

**MINUTES OF THE JUNE PART I FINANCE, AUDIT & PERSONNEL MEETING
OF BIRCHWOOD TOWN COUNCIL,
HELD AT BIRCHWOOD YOUTH AND COMMUNITY CENTRE
ON TUESDAY 22ND JUNE 2021, 6PM**

Present: Councillor Bowden in the Chair
Councillors Allen, Brereton, Ellis, Evans, Scott, and Simcock

Clerk – Mrs. F. McDonald
Deputy Clerk/Deputy RFO – Mrs C. Caddock

Apologies: Councillors Dempsey (away), Reeves (work), Sheridan, the Business & Finance Officer - Mr. G. Crowe (health)

Code of Conduct – Declaration of Interests

The Chair reminded members of their responsibility to declare any personal interest or prejudicial interest which they have in any item of business on the agenda, no later than when the item is reached.

Councillor Ellis – Birchwood Youth and Community Centre

114/21-22 **MAY 2021 PART I FINANCE, AUDIT & PERSONNEL MEETING MINUTES**

Councillor Evans **proposed**, Councillor Ellis **seconded**, and it was **resolved** that: The Minutes of the Part I Finance, Audit & Personnel Meeting that was held on Tuesday 18th May 2021 be approved as an accurate record and signed by the Chair.

115/21-22 **PAYMENT OF ACCOUNTS**

Members were asked to consider and approve the payment of accounts schedule – (see pages 95 and 96 below).

Councillor Evans **proposed** the Payment of Accounts be approved; Councillor Ellis **seconded** the proposal. This was **resolved** by those Members present.

116/21-22 **INTERNAL AUDIT OF ACCOUNTS FOR THE YEAR END 31ST MARCH 2021**

- (a) To note that the internal auditor undertook the end of year audit on 1st June 2021. As he was satisfied that all the documentation has been prepared in accordance with ‘proper practices’, he has signed and returned the Internal Audit Report section of the Annual Governance and Accountability Return (AGAR). This was copied to Members in their papers. A copy of the year end Internal Audit Report can be found on pages 97 to 101 below.

We have a clean audit from the internal auditor, with one recommendation made:

“The risk assessment should be updated to include supplier fraud including the adequacy of supplier onboarding controls.”

We have updated the Risk Assessment Document by including an item regarding this recommendation – a copy of which was included in Members’ papers, for approval.

Councillor Evans **proposed**, Councillor Brereton **seconded**, and it was **unanimously resolved** that Members approve this addition to the Risk Assessment Document.

See also Minute 117/21-22 (a) below re: consideration/approval of the Annual Accounts and Annual Governance and Accountability Return (Agar) 2020/2021 – Part 3.

- (b) The internal auditor had already undertaken an in-depth, remote, interim audit, which took place on 12th February 2021.

To note that action has been taken regarding the internal auditor's advice from the interim audit for 2020/2021- that:

- (i) *The council should establish a contracts register which should be regularly reviewed to identify those contracts where the upcoming end date signifies that a tender or quotation process is required, or whether a decision is needed regarding an extension which is provided for in the contract terms.*
- (ii) *A VAT fraud prevention check should involve formal verification of the VAT number of a new major supplier before entering into a material contract.*

The Financial Regulations (11.1 (k) and (l)) have been amended accordingly:

- “(k) RFO/Clerk to ensure the VAT number of a supplier for a significant contract is formally verified before entering into the contract.*
- (l) RFO/Clerk to add any regular, or significant supplier/contractor details onto a formal contract register.”*

- (c) Members were reminded of the continuing internal auditor appointment for 2020/2021 and method of working, including the ‘remote’ year-end audit process for 2020/2021, due to the Covid pandemic. The Deputy RFO asked Members to consider whether they are happy to continue with the services of our current internal auditor.

It was **proposed** by Councillor Ellis, **seconded** by Councillor Evans and **unanimously resolved** that the Town Council continues with our current internal auditor.

Action Clerk's office to contact our internal auditor regarding the above, and to request that he confirm his independence from the Town Council.

- (d) A finalised pack of finance documents had been circulated to Members in their papers. These, along with other information from the monthly reconciliation schedules, which are presented to Councillors at each monthly meeting, are used to create the final end of year accounts figures. These were part of the documentation circulated to the internal auditor, for final consideration and approval.
- (e) Members were asked to note that the balances for 31/03/2021 reflected finalised earmarked reserves of £322,107.02, and to formally approve these balances:

The balances for March 2021 reflect:			
(a) Community Development Fund earmarked funds (£30,000.00)			
(b) £100,576.02 earmarked funds towards general equipment in the near future i.e. replacement vehicles, maintenance equipment/office supplies and computer equipment.			
(c) £18,000.00 Election fees fund.			
(d) £13,531.00 Parkers Farm Repair/Maintenance fund (reduced - major works almost completed)**			
(e) £160,000.00 Working balances and general reserves (6 month)			
The above proposed earmarked reserves/funds at 31/03/2021 are for Council's approval.			
The above statement represents fairly the financial position of the Town Council as at 31st March 2021 and reflects its income and expenditure during the year.			
** The Parkers Farm fund was previously approved (@ £70,000) at the June 2020 Part I Finance Meeting (Minute 084/20-21 (d))			

Councillor Scott **proposed**, Councillor Ellis **seconded**, and it was **unanimously resolved** that Members approve the reserves and balances for 31/03/2021, as listed above.

- (a) To comply with the financial year end requirements, specifically the Annual Governance and Accountability Return (AGAR) Part 3 Members annually spend time going through the existing financial control mechanism; the present method of managing and reporting of the Council's financial information.

The Annual Financial Risk Assessment Review was considered by Members at the March 2021 Part I Finance, Audit and Personnel Council meeting; when it was formally ratified (see Minute 357/20-21 (e)).

To note that since this ratification, the internal auditor, made one recommendation following his 2020/2021 end of year internal audit:

“The risk assessment should be updated to include supplier fraud including the adequacy of supplier onboarding controls.”

This additional amendment to comply with the recommendation, has been unanimously resolved by Members (see Minute 116/21-22 (a) above).

Members were referred to the Council's Standing Orders and Financial Regulations, which were discussed during the main May 2021 Annual Council Meeting.

The Deputy RFO reminded Members that they have considered the amended Standing Orders and Financial Regulations (in May 2021) to be comprehensive and covered and safeguarded the management of the Council's finances and control information for the 2021/2022 financial year.

Amended Standing Orders (Minute 046/21-22) and the amended Financial Regulations (Minute 047/21-22) were formally approved at the May 2021 meeting. Members confirmed that they considered these amended Standing Orders and Financial Regulations to be comprehensive and covered and safeguarded the management of the Council's finances and control information for the 2021/2022 financial year.

The requirements of our Financial Regulations are further enhanced with the internal control via Council's monthly receipt of its Statement of Income and Expenditure and the monthly reconciliation with the bank account. All accounts for cheque payment (if any) each month are authorised and only Members sign cheques (no Officers are involved in cheque signing for the Co-Operative account).

The financial schedules also show all the regular direct debits/standing orders currently set up, which are for utilities or other regular monthly payments.

All transactions are shown on the monthly control and reconciliation sheet.

Online transactions are monitored monthly by Members. The process for BACS payments is included in the Financial Regulations (section 5.5).

The management and signatories for the Nationwide account continue to be vested to the Clerk, the Finance Officer and Councillor D. Ellis.

The Nationwide's account details continue to be presented to Council as part of the Council's regular monthly reconciliation at each monthly meeting.

Transactions can be made either over the telephone or by emailing a signed pdf document to the bank. The account is not currently set up to make any on-line transactions and does not offer cheque book facilities.

Funds are transferred from the Nationwide account to the Co-operative Bank account when necessary, to split the financial risk, keeping the amount in the Co-operative account to a maximum of around £85,000 (increased from £75,000 in January 2017).

This is the amount the Town Council would be able to recover under the Financial Services Compensation Scheme (FSCS).

The internal auditor confirmed, at the year-end audit (for 2014/2015) which took place on 19th June 2015, that they are satisfied with this level of control.

The Co-Operative bank has recently launched a new version of its online banking service; which the Town Council utilises.

The comprehensive security aspects of operating the system have previously been formalised by the Town Council and involve a transactions authoriser and an approver being needed for all transactions; no one person may carry out online bank transactions (see Financial Regulations, section 5.5). These remain the same with the 2021 updated online service.

This was further enhanced from the start of the 2018 financial year, following a recommendation from the internal auditor, as the Chair or a member of the Finance Sub-Committee undertakes a monthly check of a random sample of around five payments to suppliers and countersigns the record of payment document (see Minute 404/17-18 (a)).

Due to the Covid-19 pandemic, these checks are being made when practicable by the Chair. The Chair, and all other Members, have full access to the invoicing books if required/requested.

In addition, a recommendation from the internal auditor's June 2018 end of year audit report suggested that when pay rates change, they are checked by the Chair of the Council to ensure the correct new rates have been applied. This was implemented with effect from April 2019.

- (b) In addition, clear procedure detail is given within the Financial Regulations for the Council, its Clerk and Finance Officer to process the following activities:
- (i) Annual estimates
 - (ii) Budgetary control
 - (iii) Accounting and audit
 - (iiii) Banking, cheque processing and direct debits/standing orders
 - (iv) Payment of account
 - (v) Payment of salaries
 - (vi) Dealing with income
 - (vii) Loans and investments
 - (ix) Orders for work, goods, services and any contract work and contract payment arrangements
 - (x) Managing stores and equipment
 - (xi) Properties, buildings, etc., and relevant insurance cover.
- (c) Members have considered the previous interim reports from the internal auditor (regarding the 2019/2020 accounts systems and procedures) and noted that all the recommendations have been implemented

The Town Council received a clean year-end 2020/2021 internal report.

Members received the updated 2020/2021 advisory comments made by the auditor for interim audits and year end audit.

The Deputy RFO reported that the recommendations made during both the interim audit (undertaken on 12th February 2021) and the end of year audit (undertaken on 1st June 2021) have been implemented.

- (d) The Deputy RFO reminded Members that the Town Council received a clean report for the 2019/2020 External Audit.

There were no “*Other matters not affecting our opinion which we draw to the attention of the authority:*”.

- (e) For 2020/2021 we remained with our insurance provider (Zurich) with the level of £1 million pounds of fidelity insurance.

We will remain with Zurich for 2021/2022.

- (f) The Deputy RFO reminded Members that at the March 2021 meeting (Minute 357/20-21 (e)) they had **resolved** to approve the Annual Risk Assessment Review (Financial and Operational Processes) for the 2021/2022 financial year, in the format previously adopted in 2017. (See also (a) above.)

This is presented in ‘Appendix C’ - see March 2021 Part I Finance Minutes on pages 247 to 252 (pages 1-6 of the appendix); which is a list of all the health/safety and risk assessment issues dealt with by Council in 2020/2021 (changes highlighted in yellow).

The ‘Annual Review of Internal Controls - Summary of Health and Safety Risk Assessment and Management/Budgetary Control Issues Considered and/or Dealt with During the 2020/2021 Financial Year’; referred to as ‘Appendix A’, can be found (on pages 7 to 11) of ‘Appendix C’ to the March minutes (see pages 253 to 257).

- (g) After discussion and deliberation Members **unanimously resolved** that the Council:
- (i) is satisfied and content with the current level of financial controls and information reporting procedures presently in existence
 - (ii) is content with the internal audit and risk assessment processes undertaken by the Clerk, RFO, Deputy Clerk and internal auditor
 - (iii) will again, in future years, review all the control processes as part of the year-end financial procedures
 - (iv) be involved in the selection and output reporting for the Council’s audit and risk assessment activities
 - (v) after consideration of the internal audit report for 2020/21 that Members confirm the reappointment of the internal auditor to undertake the 2021/2022 audit function.
- (h) The Deputy RFO reported that the ‘public notice’ displayed regarding electors’ rights to review the accounts for 2019/2020 was published on 24th June 2020 for a period from 24th June 2020 up to 4th August 2020.

118/21-22 **APPROVAL OF THE ANNUAL ACCOUNTS AND ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN (AGAR) 2020/2021 – PART 3**

- (a) The Deputy RFO reminded Members that Town and Parish Councils are now required to prepare and submit their Annual Governance and Accountability Returns (AGAR) based primarily on the gross income and expenditure of a Council for a particular financial year.

Birchwood Town Council falls into the group of local Councils which must complete Part 3.

- (b) After full consideration of the 2020/2021 accounts schedules produced by the Deputy Responsible Finance Officer, in the Income and Expenditure format and with the extensive supporting schedules; all produced in accordance with Accounts and Audit Regulations 2015 (the Regulations) as amended; Councillor Ellis **proposed**, Councillor Evans **seconded** and Members **unanimously resolved**:

- (i) That the annual accounts for 2020/2021 as prepared by the Deputy RFO and the supporting documentation including working documents, bank account statements, Public Works Loan statement, Section 137 awards, the asset and equipment registers, and list of Health and Safety risk assessment actions and internal controls be accepted.
- (ii) That these figures and statements become the source data for the completion of the Annual Governance Statement and the Accounting Statements for 2020/2021.
- (c) The Deputy RFO presented to Members the completed AGAR for 2020/2021 with its summary income/expenditure headings reflecting the 2020/2021 accounts data – for Council approval and signatures.

Members considered the Section 1 Annual Governance Statement for the Annual Accounts for 2020/2021 including the ‘Yes/No’ answers to Section 1 of the AGAR which read as follows:

- **1** We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.
YES
- **2** We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.
YES
- **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.
YES
- **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.
YES

- **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.
YES
- **6** We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.
YES
- **7** We took appropriate action on all matters raised in reports from internal and external audit.
YES
- **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 smaller authority and, where appropriate have included them in the accounting statements.
YES
- **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.
N/A

After consideration of the of the Section 1 Annual Governance Statement for the Annual Accounts for 2020/2021 Councillor Ellis **proposed** and Councillor Allen **seconded** that to the best of the Town Council's knowledge and belief, with respect to the declarations for the year ended 31st March 2021 that these be accepted as accurate and that the Annual Governance Statement be approved.

Members **unanimously resolved** that the Annual Governance Statement 2020/2021 be approved, and signed as necessary.

- (d) After consideration of the of the Section 2 Accounting Statements for the Annual Accounts for 2020/2021 Councillor Ellis **proposed** and Councillor Evans **seconded** that to the best of the Town Council's knowledge and belief, with respect to the accounting statements for the year ended 31st March 2021 that these be accepted as accurate and that the Town Council's Accounting Statements 2020/2021 be approved.

Members **unanimously resolved** that the Section 2 Accounting Statements for the Annual Accounts for 2020/2021 be **approved**, and signed as necessary.

- (e) Councillor Ellis **proposed** and Councillor Brereton **seconded** that Members of the Town Council formally approve the adoption of the 2020/2021 AGAR.

Members **unanimously resolved** that the AGAR for 2020/2021 be approved, and be submitted to the external auditor.

The relevant sections of the AGAR referred to above are attached (see pages 102 - 104 below).

Action The Deputy RFO to compile the necessary documents to send to the external auditor.

- (f) To receive, and approve for payment, the invoice from our internal auditor for his year end internal audit services for 2020/2021 (£319.20 +VAT).

Members approved this for payment.

PROGRESS REPORTS ON CURRENT FINANCE, AUDIT & PERSONNEL ITEMS

119/21-22 **BIRCHWOOD YOUTH AND COMMUNITY CENTRE (BYCC) – LAND OWNERSHIP DISCUSSIONS**

- (a) The Deputy RFO stated that this currently remains ongoing.
- (b) To note that the peppercorn rent for 2020 and 2021 (£2) has been paid to BTC.
- (c) To note that BTC has paid the £25 room hire to BYCC for the May 2021 Council Meeting.

120/21-22 **PARKERS FARM ESTATE**

To note that the Clerk has asked Cube for an update, as to when the decorating is expected to take place. We are hoping that it will be able to commence at the beginning of July.

The Deputy RFO reported that we have been advised that the cost of upgrading the paint for the walls downstairs has been negated by removing the need to paint two of the rooms upstairs, therefore the changes will be cost neutral. There maybe the option to have the back hall, landing and stairs painted at the same time. This would be an additional cost (if agreed).

121/21-22 **VEHICLE REPAIRS**

- (a) The Deputy RFO reported that tipper NH57 CZV requires some work to renew 2 x centre brake pipes and both rear and front D bushes. This is essential work. We have received an estimate of £230.76 +VAT for this work to be undertaken.
- (b) The Deputy RFO said that, regarding bodywork on NH57 CZV, there is a lot of rust on the cage and body of the vehicle that potentially requires some welding by a specialist fabricator/welder. This is not ‘necessary’ at the moment, but could get worse over the next few months, potentially rendering the cage ‘unsafe’ if a heavy load slips backwards into the rear of the tailgate.

The estimate for this work to be undertaken is £678.00 +VAT.

Members considered this option. They asked to defer a decision on this to a future meeting.

Action Clerk’s office to send some photographs round to Members of the vehicle, showing where the welding is required.

122/21-22 **WEBSITE AND DOMAIN**

To confirm that we have received the SLA from Wynchcote, following the renewal of the Joomla! CMS Support for one year (website) plus Shared Server Hosting Account on a Cloud Platform in the UK for one year.

123/21-22 **COUNCILLOR EMAIL ACCOUNTS**

To note that (with the exception of the Borough Councillors) new, fully encrypted ‘Cllr . . .’ email addresses have been set up by our specialist IT consultants. This is reflected in the monthly invoices from Yellowbus that have increased from £161.64 (inc. VAT) to £222.19 (inc. VAT).

The Deputy RFO stated that we will need to add an additional email account for Councillor Atkin, and for whoever is co-opted to the Locking Stumps Ward at the July meeting.

124/21-22 LOCKING STUMPS – PROPOSED PLAY AREA REFURBISHMENT

To note that the Clerk has asked a WBC Officer to reschedule a site meeting to discuss the potential refurbishment of the small play area, on Borough Council land, behind the Turf & Feather public house in Locking Stumps. The Clerk has chased this matter up twice, but we are still awaiting a reply.

NEW FINANCE, AUDIT AND PERSONNEL ITEMS

125/21-22 BANK ACCOUNT RECONCILIATION

To receive the Town Council's Income and Expenditure Statements and Bank Reconciliation Schedules for the account period 1st April 2021 – 31st May 2021.

The payroll figure for May 2021 was £12,987.92 (10 staff) and £14,773.05 for June 2021 (10 staff to 4th June, then 9 staff. This includes final contractual payments to a member of staff who left on 4th June 2021.)

After consideration and approval by Members the schedules will be signed by the Clerk and the Chair, as soon as is practicable.

Councillor Evans **proposed**, Councillor Ellis **seconded** and Members **unanimously resolved** to approve the bank reconciliations.

126/21-22 DRAINS

The Deputy RFO asked Members if they would consider approving the hiring of a commercial drains specialist company to investigate an issue with foul smelling drains at the rear of Parkers Farm. This has been ongoing for the last two years, and sometimes appears to be weather dependent. Our team has done what they can, and WBC sent two of their operatives out, who are experienced in drainage issues, to try to assist – but to no avail. It is not known what the cost would be to resolve the issue, as the cause of the problem is currently unknown.

Councillor Scott said that he believes it could be a 'foul drain' issue that might be the responsibility of United Utilities. He suggested asking them to investigate in the first instance.

Action Clerk's office to contact United Utilities regarding the drains.

127/21-22 NEW EQUIPMENT

The Deputy RFO asked Members, if, in principle, they would approve the purchase of two hedgecutters and a blower. The cost, with a battery pack, would be in the region of £1,000.

The Clerk suggested that we could approach WBC, to ask if they would be willing to fund some or all of the cost, as the majority of the cutting our team does is on Borough Council land.

Councillor Scott asked how often the equipment is used.

The Clerk said that she would ask the Senior Maintenance Team Operative, and try to get an approximate figure of hours the equipment is used.

In response to a question from Councillor Allen about what is done with our decommissioned equipment, the Clerk stated that we can sometimes trade it in part-exchange for new equipment, or the team might keep it for spare parts. We would not normally sell items to recoup costs, as this could create liability issues.

In principle, Members agreed that new equipment could be purchased. However, they agreed for the Clerk's office to approach WBC to ask if it would fund some or all of the equipment.

Action Clerk's office to contact WBC regarding the above.

228/21-22 **GENERAL ITEMS FOR REPORTING / NOTING**

- (a) To note that an invoice will be sent to the shopping centre, in the amount of £860 for the supply and maintenance of the hanging baskets for the 2021 season. They have reduced the number of baskets they are displaying.
- (b) Received - various newsletters from SAS Daniels.
- (c) To note that on 25/07/2021 our annual Direct Debit payment is due in respect the payment to EMAP Publishing Limited for copies of the Local Government Chronicle. The amount for the next year will be £332.00.

The Deputy RFO asked if Members wish us to keep receiving this publication. She added that there are sometimes 'snippets' of information in the publication that are useful to us, but possibly not enough to warrant the £332.00 subscription fee.

The Clerk commented, and Councillor Ellis concurred, that most of the information is aimed at higher levels of Councils than Parish and Town Councils.

BTC also receives other publications that are more specifically written for Parish and Town Councils, and we receive informative newsletters, updates, etc. from ChALC, NALC and the SLCC.

Following discussions, Councillor Scott **proposed**, Councillor Brereton **seconded**, and it was **unanimously agreed** to cancel the annual subscription to the Local Government Chronicle.

Action Clerk's office to cancel the LGC subscription.

- (d) The Deputy RFO asked Members to consider the purchase of 2 x lockable, 5-shelf filing cupboards, as we are currently running short of filing space. We have looked at second-hand options, but some are more expensive than the new ones we are looking at. We have purchased from this company before and are happy that the quality of the cupboards suits our needs. Two tall cupboards would be £343.00 +VAT (free delivery), although we will try to get some discount.

It was **proposed** by Councillor Brereton, **seconded** by Councillor Ellis and **resolved** that the cupboards could be purchased.

Action Clerk's office to purchase new cupboards, once the internal decorating has been completed.

- (e) Received – from HMRC – Employer Bulletin: June 2021.
- (f) Suppliers change of bank details:
 - (i) To note that, following the receipt of an email from CJ Auto Service regarding their change of bank details, the Deputy RFO telephoned them on 15th June 2021, and they confirmed their new account and sort code numbers over the telephone.
 - (ii) To note that, following the receipt of an email from Firstcom Europe regarding their change of bank details, the Deputy RFO telephoned them on 17th June 2021, and they confirmed their new account and sort code numbers over the telephone.

- (g) To note that we have started the process of looking into green options for renewing our gas and electricity contracts which are coming up for renewal.

The Deputy RFO stated that she has obtained some renewal options from two brokers, but as gas and electricity prices change daily, she asked Members to confirm that they are happy for Officers to enter into a contract on behalf of the Council. Currently utility prices are going up.

Our Financial Regulations (11.1 (a) (vii) already give Officers the authority to do this:

(vii) Where a favourable price is quoted by a supplier/provider for work or services (e.g. gas, electricity, water and telephone services) and a short time limit of acceptance prevails; the Clerk/RFO/Deputy Clerk/Deputy RFO are given authority to proceed with placing an order. They will be expected to inform the Chair/Vice Chair of the Council of the action taken and the circumstances prevailing and report the action to the next appropriate Finance and/or Council Meeting.

Members confirmed that they are happy for Officers to arrange contracts regarding the upcoming renewals of BTC's gas and electricity contracts.

- (h) To receive the monthly reports from Yellowbus re: the BTC IT 'health' for May 2021. There are no issues.
- (i) To note that the monthly charges for our Waterplus bill a/c no. 4083867607 will reduce slightly from June 2021, from £87.07 to £81.32.

This part of the meeting concluded at 8.05 pm

Payment of Accounts:						
Resolved: that the following payments be approved as the residual April 2021 and part of the May 2021 accounts						
Date	Ref	Payee	Description	Net	VAT	Gross
15.04.2020	DD	Financial Direct Fees	FD online charges	£ 42.60		£ 42.60
16.04.2021	DD	E-on Next	Electricity - Parkers Farm	£ 192.83	£ 9.64	£ 202.47
21.04.2021	DD	Allstar	Fuel (office vans, mowers, equipment)	£ 119.80	£ 23.94	£ 143.74
21.04.2021	DD	E-on	Electricity - Locking Stumps multi-use games area	£ 9.31	£ 0.47	£ 9.78
23.04.2021	*	C Caddock reimburse	Amazon - 18 x antibac handwash & 10l anti-bac Fairy liquid	£ 34.70	£ 6.94	£ 41.64
26.04.2021	*	The Helping Hand Company	10 x Litterpicker Pro gel handle	£ 115.90	£ 23.18	£ 139.08
28.04.2021	DD	Allstar	Fuel (office vans, mowers, equipment)	£ 159.42	£ 31.86	£ 191.28
29.04.2021	DD	Firstcom Europe (previously t/a	Phone/enhanced internet speed charges	£ 57.46	£ 11.49	£ 68.95
30.04.2021	DD	Copyrite Systems	Photocopier charges	£ 93.45	£ 18.69	£ 112.14
30.04.2021	*	Office Depot	Stationery (inc ring binders & punched pockets ref: new Council	£ 27.80	£ 5.56	£ 33.36
04.05.2021	DD	Legal and General	Ill health insurance	£ 162.66		£ 162.66
04.05.2021	DD	O2	Ref a/c 04760571 mobile phones	£ 46.21	£ 9.24	£ 55.45
04.05.2021	DD	Waterplus	Water and wastewater services (4083868280)	£ 22.83		£ 22.83
05.05.2021	DD	Allstar	Fuel (office vans, mowers, equipment)	£ 257.45	£ 51.48	£ 308.93
06.05.2021	*	Reimburse C Caddock	Amazon seller 'Shenzhen ...' - Non-contact thermometer	£ 10.37	£ 2.08	£ 12.45
06.05.2021	*	Reimburse C Caddock	Amazon - 12 x extra wide 20 part file dividers	£ 21.34	£ 4.20	£ 25.54
06.05.2021	*	C Caddock	Contribution to glasses (VDU work)	£ 100.00		£ 100.00
06.05.2021	*	Cheshire Association of Local	Annual membership renewal & subscription to LCR	£ 1,487.04		£ 1,487.04
07.05.2021	*	ESI	Intruder alarm fault - 3 x activations - engineer reset	£ 75.00	£ 15.00	£ 90.00
07.05.2021	*	ESI	Fire alarm fault - loose connection in loft optical	£ 120.00	£ 24.00	£ 144.00
07.05.2021	*	CJ Auto Service	ND58 BZR - replacement of driver's side window switch	£ 153.10	£ 30.62	£ 183.72
07.05.2021	*	May wages:	10 staff	£ 13,037.92		£ 13,037.92
10.05.2021	DD	BNP Paribas	Photocopier lease - 10/5/21 to 9/8/21	£ 343.00	£ 68.60	£ 411.60
10.05.2021	*	Gorman Restorations Ltd	Repair/treatment to interior damp/water damage PF	£ 3,150.00	£ 630.00	£ 3,780.00
17.05.2021	*	HMRC	Re: April 2021 Tax £1,469.60 NI £2,120.61	£ 3,590.21		£ 3,590.21
17.05.2021	*	Trinity Renovations	Fourth payment - works to Parkers Farm (£1,217.90 retained)	£ 10,510.87	£ 2,102.17	£ 12,613.04

Payments of Account since 18th May 2021

Date	Ref	Payee	Description	Net	VAT	Gross
18.05.2021	DD	E.ON Next	Gas - Parkers Farm	£ 566.58	£ 113.32	£ 679.90
18.05.2021	DD	E.ON Next	Electricity - Locking Stumps multi-use games area	£ 8.07	£ 0.40	£ 8.47
18.05.2021	DD	Financial Direct Fees	FD online charges	£ 40.00		£ 40.00
19.05.2021	DD	Allstar	Fuel (office vans, mowers, equipment)	£ 131.56	£ 26.30	£ 157.86
20.05.2021	*	Birchwood Youth & Community Centre	Room hire for May 2021 Council Meeting	£ 25.00		£ 25.00
20.05.2021	*	Wynchcote Limited	1 year renewal of contract re: website/domain name/ Joomla! Support/ server hosting	£ 720.00		£ 720.00
24.05.2021	*	Office Depot	Stationery	£ 44.44	£ 8.89	£ 53.33
26.05.2021	DD	Allstar	Fuel (office vans, mowers, equipment)	£ 159.35	£ 31.88	£ 191.23
27.05.2021	DD	Firstcom Europe (previously t/a Telesis)	Phone/enhanced internet speed charges	£ 60.83	£ 12.17	£ 73.00
28.05.2021	DD	Copyrite Systems	Photocopier charges	£ 93.87	£ 18.78	£ 112.65
01.06.2021	DD	Screwfix Direct (B&Q a/c)	Items to repair/protect and stain planters	£ 126.55	£ 25.31	£ 151.86
02.06.2021	DD	Waterplus	Water and wastewater services (4083868280)	£ 22.83		£ 22.83
02.06.2021	DD	Allstar	Fuel (office vans, mowers, equipment)	£ 176.16	£ 35.23	£ 211.39
03.06.2021	DD	O2	Ref a/c 04760571 mobile phones	£ 46.21	£ 9.24	£ 55.45
03.06.2021	*	Williams Garage Services Ltd	HK64 NNM - 4 x tyres	£ 319.80	£ 63.96	£ 383.76
04.06.2021	*	ESI	6 monthly contract - Emergency Lighting Maintenance	£ 70.00	£ 14.00	£ 84.00
04.06.2021	*	ESI	6 monthly contract - Commercial Fire Maintenance	£ 160.00	£ 32.00	£ 192.00
04.06.2021	*	CJ Auto Service Ltd	NH57 CZV - Driver's door catch weld repair	£ 130.50	£ 26.10	£ 156.60
04.06.2021	*	CJ Auto Service Ltd	ND58 BZR - repair bumper, renew front brake pades and wiper blades	£ 323.83	£ 64.77	£ 388.60
04.06.2021	DD	Legal and General	Ill health insurance	£ 162.66		£ 162.66
07.06.2021	*	June wages:	(10 staff) including final contractual payments to one member of staff who left on 4th June 2021	£ 14,773.05		£ 14,773.05
09.06.2021	DD	Allstar	Fuel (office vans, mowers, equipment)	£ 138.96	£ 27.78	£ 166.74

Payments of accounts for approval at the June 2021 meeting

Date	Ref	Payee	Description	Net	VAT	Gross
all tbc	DD	Legal and General	Ill health insurance (April 2021)	£ 162.66		£ 162.66
	DD	Telesis	Phone/enhanced internet speed charges	tbc		
	DD	Waterplus	Water and wastewater services (4083868280)	£ 22.83		£ 22.83
	DD	Waterplus	Water/wastewater services (4083867607)	£ 87.07		£ 87.07
	DD	Financial Direct Fees	FD online charges	£ 40.40		£ 40.40
	DD	Yellowbus Solutions	IT support, backups, internet services (inc. for laptop) (4 x inv.)	£ 187.66	£ 37.53	£ 225.19
	DD	O2	Ref a/c 04760571 mobile phones	£ 46.21	£ 9.24	£ 55.45
	DD	E-on	Electricity - Locking Stumps multi-use games area	£ 8.93	£ 0.45	£ 9.38
	DD	Allstar	Fuel (office vans, mowers and equipment)	£ 184.72	£ 36.94	£ 221.66
	DD	CopyriteSystems	Photocopying charges	£ 93.87	£ 18.78	£ 112.65
	*	HMRC	Re: 6 May to 5 June 2021 Tax £1,476.20 NI £2,120.61	£ 3,596.81		£ 3,596.81
	*	Cheshire Pension Fund	RE: May 2021 E'ee £778.59 E'er £2,844.08	£ 3,622.67		£ 3,622.67
	*	Infotone	Toner cartridges for office printers (x8)	£ 245.55	£ 49.11	£ 294.66
	*	Eureka	10 x boxes 100 disposable gloves	£ 69.50	£ 13.90	£ 83.40
	*	JDH Business Services Ltd	Year End internal audit 2020/21	£ 319.20	£ 63.84	£ 383.04
	*	Cheshire PAT Testing	Annual PAT Testing (80 items)	£ 68.00		£ 68.00
	*	Matco Direct Ltd	Mat maintenance	£ 162.03	£ 32.41	£ 194.44
	*	Cheshire Pension Fund	RE: June 2021 E'ee £719.37 E'er £2578.92	£ 3,298.29		£ 3,298.29
	*	HMRC	Re: 6 June to 5 July 2021 Tax £1,997.80 NI £2,780.06	£ 4,777.86		£ 4,777.86



Birchwood Town Council

Internal Audit 2020/21

JDH BUSINESS SERVICES LTD

Registered to carry on audit work by the Institute of Chartered Accountants in England and Wales

The internal audit of Birchwood Town Council was carried out by undertaking the following tests as specified in the AGAR Annual Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliations(s)
- Year end testing on the accuracy and completeness of the financial statements

The interim internal audit provides evidence to support the annual internal audit conclusion on the Annual Return for local councils.

Conclusion

On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the recommendations reported in the action plan overleaf. As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.

JDH Business Services Limited

Registered as a company in England and Wales by the Institute of Chartered Accountants in England and Wales

	ISSUE	RECOMMENDATION	FOLLOW UP
1	<p>The risk assessment does not address the risks of supplier fraud. Most standard local council policies do not cover supplier fraud. The supplier fraud risks can be managed via appropriately robust policies and procedures. Examples of prevention actions include:</p> <ul style="list-style-type: none"> - training for staff to alert them to the potential risks of providing sensitive company information, by phone or other means, especially contract and account information. - establish a rigorous change of supplier details procedure - where a supplier has purported to have changed their bank details always call the supplier to check the veracity of a request, using details in your system, rather than those on any associated letter or email. A person should be authorised to approve a supplier bank account change after having reviewed the process undertaken to verify the supplier details change. - periodic review of supplier accounts should also be undertaken to remove any dormant accounts. This reduces the likelihood of any old supplier information being used to secure. 	<p><i>The risk assessment should be updated to include supplier fraud including the adequacy of supplier onboarding controls.</i></p>	

ISSUE	RECOMMENDATION	FOLLOW UP
<p>fraudulent payments.</p> <ul style="list-style-type: none"> - checking address and financial health details with Companies House - checking samples of online payments to supplier invoices to ensure the payment has been made to the supplier bank account 		
2020/21 interim internal audit		
<p>1</p> <p>The council is party to a number of contracts with varying lengths and conditions.</p>	<p><i>The council should establish a contracts register which should be regularly reviewed to identify those contracts where the upcoming end date signifies that a tender or quotation process is required, or whether a decision is needed regarding an extension which is provided for in the contract terms.</i></p>	
<p>2</p> <p>Although there is good evidence of due diligence assessment of major contractors, this should be further strengthened by ensuring the VAT number of a supplier for a significant contract is formally verified before entering into the contract.</p>	<p><i>A VAT fraud prevention check should involve formal verification of the VAT number of a new major supplier before entering into a material contract.</i></p>	

ISSUE	RECOMMENDATION	FOLLOW UP
2019/20 year end internal audit		
1	<p>The risk assessment was reviewed and updated during the financial year. However, it was not approved by full council in the programmed March 2020 meeting as it had to be cancelled due to the global pandemic. The risk assessment was subsequently amended and approved at the May 2020 meeting.</p> <p>We will note on the AGAR annual return certificate that although the risk assessment was not approved by full council in 2019/20, that this was due to the global pandemic, the requirement to cancel physical meetings in March, and that the document was approved at the first available meeting in May 2020.</p>	Implemented
2019/20 interim internal audit		
1	<p>The Financial Regulations (FRs) refer to a Purchase Order (PO) system (which would also clearly evidence the authority to spend). However, no PO system is currently in place.</p>	Implemented
2	<p>NALC have issued updated model Financial Regulations that include amendments to sections including contracts.</p>	Implemented

Annual Internal Audit Report 2020/21

Birchwood Town Council

www.birchwoodtowncouncil.org.uk

During the financial year ended 31 March 2021, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2020/21 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored, and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick 'not covered')			✓ N/A
L. If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.			✓ N/A
M. The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (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 2019/20 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) 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

12/02/2021 and 01/06/2021

Name of person who carried out the internal audit

JDH BUSINESS SERVICES LTD

Signature of person who carried out the internal audit

[Redacted signature]

Date 04/06/2021

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: if the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2020/21

We acknowledge as the members of:

BIRCHWOOD TOWN COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2021, that:

	Agreed		*No* means that the 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 ensure 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	has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.
		N/A	
		✓	

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

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

22/06/2021

and recorded as minute reference:

118/21-22 (c)

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

Chairman
Clerk



www.birchwoodtowncouncil.org.uk

Section 2 – Accounting Statements 2020/21 for

BIRCHWOOD TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2020 £	31 March 2021 £	
1. Balances brought forward	337658	346863	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	327477	342213	Total amount of precept (or for RFBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	6286	1035	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	242653	239395	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	22270	21510	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	59634	107100	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	346863	322107	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	346500	319049	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	548297	550443	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	120000	104000	The outstanding capital balance as at 31 March of all loans from third parties (including PWRs).
11. (For Local Councils Only) Disclose note re Trust funds (including charitable)	Yes	No	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.
		N/A	N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2021 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval.



Date 09/06/2021

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

22/06/2021

as recorded in minute reference:

118/21-22(d)

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

