

# Town Council Meeting

Kidsgrove Town Council  
Victoria Hall  
Liverpool Road  
Kidsgrove  
Staffordshire  
ST7 4EL

Tel: 01782 782254  
[www.kidsgrovetowncouncil.gov.uk](http://www.kidsgrovetowncouncil.gov.uk)



8<sup>th</sup> August 2020

To: **Members of Kidsgrove Town Council**

Dear Councillor,

You are summoned to attend the Meeting of Kidsgrove Town Council to be held at 7.00pm on Thursday 13<sup>th</sup> August 2020. The Meeting will take place on Zoom.

Join Zoom Meeting

<https://zoom.us/j/4678477365?pwd=QkNwNGdxcIMzbE5yeXJrZDE5bFR3Zz09>

Meeting ID: 467 847 7365

Passcode: 8ygjU2

One tap mobile

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Dial by your location

+44 208 080 6592 United Kingdom

+44 330 088 5830 United Kingdom

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+44 208 080 6591 United Kingdom

Meeting ID: 467 847 7365

Passcode: 628269

Find your local number: <https://zoom.us/u/axkutSqyB>

Yours sincerely,

A handwritten signature in black ink that reads 'Sue Davies'. The signature is written in a cursive style.

Sue Davies, Town Clerk

## **Business to be transacted**

1. To receive apologies for absence
  2. To note declarations of members interests.
  3. To resolve to approve the minutes of the Council Meeting held on the 16<sup>th</sup> July 2020. (Circulated separately and available on the website.)
  4. Public Participation: A period not exceeding 15 minutes for members of the public to ask questions or submit comments.
  5. Matters Arising - To receive updates on:
    - a. Telephone Box options
    - b. Bank mandate progression
    - c. Email/IT provision
  6. To receive and note the draft minutes of Committee Meetings not previously presented to Council. (Circulated separately and available on the website \*)
    - a. Planning, Infrastructure and Highways Committee
      - i. Planning, Infrastructure and Highways held 6<sup>th</sup> August 2020.
    - b. Staffing Committee
      - i. Minutes of the Staffing Meeting held on the 20<sup>th</sup> January 2020
      - ii. Minutes of the Staffing Committee held on the 23<sup>rd</sup> July 2020
- \* Available from Monday 10<sup>th</sup> August
7. To resolve to agree a revised provisional schedule of meetings for the 2020-21 Civic year. (Circulated separately)
  8. Internal Audit: To receive the 2019-2020 Internal Audit Report and to agree and approve actions. (Certificate - Appendix 1, Report – Appendix 2))
  9. 2019-2020 Annual Governance Statement: To consider, compete and resolve to approve the Annual Governance Statement dated 31st March 2019. (Appendix 3 and circulated separately)
  10. 2019-2020 Statement of Accounts; To receive and approve the Statement of Accounts dated 31<sup>st</sup> March 2020. (Appendix 4 and circulated separately)
  11. Finance: (Circulated separately)
    - a. To receive schedules of payments since the Finance and General Purposes Committee meeting of the 2<sup>nd</sup> July 2020.
    - b. To receive bank reconciliations, summary of accounts and a budget report dated 31<sup>st</sup> July 2020.
    - c. To consider and approve a budget report and any budgetary changes recommended by the RFO.
  12. To receive a quote for the renewed contract between the Town Council and Ellis Wittam for their continued use as Health and Safety and Employment consultant. (Circulated separately)

13. Planning Applications: To be circulated separately
14. To receive any feedback from NULBC and Staffordshire County Council and also the Town Council's representatives on other bodies:
  - a. Staffordshire County Council (Cllrs Burnett and Robinson)
  - b. NULBC
  - c. Kidsgrove LAP (Cllr J Waring)
  - d. Talke and Butt Lane LAP (Cllr K Robinson)
  - e. Town Deal Board (Cllr Robinson)
  - f. SPCA (Cllr S Burgess)
  - g. Kidsgrove Rotary (Cllr Dickens)
  - h. Royal British Legion (Cllr Dymond)
  - i. Go Kidsgrove
15. To receive any information items from the Mayor or the Clerk including any correspondence received by the Council.
- 16. To agree the date and time of the next meeting:**

## Appendix 1 - Internal Audit Certificate

### Annual Internal Audit Report 2019/20

Kidsgrove Town Council

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2020.

The internal audit for 2019/20 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick "not covered")			✓
L. The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.	✓		
<b>M. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

15/01/2020 06/08/2020

Name of person who carried out the internal audit

JDH Business Services Ltd INTERNAL AUDITOR

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

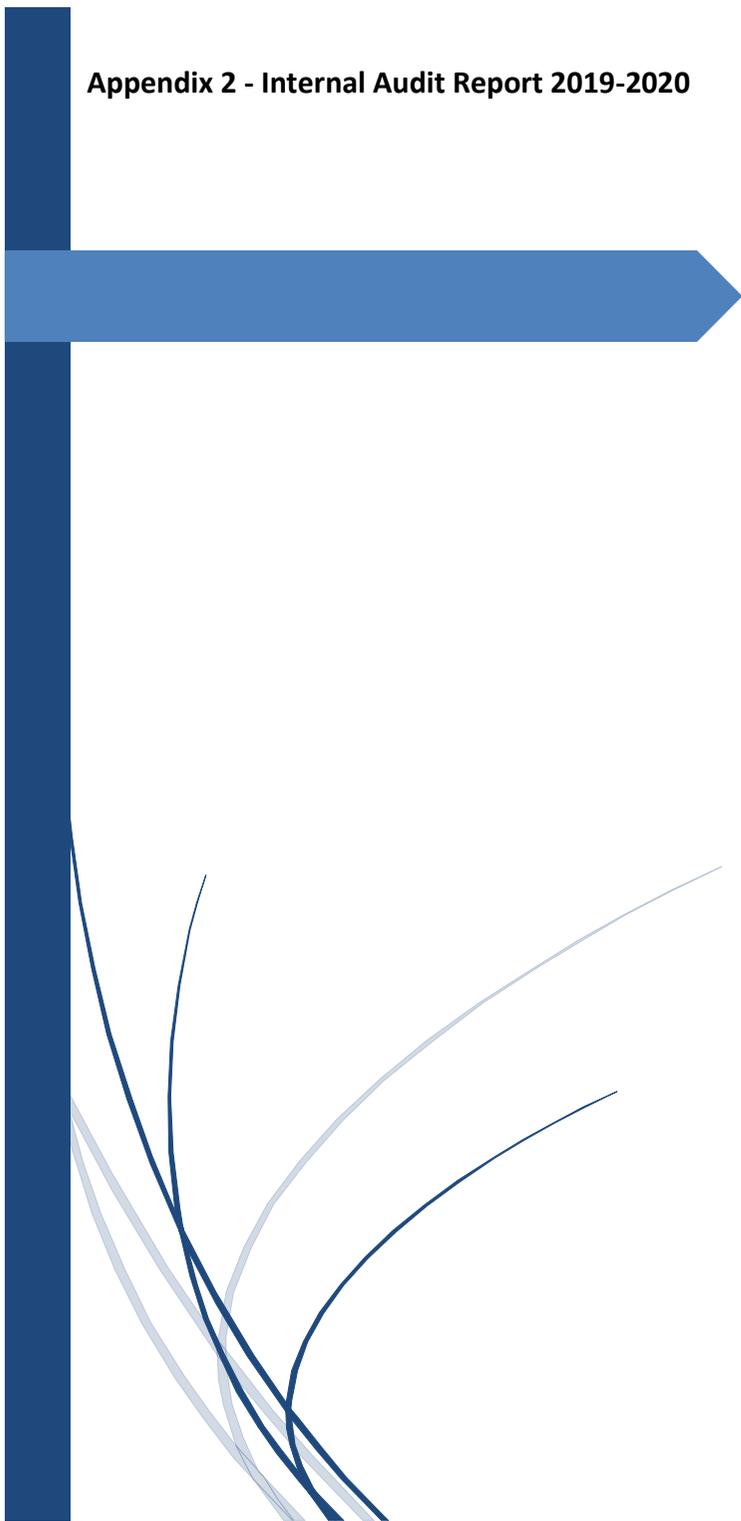
Date 07/08/2020

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

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

# Kidsgrove Town Council

Internal Audit 2019/20



## Appendix 1 Internal Audit Report 2019-2020

The internal audit of Kidsgrove Town Council is carried out by undertaking the following tests as specified on the 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 reconciliation(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. The recommendations reported in the action plan overleaf should be implemented. 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

	ISSUE	RECOMMENDATION	FOLLOW UP
1	The final outturn for total general reserves is £113k, however, the budget for 2019/20 forecast £65k year end general reserves. This underspend of £48k was	<i>The council should aim to set a precept underpinned by budgets that reflect realistic and deliverable</i>	

**Appendix 1 Internal Audit Report 2019-2020**

	<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>FOLLOW UP</b>
	partly due to the pandemic lockdown but also due to budgeted projects that have not proceeded as planned.	<i>expenditure plans in the financial year including identified projects and schemes.</i>	
2	There an earmarked reserve called revenue fund for £30k. Earmarked reserves should be for specific projects or schemes otherwise reserves are considered to be general reserves. The clerk has informed us that this reserve is actually for staffing and office accommodation issues.	<i>The revenue fund should be disaggregated into clearly defined earmarked reserves.</i>	
<b>2019/20 interim internal audit</b>			
1	<p><b>Budgetary Control</b></p> <p>The current Financial Regulations (FRs) require a written explanation for all variances of £100 or 15%. Although monthly RBS budgetary control reports containing variances are reported, written explanations of variances above the thresholds in the FRs are not provided.</p>	<i>The budgetary control requirements of the Financial Regulations should be complied with.</i>	
2	Currently only the clerk has sufficient training to process transactions on the RBS ledger system.	<i>To ensure there is adequate contingency planning in place to cover the absence of the clerk another officer should be trained in processing transactions on the RBS ledger system.</i>	

**Appendix 1 Internal Audit Report 2019-2020**

	ISSUE	RECOMMENDATION	FOLLOW UP
<b>2018/19 year end internal audit report</b>			
1	<p><b>RECURRING ISSUE</b></p> <p>We have previously recommended the council should complete partial exemptions to evidence whether there is any VAT liability (due to the £7500 partial exemption threshold being breached). These calculations have still not been completed for 2017/18 and 2018/19 although a VAT consultant is currently supporting the council with this. Initial evidence provided by the clerk indicates there may be a material VAT liability and this is not reflected in the year end accounts.</p> <p>The VAT consultant has produced a report relating to 2016/17 and prior year's and we understand further work is now being carried out in relation to these years.</p>	<p><i>Partial exemption calculations should be completed on a timely basis and if the VAT consultancy work evidences that there is a VAT liability, this should be reflected in the year end accounts.</i></p>	<p>Partial Exemption calculations have now been completed by the VAT consultant. The council should now ensure these are completed for each financial year.</p>
<p><b>IMPORTANT GUIDANCE NOTE</b></p> <p><b>INTERNAL AUDIT CERTIFICATE in the AGAR</b></p> <p>There is a new internal control objective (Objective L) in the 2018/19 internal audit certificate that requires internal audit to conclude on whether the Public Rights Notice during the <b>previous Summer</b> was compliant with the Regulations. This is pre-filled for 2018/19 but in order to test this and conclude YES or NO for the 2019/20 internal audit we would need to receive with the 2019/20 books and records:</p> <ul style="list-style-type: none"> <li>- A copy of the completed 2018/19 Notice of Public Rights and Publication of the Unaudited Annual Governance and Accountability Review</li> </ul>			

## Appendix 1 Internal Audit Report 2019-2020

	ISSUE	RECOMMENDATION	FOLLOW UP
	<ul style="list-style-type: none"> <li>- A dated photograph showing the first day of the Notice of Public Rights on the noticeboard and/or a dated computer screenshot showing the first date of the Notice of Public Rights on the website for 2018/19</li> </ul> <p>Our approach to this new requirement will be to conclude NO if we have not received the above evidence and explain on the AGAR that we received insufficient evidence to be able to conclude YES; we would also conclude NO if the dates advertised were not compliant with the Regulations.</p> <p>This will be a new ongoing requirement for internal audit, as well as verifying whether certain smaller councils meet the exemption criteria from an external audit. Therefore, for the 2019/20 internal audits there will be additional time charged at a fixed fee of £9 + VAT per local council to complete the new requirements.</p>		
	<p><b>2018/19 interim audit</b></p>		
1	<p><b>Expenditure Testing</b></p> <p>We selected a sample of 9 higher value payments to test compliance with the authorisation requirements in the Financial Regulations. The internal control for payment authorisation is emailed authorisation by two members. The results were as follows:</p> <ul style="list-style-type: none"> <li>- For three of the payments although authorisations from 2 members relate to the same date the payments were made there was no email provided that showed the payment list that members were authorising</li> <li>- Authorisation from 2 members could be identified for two of the payments</li> <li>- Authorisation from one member could be identified for one of the payments</li> <li>- No authorising emails from members could be identified for three of the payments</li> </ul>	<p><i>The council should authorise payments in compliance with the Financial Regulations ie two members should authorise a payment before it is made.</i></p> <p><i>The email authorisations for payments should be saved into an 'Authorisation' folder to ensure there is sufficient audit trail to evidence the authorisation of all payments made in the financial year.</i></p>	Implemented

## Appendix 1 Internal Audit Report 2019-2020

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>For a significant period the council appeared to be making payments using emergency powers so as not to incur penalties, however, it is not clear from the documentation provided how long this system of making payments was in place. The lack of a clerk for a significant portion of the financial year has led to inadequate administration of key information to support to authorisation of payments.</p>		
2	<p>There are three Barclays community bank accounts aside from the primary bank account used for council transactions. The account numbers are 9061578, 40762717, 60971081. There was no documentation indicating what these accounts are for and whether the transactions relate to the mayors charity account or the town council.</p>	<p><i>The council should analyse the activity on these bank statements for the financial year and ensure that all council transactions and funds are completely and accurately disclosed in the year end accounts</i></p>	<p>Implemented</p>
3	<p>The council did not establish a Finance and General Purposes (F&amp;GP) Committee at the annual general meeting, instead the August 2018 full council meeting it was resolved that a F+GP committee would be established, but the new committee had no formal terms of reference. The F&amp;GP committee held meetings in December 2018 and January 2019, although only in an advisory capacity with no decisions made. The council plans to establish further standing committees in due course.</p>	<p><i>All standing committees, sub committees and working groups should be established with a formal terms of reference.</i></p> <p><i>At the May 2019 annual general meeting the council should confirm the standing committees, sub-committees and working groups to function for 2019/20 and this information together with the terms of reference of each should be appended to the Standing Orders.</i></p>	<p>Implemented</p>

**Appendix 1 Internal Audit Report 2019-2020**

	ISSUE	RECOMMENDATION	FOLLOW UP
		<p><i>NB the clerk has recently produced a draft terms of reference for the F&amp;GP committee for approval by full council</i></p>	
4	<p>We reviewed the procurement for the hall security provision to ensure compliance with Financial Regulations (FRs) as this was a material contract. Three quotations were sought in accordance with FRs, and the contract was awarded to the provider with the lowest quotation on an hourly basis of £12 per hour. However, invoice testing for this supplier identified that the supplier was charging £15 per hour and no documentation was provided to evidence why the rate had increased by 25% so soon after the commencement of the contract. The £15 per hour rate was higher than one of the other initial quotations we viewed.</p> <p>We were informed by the recently appointed clerk that the previous clerk under delegated powers had agreed the new increased rate as additional hall management and maintenance responsibilities were being taken on. This increased rate was challenged by the recently appointed clerk and has now been reduced back to £12 per hour.</p>	<p><i>The council should carry out an options appraisal of the security, management and maintenance provision for the hall to identify the option that delivers the optimal value for money.</i></p>	Implemented
5	<p>The bar commission of £1230 received on 20/07/2018 was not supported by evidence to substantiate the commission payment</p>	<p><i>Commission payments should be supported by calculations that reconcile the payment to the daily till receipts.</i></p>	Implemented

**Appendix 1 Internal Audit Report 2019-2020**

	ISSUE	RECOMMENDATION	FOLLOW UP
		<i>The council should carry out sample checks on till receipts/z rolls to ensure the correct commission is being paid.</i>	
6	<p>Hall hire testing identified the following issues:</p> <ul style="list-style-type: none"> <li>- Sales invoices are not currently filed in sequential order</li> <li>- Varying rates are charged for concessions but there is no written policy for hall hire rates relating to concessions</li> </ul>	<p><i>Sales invoices should be filed in sequential order with the booking form attached</i></p> <p><i>The levels of concessions available should be formally approved by council</i></p>	<p>Implemented – sales invoices are now filed sequentially</p> <p>Recommendation outstanding</p>
<b>2017/18 year end audit</b>			
1	<p><b>Insurance</b></p> <p>Risk assessment had not previously identified that the Victoria Hall building was not actually insured by the borough council as part of the Service level Agreement.</p> <p>The level of fidelity insurance cover is £250k. This insurance should cover the maximum projected cash and bank balances in the financial year. For 2018/19 this level is calculated as year-end cash and bank balances of plus the next precept instalment and is estimated as £330k. Therefore, the fidelity insurance cover should be at least £330,000.</p>	<p><i>Risk assessment should include a review of the insurances annually including adequacy of cover of all owned assets.</i></p> <p><i>The fidelity insurance cover should be increased to adequate levels.</i></p> <p><i>The adequacy of fidelity insurance cover should be reviewed annually as part of ongoing risk assessment.</i></p>	Implemented
2	The NS&I bank reconciliation includes the statement balance as at 23/1/18.	<i>The council should secure bank statements that cover the year end</i>	Noted

## Appendix 1 Internal Audit Report 2019-2020

	ISSUE	RECOMMENDATION	FOLLOW UP
		<i>balances for the year end reconciliations</i>	
3	There were no budgets set for rates for the 2017/18 financial year even though this is a known and predictable cost	<i>Council should review the detailed budget headings and ensure they reflect all predictable costs</i>	Implemented
4	The regular checks of payments by the Chair do not cover the monthly payroll.	<i>The regular checks of payments by the Chair should cover a sample of monthly payroll payments to verify that the correct pay rates have been applied</i>	Implemented in final quarter of 2018/19
<b>2017/18 interim audit report</b>			
1	The consultant VAT report concluded that the 2007/8 moratorium letter from HMRC re VAT on exempt supplies only related to that financial year and could not be relied upon for any of the years after 2007/8. In addition, the consultant concluded that the Council calculation that only 15.8% of the Victoria Hall's costs relate to VAT exempt hall hire and the rest related to the running of the council was not correct and that <i>'The council's current approach is unlikely to stand up to challenge if reviewed by a VAT inspector'</i> . The consultant reviewed floor areas and usage and calculated that a fair percentage of the hall use that related to exempt supplies (ie hall hire) is 60.2%.	<p><i>The council has VAT exempt business activities and therefore must complete a partial exemption calculation for each financial year to demonstrate whether or not it has exceeded the £7500 exempt supply threshold.</i></p> <p><i>The council should review at least the previous six years VAT information and apply the 60.2% percentage to all relevant VAT incurred in relation to the hall to determine if there is a VAT liability due to exceeding the partial exemption £7500 threshold. If the calculation is close to the £7500 then the council will need to also apportion the VAT on its administration costs</i></p>	<p><b>2019/20 follow up - implemented</b></p> <p><b>2018/19 follow up – the VAT consultant is now reviewing their VAT calculations further with support from the clerk and these may lead to a VAT liability for the council which will need to be recognised in the accounts.</b></p> <p><b>Recommendation:</b> The council should complete an annual partial exemption calculation to verify that there is no liability for VAT on exempt supplies.</p>

**Appendix 1 Internal Audit Report 2019-2020**

	ISSUE	RECOMMENDATION	FOLLOW UP
		<p><i>between business and non-business activities as this will give a more accurate calculation to demonstrate whether the £7500 threshold has been breached.</i></p>	
2	<p>The council has still not received the original signed SLA for hall management charges from the borough council, but an analysis of the annual charge has now been secured.</p>	<p><i>The council should review the annual management charge analysis to ensure it is delivering value for money. To assist with this process, it would be beneficial to compare management charges incurred by a sample of other town councils with respect to their community hall and similar facilities</i></p>	<p>Implemented as the council is no longer participating in the original SLA and new arrangements are being put in place</p>
3	<p>There is no evidence of member checks of online payment controls</p>	<p><i>The council should apply member checks of online banking internal controls during the year to satisfy themselves that internal controls are operating effectively, and all transactions are completely and accurately recorded in the accounting ledger including:</i></p> <ul style="list-style-type: none"> <li>- <i>To provide assurance that the correct suppliers have actually been paid the amounts the council has approved, each month the Chair of Finance should select a small sample of payments from the actioned online payments and agree the</i></li> </ul>	<p>Implemented</p>

**Appendix 1 Internal Audit Report 2019-2020**

	ISSUE	RECOMMENDATION	FOLLOW UP
		<p><i>online payment bank details to the bank account details of the supplier on the invoice</i></p> <p>- <i>Supplier fraud prevention controls - The Chair of Finance should check bank details for the first payment to a supplier to a signed confirmation letter from the supplier. The same procedure should apply where a supplier has purported to have changed bank accounts (particularly if the request is via email).</i></p> <p><i>All the above member checks should be evidenced by a signature.</i></p>	
4	<p>The reference included in the nominal ledger for each payment does not provide an audit trail to the actual invoice.</p>	<p><i>Purchase invoices should be sequentially and uniquely referenced and that reference should be recorded against the payment in the nominal ledger</i></p>	<p>Implemented</p>
5	<p>The card readers to be used for online banking are not currently in the name of the officers making payments. This should be resolved urgently.</p>	<p><i>Card readers should always be updated to reflect the current staff with responsibility for making online banking payments</i></p>	<p>Implemented</p>

## Appendix 1 Internal Audit Report 2019-2020

	ISSUE	RECOMMENDATION	FOLLOW UP
6	The Financial regulations state ‘the RFO shall maintain a Register of Assets and continued existence of fixed assets will be verified at least annually’	<i>The Council need to ensure the role of maintenance of the asset register is allocated and that the 2016/17 fixed asset register is updated for additions, disposals, write offs, review of adequacy of insurance, and physical inspection to ensure existence</i>	Implemented
7	The RBS nominal ledger does not include a sales or purchase ledger. Without this available upgrade there is a risk that outstanding debtors and creditors at the year end may not be captured as it will rely on a manual exercise by staff to review documentation to try and identify all liabilities and debtors.	<i>The council should consider upgrading the current nominal ledger system to include a sales and purchase ledger</i>	Implemented and purchase ledger being used. Sales ledger to be utilised shortly.
8	Data Protection Law will change significantly on May 25 <sup>th</sup> 2018 due to the 2016 EU Directive General Data Protection Regulation (GDPR) taking effect.  GDPR replaces the 1998 Data Protection Act and it will impose new obligations on Data Controllers and Data Processors and provides enhanced rights for individuals. Compliance with GDPR could have resource implications for local councils.	<i>The impact of GDPR on the council should be identified through review of ICO and NALC guidance and the Data Protection policy, risk assessment and internal controls should be updated accordingly</i>	DPO appointed and GDPR audit completed
<b>2016/17 audit</b>			
1	Issues 1.) and 2.) from the 2015/16 internal audit (see below) have not been implemented. In particular, no action was taken to resolve the potential VAT issues with respect to exposure of the council to partial exemption VAT liabilities. <b>As a result, we have</b>	<i>Issues 1.) and 2.) from the 2015/16 internal audit report must be implemented.</i>	<b>A VAT consultant has reviewed the partial exemption issues and issued a report.</b>

**Appendix 1 Internal Audit Report 2019-2020**

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p><b>qualified the 2016/17 Annual Return internal audit certificate.</b></p> <p>The new clerk has analysed the potential impacts of partial exemption issues over the period since 2009 and has produced a paper with recommendations for the next council meeting. As stated in the 2015/16 issues below the services of a VAT consultant are required and the clerk has indicated that this could be provided by the SLCC VAT specialist.</p>		
2	<p>The year end closedown by RBS did not identify all creditors and debtors to be included in the accounts. In particular, the cut off applied to classify hall hire income as a debtor was incorrect. We calculated the adjustments required and provided amended accounts to the clerk to update and correct the annual return.</p>	<p><i>A 'sense check' review should be applied to the year end draft accounts to ensure all debtors and creditors, including receipts in advance, have been identified and included in the accounts</i></p>	<p><b>Implemented</b></p>
3	<p>The council need to review the account code 4066 and cost centres 106 and 106 set up for 'Staff Revision':</p> <ul style="list-style-type: none"> <li>- Expenditure of £7105 on salaries had been posted to these cost centres which had not been included in Staff Costs in the Annual Return.</li> <li>- The other expenditure posted to these cost centres related to gross payments to an individual who provided accountancy and admin support to the council and was paid based on hours charged per timesheets. This indicates the individual could actually be</li> </ul>	<p><i>All expenditure on wages and salaries should be consolidated correctly into the Annual Return from the RBS ledger</i></p> <p><i>The council should always ensure the Self Employment tests (per HMRC website) are met before paying any individuals gross payments</i></p>	<p><b>2017/18 follow up - Reviewed all transactions on N/L code 4066 and there were no gross payments to individuals and no actual staff costs posted to the cost centres</b></p> <p><b>Recommendations Implemented</b></p>

**Appendix 1 Internal Audit Report 2019-2020**

	<b>ISSUE</b>	<b>RECOMMENDATION</b>	<b>FOLLOW UP</b>
	classified as a temporary employee by HMRC and payroll taxes could have been due		
4	VAT is not reclaimed for petty cash standard rated expenditure	<i>VAT should be reclaimed for all standard rated petty cash expenditure</i>	<b>Petty cash debit card system no longer in place, all expenses are reimbursed directly</b>

## Appendix 3

### Section 1 – Annual Governance Statement 2019/20

We acknowledge as the members of:

EN Kidsgrove Town Council Y

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2020, that:

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

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

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

DD/MM/YY

and recorded as minute reference:

MINUTE REFERENCE

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

Chairman

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

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

AUTHORITY WEBSITE ADDRESS

## Appendix 4

### Section 2 – Accounting Statements 2019/20 for

EK Kidsgrove Town Council
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	Year ending		Notes and guidance
	31 March 2019 £	31 March 2020 £	
1. Balances brought forward	110,559	198,784	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	228,177	231,309	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	53,497	42,361	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	37,503	66,700	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	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	155,946	117,424	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	198,784	288,330	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	234,803	276,514	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	401,500	403,058	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	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.  N.B. The figures in the accounting statements above do not include any Trust transactions.
		✓	

I certify that for the year ended 31 March 2020 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

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

SIGNATURE REQUIRED

Date

DD/MM/YY

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

DD/MM/YY

as recorded in minute reference:

MINUTE REFERENCE

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

SIGNATURE REQUIRED