections 1 and 2), once the document has been approved by the Council.*

Aylsham TC 2021-22 (Final Update)	20 <sup>th</sup> May 2022	Auditing Solutions Ltd
-----------------------------------	---------------------------	------------------------

***On the basis of the work undertaken during the course of our review for the year, we have completed and signed the Annual Internal Audit Report in the AGAR, assigning positive assurances in all areas of internal control.***

## Action Plan

Recommendation		Response
<b>Assessment and management of Risk</b>		
R1	The Council should review the arrangements in place for ensuring that issues identified by the annual play inspections or internal reviews are addressed on a timely basis. We recommend that all issues raised are recorded on a monitoring schedule/log, which should identify the nature of each issue, the source (which could also include matters raised by a member of the public), the associated level of risk, the action required and the timescale for completion. It should also identify the member of staff responsible for ensuring appropriate action is taken and include evidence of manager review.	
R2	In future years, the key issues arising from the annual play inspections should be reported to the Council, given Members' responsibilities in relation to health & safety matters and potential budget implications of any significant remedial actions required. (NB: We acknowledge that no high-risk issues were identified in the 2021 annual inspections)	
<b>Review of Income</b>		
R3	A register of stall holders should be maintained and should be completed on each market day to record attendance. The register should be reconciled to the receipts book (which is also used to record payments made by card) to confirm that all attendees have paid for their pitch.	

25/05/2022

## Aylsham Town Council Current Year

Page 1

13:16

## Summary Income &amp; Expenditure by Budget Heading 31/03/2022

Month No: 12

## Cost Centre Report

		Actual Current Mth	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available
General Purpose	Income	1,686	217,127	104,350	(112,777)		
	Expenditure	11,632	134,541	102,350	(32,191)		(32,191)
	Net Income over Expenditure	<u>(9,946)</u>	<u>82,586</u>	<u>2,000</u>	<u>(80,586)</u>		
	plus Transfer from EMR	0	0				
	less Transfer to EMR	0	0				
	Movement to/(from) Gen Reserve	<u>(9,946)</u>	<u>82,586</u>				
Town Hall	Income	1,530	63,121	59,000	(4,121)		
	Expenditure	3,495	57,643	58,980	1,337		1,337
	Movement to/(from) Gen Reserve	<u>(1,965)</u>	<u>5,478</u>				
Drill Hall	Income	1,723	73,016	64,700	(8,316)		
	Expenditure	3,009	59,789	64,685	4,896		4,896
	Movement to/(from) Gen Reserve	<u>(1,286)</u>	<u>13,227</u>				
23 Market Place	Income	1,250	5,517	5,500	(17)		
	Expenditure	0	0	400	400		400
	Movement to/(from) Gen Reserve	<u>1,250</u>	<u>5,517</u>				
Cemetery Cottage	Income	1,224	5,999	6,750	751		
	Expenditure	0	572	1,500	928		928
	Movement to/(from) Gen Reserve	<u>1,224</u>	<u>5,428</u>				
Public Toilets	Expenditure	508	28,952	14,850	(14,102)		(14,102)
Other Properties	Income	0	9,800	9,800	0		
	Expenditure	554	6,636	5,295	(1,341)		(1,341)
	Movement to/(from) Gen Reserve	<u>(554)</u>	<u>3,164</u>				
Cemetery	Income	880	25,730	22,100	(3,630)		
	Expenditure	1,554	20,184	22,095	1,911		1,911
	Movement to/(from) Gen Reserve	<u>(674)</u>	<u>5,546</u>				
Norwich Road	Income	0	193	200	8		
	Expenditure	0	0	375	375		375
	Movement to/(from) Gen Reserve	<u>0</u>	<u>193</u>				
Cromer Road	Income	0	1,026	1,000	(26)		
	Expenditure	0	323	275	(48)		(48)
	Movement to/(from) Gen Reserve	<u>0</u>	<u>703</u>				
Woodgate	Income	(40)	1,149	1,650	501		
	Expenditure	0	3	375	372		372
	Movement to/(from) Gen Reserve	<u>(40)</u>	<u>1,146</u>				
Bure Meadows	Income	49	1,956	1,650	(306)		
	Expenditure	82	851	875	24		24
	Movement to/(from) Gen Reserve	<u>(33)</u>	<u>1,105</u>				

Continued over page

25/05/2022

## Aylsham Town Council Current Year

Page 2

13:16

## Summary Income &amp; Expenditure by Budget Heading 31/03/2022

Month No: 12

## Cost Centre Report

		Actual Current Mth	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available
Allotments General	Income	0	20,300	20,300	0		
	Expenditure	2,254	28,805	22,915	(5,890)		(5,890)
	Net Income over Expenditure	<u>(2,254)</u>	<u>(8,505)</u>	<u>(2,615)</u>	<u>5,890</u>		
	plus Transfer from EMR	0	4,725				
	less Transfer to EMR	0	0				
	Movement to/(from) Gen Reserve	<u>(2,254)</u>	<u>(3,780)</u>				
Markets	Income	1,020	8,873	8,500	(373)		
	Expenditure	0	3,139	2,650	(489)		(489)
	Movement to/(from) Gen Reserve	<u>1,020</u>	<u>5,733</u>				
Open Spaces	Income	0	159,920	165,250	5,330		
	Expenditure	8,124	174,496	171,118	(3,378)		(3,378)
	Net Income over Expenditure	<u>(8,124)</u>	<u>(14,576)</u>	<u>(5,868)</u>	<u>8,708</u>		
	plus Transfer from EMR	0	0				
	Movement to/(from) Gen Reserve	<u>(8,124)</u>	<u>(14,576)</u>				
Street Scene	Income	0	31,050	29,150	(1,900)		
	Expenditure	4,865	28,694	29,150	456		456
	Movement to/(from) Gen Reserve	<u>(4,865)</u>	<u>2,356</u>				
Christmas	Income	50	1,451	0	(1,451)		
	Expenditure	0	834	2,000	1,166		1,166
	Movement to/(from) Gen Reserve	<u>50</u>	<u>618</u>				
General events	Income	255	(897)	0	897		
	Expenditure	630	3,174	0	(3,174)		(3,174)
	Movement to/(from) Gen Reserve	<u>(375)</u>	<u>(4,071)</u>				
Grand Totals:- Income		<b>9,626</b>	<b>625,330</b>	<b>499,900</b>	<b>(125,430)</b>		
Expenditure		<b>36,707</b>	<b>548,636</b>	<b>499,888</b>	<b>(48,748)</b>	<b>0</b>	<b>(48,748)</b>
Net Income over Expenditure		<u><b>(27,081)</b></u>	<u><b>76,695</b></u>	<u><b>12</b></u>	<u><b>(76,683)</b></u>		
plus Transfer from EMR		<b>0</b>	<b>4,725</b>				
less Transfer to EMR		<b>0</b>	<b>0</b>				
Movement to/(from) Gen Reserve		<u><b>(27,081)</b></u>	<u><b>81,420</b></u>				

25/05/2022

**Aylsham Town Council Current Year**

Page 1

13:17

**Detailed Balance Sheet - Excluding Stock Movement****Month 12 Date 31/03/2022**

<b><u>A/c</u></b>	<b><u>Description</u></b>	<b><u>Actual</u></b>	
	<b><u>Current Assets</u></b>		
100	Debtors	3,307	
105	VAT Control A/c	7,984	
200	Current Bank A/c	23,053	
210	Active Saver	266,845	
215	Public Sector Deposit Fund	25,873	
245	Shawbrook - Issue 7 Fixed Bond	88,476	
250	Petty Cash	250	
	<b>Total Current Assets</b>	<b>415,788</b>	
	<b><u>Current Liabilities</u></b>		
500	Purchase Ledger	1,686	
535	Allotment Deposits	5,855	
540	Hall Hire Deposits	50	
	<b>Total Current Liabilities</b>	<b>7,591</b>	
	<b>Net Current Assets</b>	<b>408,197</b>	
	<b>Total Assets less Current Liabilities</b>	<b>408,197</b>	
	<b><u>Represented by :-</u></b>		
300	Current Year Fund	76,695	
310	General Reserves	14,242	
320	EMR - Bottle Bank	4,950	
321	EMR - Cittaslow	1,200	
322	EMR - Community Events	7,400	
323	EMR - Christmas Decorations	1,600	
324	EMR - Election	2,000	
326	EMR - CIL	22,930	
327	EAR - Marquees	1,200	
329	EMR - Drill Hall	22,000	
330	EMR - Town Hall	17,000	
331	EMR - Properties	24,100	
333	EMR - Cemetery	41,700	
335	EMR - Open Spaces	70,400	
336	EMR - Highway Verges	3,880	
337	EMR - Recreation Ground	34,400	
338	EMR - Churchyard	48,500	
339	EMR - Street Furniture	12,000	
341	EMR - Cemetery Cottage	2,000	
	<b>Total Equity</b>	<b>408,197</b>	

26/05/2022

## Aylsham Town Council 2021/2022

Page 1

11:17

## Earmarked Reserves

	Account	Opening Balance	Net Transfers	Closing Balance
320	EMR - Bottle Bank	4,296.00	654.00	4,950.00
321	EMR - Cittaslow	1,200.00		1,200.00
322	EMR - Community Events	11,400.00	-4,000.00	7,400.00
323	EMR - Christmas Decorations	300.00	1,300.00	1,600.00
324	EMR - Election	100.00	1,900.00	2,000.00
325	EMR - New Home Bonus	0.00		0.00
326	EMR - CIL	0.00	22,930.00	22,930.00
327	EAR - Marquees	1,200.00		1,200.00
329	EMR - Drill Hall	10,000.00	12,000.00	22,000.00
330	EMR - Town Hall	17,000.00		17,000.00
331	EMR - Properties	19,100.00	5,000.00	24,100.00
332	EMR - Public Toilets	25,000.00	-25,000.00	0.00
333	EMR - Cemetery	36,700.00	5,000.00	41,700.00
334	EMR - Allotments	4,725.00	-4,725.00	0.00
335	EMR - Open Spaces	85,400.00	-15,000.00	70,400.00
336	EMR - Highway Verges	3,600.00	280.00	3,880.00
337	EMR - Recreation Ground	34,400.00		34,400.00
338	EMR - Churchyard	18,500.00	30,000.00	48,500.00
339	EMR - Street Furniture	10,000.00	2,000.00	12,000.00
340	EMR - CIL	0.00		0.00
341	EMR - Cemetery Cottage	0.00	2,000.00	2,000.00
		<b>282,921.00</b>	<b>34,339.00</b>	<b>317,260.00</b>



# Annual Governance and Accountability Return 2021/22 Form 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities\*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but that:
  - are unable to certify themselves as exempt (fee payable); or
  - have requested a limited assurance review (fee payable)

## Guidance notes on completing Form 3 of the Annual Governance and Accountability Return 2021/22

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Form 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with *Proper Practices*.
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
  - The **Annual Internal Audit Report** must be completed by the authority's internal auditor.
  - **Sections 1 and 2** must be completed and approved by the authority.
  - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published on the authority website/webpage **before 1 July 2022**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both) **no later than 30 June 2022**. Reminder letters will incur a charge of £40 +VAT:
  - the Annual Governance and Accountability Return Sections 1 and 2, together with
  - a bank reconciliation as at 31 March 2022
  - an explanation of any significant year on year variances in the accounting statements
  - notification of the commencement date of the period for the exercise of public rights
  - Annual Internal Audit Report 2021/22

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the limited assurance review and is able to give an opinion, the Annual Governance and Accountability **Section 1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

## Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Before 1 July 2022 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2021/22**, approved and signed, page 4
- **Section 2 - Accounting Statements 2021/22**, approved and signed, page 5

Not later than 30 September 2022 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 and 2 of AGAR** including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

\*for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.

## Guidance notes on completing Form 3 of the Annual Governance and Accountability Return (AGAR) 2021/22

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this AGAR. *Proper Practices* are found in the *Practitioners' Guide\** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the AGAR is complete (no highlighted boxes left empty), and is properly signed and dated. If the AGAR contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.
- Use the checklist provided below to review the AGAR for completeness before returning it to the external auditor by email or post (not both) no later than 30 June 2022.
- The Annual Governance Statement (Section 1) must be approved on the same day or before the Accounting Statements (Section 2) and evidenced by the agenda or minute references.
- The Responsible Financial Officer (RFO) must certify the accounts (Section 2) before they are presented to the authority for approval. The authority must in this order; consider, approve and sign the accounts.
- The RFO is required to commence the public rights period as soon as practical after the date of the AGAR approval.
- Do not send the external auditor any information not specifically requested. However, **you must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant authority owned generic email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the AGAR covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide\**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2021) equals the balance brought forward in the current year (Box 1 of 2022).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights of 30 consecutive working days which **must** include the first ten working days of July.
- The authority **must** publish on the authority website/webpage the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2022**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?	✓	
	Has all additional information requested, including <b>the dates set for the period for the exercise of public rights</b> , been provided for the external auditor?	✓	
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?	✓	
Section 1	For any statement to which the response is 'no', has an explanation been published?	✓	
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?	✓	
	Has an explanation of significant variations been published where required?	✓	
	Has the bank reconciliation as at <b>31 March 2022</b> been reconciled to Box 8?	✓	
	Has an explanation of any difference between Box 7 and Box 8 been provided?	✓	
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? <b>NB:</b> do not send trust accounting statements unless requested.	✓	

**\*Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices**, can be downloaded from [www.nalc.gov.uk](http://www.nalc.gov.uk) or from [www.ada.org.uk](http://www.ada.org.uk)

# Annual Internal Audit Report 2021/22

AYLSHAM TOWN COUNCIL

www.aylsham-tc.gov.uk

During the financial year ended 31 March 2022, 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 2021/22 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 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")			✓
L. The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements	✓		
M. The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes).	✓		

O. (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

06/12/2021

18/05/2022

Name of person who carried out the internal audit

SF Christopher for Auditing Solutions Ltd

Signature of person who carried out the internal audit

*SF Christopher*

Date

18/05/2022

\*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 2 – Accounting Statements 2021/22 for

## AYLSHAM TOWN COUNCIL

	Year ending		Notes and guidance	
	31 March 2021 £	31 March 2022 £	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	412,175	331,447	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	411,760	409,500	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.	
3. (+) Total other receipts	169,161	215,830	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	184,801	204,357	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	20,718	29,166	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).	
6. (-) All other payments	456,130	315,057	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	331,447	408,197	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	329,208	404,497	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>	
9. Total fixed assets plus long term investments and assets	3,889,664	3,832,793	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	245,312	219,688	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	N/A	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 2022 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



Date



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



as recorded in minute reference:



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



## Section 3 – External Auditor's Report and Certificate 2021/22

In respect of

AYLSHAM TOWN COUNCIL

### 1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>.

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 2022; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

### 2 External auditor's limited assurance opinion 2021/22

(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 2021/22

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 2022.

\*We do not certify completion because:

External Auditor Name

External Auditor Signature

Date