TOPLIS ASSOCIATES LTD.

STREETHAY LODGE
STREETHAY
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TEL: 01543-419202

7 June, 2021

The Chairman
Burntwood Town Council
The Old Mining College Centre
Queen Street
Chasetown
BURNTWOOD WS7 4QH

Dear Councilor

Conclusion of Internal Audit of your Parish Council
For the year ended 31st March 2021

Following the completion of my work for the above year we are writing to inform the Council that having carried out the year-end desk review I have been able to sign the Annual Governance and Accountability Return Part 3 ("AGAR") without any qualification.

The independent internal examination of the Councils governance, financial affairs and certification of the 2020-21 AGAR to the External Auditor was carried out in accordance with the standards laid out in the Accounts and Audit Regulations, 2015 and embodied in the Joint Panel on Accountability and Governance Practitioners Guide March 2020.

In summary, we covered the following areas in our examination:

- Proper Bookkeeping
- Financial Regulations, Standing Orders and Payment Controls
- Risk Management and Insurance arrangements
- Budgetary Controls
- Income Controls
- Payroll Controls
- Asset Control
- Bank Accounts and Reconciliation
- Year End Procedures.
- Charitable Trusts (when appropriate)

Registered Office as above
Registered in England No 3219234

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This year we have carried out a review of your web site to evaluate its conformance to the Local Government Transparency Code 2015 which is to be viewed as a minimum standard. We confirm your web site meets this requirement.

We carried out three desk reviews during the fiscal year and were accorded with full co-operation by your Clerk. Any issues which we raised with the Clerk during the conduct of our work have either been satisfactorily rectified or are noted below.

A copy of our Annual Internal Audit certification (page 3 of the AGAR) for 2020-21 is attached. We have also attached a completed copy of your Audit Programme with annotations (see below)

We would wish to draw your attention to the "Publication Requirements" on page 1 of the AGAR

We would also wish to draw your council's attention to the following matters:

1. We note that your general reserves cover (after the exclusion of properly voted earmarked funds of £416,258) is 0.52 years. We consider this to be a very comfortable level of general reserves balance at the year-end;
2. Due to ongoing COVID-19 restrictions we have not been able to conduct a physical examination of your supplier's invoices and receipt documents to verify that they have been processed in accordance with your Financial Regulations and I have indicated this fact on your Audit Programme accordingly. It is our intention to carry out this review as soon as COVID restrictions are lifted and we have penciled in a date for this with your Finance Officer and Town Clerk;
3. We are aware that your Finance Officer did not report to the council that the completed External Audit report had been signed off and returned without qualification or comment by Mazars. Despite this oversight we do not believe that this in any way infringed the public's rights as the completed report and the Notice of Conclusion of Audit was properly displayed on the council's web site. We have therefore ticked Internal Control Objectives M & N as YES on the Annual Internal Audit certification. Please be aware that as one of the intermediate audit questions from Mazars asks for a copy of the minute acknowledging the receipt of the External Auditors report you may receive a reprimand comment (not a qualification). I recommend you send a fulsome reason (Zoom meetings under COVID restrictions) and apology with the AGAR when you forward it to Mazars.

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In respect of the new Council year we make the following additional observations and recommendations for your consideration:

1. We recommend that during the fiscal year your council should review the Risk Assessment to ensure that it still reflects the current environment. Your council should then minute its ratification;
2. During the fiscal year your council should review your Standing Orders and Financial Regulations to ensure that they still reflect the current environment. Your council should then minute that ratification. Please note that it is important that your Financial Regulations meet the standard set by those published by NALC in July 2019. The Model Financial Regulations templates were produced by the National Association of Local Councils (NALC) in July 2019 and contain a number of important legal changes;
3. Copies of both your current Standing Orders, Finance Regulations and Risk Assessment should be displayed on your councils web site and must show the latest date of revision and ratification;
4. You are reminded that when the council discusses, amends or ratifies significant documents copies should be made available on your web site for members of the public to view. These documents should be either appendices to published minutes and agenda papers or as separate documents on the web site (preferably with a hypertext link to facilitate ease of searching):
5. You must discuss the appointment of your internal auditor and ratify and minute the appointment during the current financial year. We were pleased to have been your internal auditor during 2020/21 and offer ourselves for re-appointment.
6. If your council wishes to carry forward earmarked funds at the yearend these must have been ratified by your council. This is best done at the time you draw up the next budget or at final meeting of the fiscal year.

It is your Council's responsibility to note these comments and to consider what action should be taken.

Can we take this opportunity to remind you that when the AGAR comes back from the External Auditor you do have a duty to display the accompanying notice of Completion of Audit on each of your usual notice boards and on your council's website. You are also required as a council to take formal notice of its return and observe any comments and recommendations.

The complete AGAR and any auditor's comments or qualifications should also be displayed on your web site to allow electors to see the complete card and read the External Auditors comments if they wish to do so.

In accordance with Regulation 13 (of the Audit and Accounts Regulations), after the conclusion of the period for the exercise of public rights), the

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authority must publish (including on its website) the annual governance statements, statement of accounts, and the external auditor's certificate and report – Sections 1, 2 and 3 of the Annual Governance and Accountability Return. Authorities must keep copies of these documents for purchase by a person at a reasonable sum and ensure that they remain available for public access for 5 years

Please do remember to retain a copy of the notice on file as proof that you have followed the requirements of the Local Government Act. You should also minute the External Auditors approval of the AGAR and any qualification or comments made and resolve to take action where necessary.

We will make our next full interim audit visit in October/November but please do not hesitate to contact me should you require advice in the meantime.

Yours sincerely,

Alan Vorlis

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BURNTWOOD TOWN COUNCIL

www.burntwood-tc.gov.uk

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

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

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

	Yes	No	Not applicable
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

15/06/2020 12/03/2021 07/06/2021

Name of person who carried out the internal audit

Alan Toplis - Toplis Associates Ltd

Signature of person who carried out the internal audit

Date 07/06/2021

*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)

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AUDIT PROGRAMME

	Yes	No
1) Appropriate books of account have been properly kept throughout the year?		
▫ Are the cashbooks maintained and up to date?	✓	
▫ Are the cashbooks arithmetically correct?	✓	
▫ Are the cashbooks regularly balanced?	✓	
2) The Council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.		
▫ Has the Council formally adopted standing orders and financial regulations?	✓	
▫ Has a ~~Responsible~~ Financial Officer been appointed with specified duties?	✓	
▫ Are payments in the cashbooks supported by invoices, authorised and minuted?		
▫ Has VAT on payments been identified, recorded and reclaimed?	✓	
▫ Where necessary, is S137 expenditure separately recorded and within statutory limits?	✓	
3) The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		
▫ Does a scan of the minutes identify any unusual financial activity?		✓
▫ Do the minutes record the Council carrying out an annual risk assessment?		✓
▫ Is insurance cover appropriate and adequate?		
▫ Are internal financial controls documented and regularly reviewed?		✓
4) The annual precept requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored and reserves were appropriate.		
▫ Has the Council prepared an annual budget in support of its precept?	✓	
▫ Is actual expenditure against budget regularly reported to the Council?	✓	
▫ Are there any significant unexplained variances from budget?		
5) Expected income was fully received, based on correct prices, properly recorded and promptly banked and VAT was appropriately accounted for.		
▫ Is income properly recorded and promptly banked?	✓	
▫ Does the precept recorded in the cashbook agree to the District Council's notification?		
▫ Are security controls over cash adequate and effective?		

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	Yes	No
6) Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.		
▫ Is all petty cash spent recorded and supported by VAT invoices/receipts?		

7) Salaries to employees and allowances to members were paid in accordance with Council approvals and PAYE and NI requirements were properly applied.		
▫ Do salaries paid agree with those approved by the Council?		
▫ Are any other payments to officers reasonable and approved by the Council?		
▫ Has PAYE/NI been properly operated by the Council as an employer?		
▫ Are Pension contributions properly calculated and accounted for?	✓	

8) Asset and Investments registers were complete and accurate and properly maintained.		
▫ Does the Council keep an asset register of all material assets owned?	✓	
▫ Are the Assets/Investments registers up to date?	✓	
▫ Do asset insurance valuations agree with those in the asset register?	✓	

9) Periodic and year end bank account reconciliations were properly carried out.		
▫ Is there a bank reconciliation for each account?		
▫ Is a bank reconciliation carried out regularly on receipt of statements?		
▫ Are there any unexplained balancing entries in any reconciliation?		

10) Year end accounts were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with cashbooks, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded.		
▫ Are year end accounts prepared on the correct accounting basis (~~Receipts and Payments~~/Income and Expenditure)?		
▫ Do accounts agree with the cashbooks?		
▫ Is there an audit trail from underlying financial records to the accounts?		
▫ Where appropriate, have debtors and creditors been properly recorded?		

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