

# Annual Internal Audit Report 2022/23

BURNHAM ON CROUCH TOWN COUNCIL

<https://burnhamoncrouchtowncouncil.gov.uk>

During the financial year ended 31 March 2023, 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 2022/23 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 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/22 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).	✓		
<b>O. (For local councils only)</b> 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

19/05/2023 23/05/2023 19/06/2023

Name of person who carried out the internal audit

ALAN COWPERTHWAIT FCA

Signature of person who carried out the internal audit



Date

20/06/2023

\*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).

Points identified during the internal audit of Burnham on Crouch Town Council  
Year Ended 31 March 2023

During the course of carrying out the internal audit for the year ended 31 March 2023 we have identified the following issues:

**Payroll:**

We have noted that there has been payments made to employees which do not agree to the amounts shown on their payslips. There has also been an instance of a payment being made which was not paid with the appropriate PAYE and NI being deducted.

Payments to HMRC in respect of the PAYE and NI liabilities have not always been paid by the due dates.

We have noted that the council has received a fine from The Pensions Regulator in respect of a failure to comply with a Compliance notice.

There have been payments made to staff, particularly in relation to redundancies where it has not been possible to locate resolutions passed on minutes to confirm the payments made.

**Payments:**

It has been noted that the council has not always followed its procedures as laid down in the Financial Regulations and Internet Banking Policy in respect of making payments. There has been instances of payments being approved by the beneficiary of the payment.

We have also noted that there are a few payments that have been entered for approval by a user after that user had left the councils employment.

**Implications and actions being undertaken in respect of the points identified:**

Whilst the above have highlighted areas of weakness, they have arisen as the council has not had all the councillor seats filled and has not had a fulltime clerk in place for much of the above year. The areas identified above have been the result of trying to keep the council running and providing the services it is responsible for to the local community.

The situation has been addressed with a new fulltime officer in place and following the recent elections in May 2023 the council now has a full complement of councillors. There have been new procedures put in place to ensure that the above does not happen going forwards and the council is in process of reviewing its policies.

Prepared by Harvey Smith & Co DVQ Limited

Date: 19 June 2023

## Section 1 – Annual Governance Statement 2022/23

We acknowledge as the members of:

BURNHAM ON CROUCH 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 2023, that:

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

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

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

11/01/2023

and recorded as minute reference:

106/FC/01/23

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

Chairman

Clerk

WWW.BURNHAMONCROUCHTOWNCOUNCIL.GOV.UK.



**Councillor Duncan Rawlinson Town Mayor**

**Nichola Payne, Chief Officer**

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**Council Offices**

**Chapel Road**

**BURNHAM-ON-CROUCH**

**Essex**

**CM0 8JA**

### **Responses to Section 1 – Annual Governance Statement 2022/23**

#### **Assertion 1**

The smaller authority failed to approve the AGAR in time to publish it before 1<sup>st</sup> July 2022, the date required by the accounts and audit regulations 2015, and did not disclose this by answering 'no' to section 1 box one on the annual governance statement of 2021/2022

#### **Assertion 2**

Whilst this has highlighted areas of weakness, that have arisen as the council has not had all the councillor seats filled and has not had a full-time clerk in place for much of the above year.

#### **Assertion 3**

The situation has been addressed with a new full-time officer in place and following the recent elections in May 2023 the council now has a full complement of councillors. There have been new procedures put in place to ensure that the above does not happen going forwards and the council is in the process of reviewing its policies.

#### **Assertion 4**

We note that the smaller authority did not comply with Regulation 15 of the accounts and audit regulations 2015 as it failed to make proper provision during the year 2022/23 for the exercise of public rights, since the period for the exercise of public rights did not include the first 10 working days of July. As a result, the smaller authority must answer 'No' to this assertion of the annual governance statement 2022/2023 and ensure that it makes proper provision for the exercise of public rights during 2023/2024

Due to the overrun of an extensive internal audit, the published Annual governance statement sections 1 and 2 are not duly signed. This will be formed as an agenda item at the next available statutory meeting of the council dated 11<sup>th</sup> July 2023.

Burnham on Crouch Town Council

## Section 2 – Accounting Statements 2022/23 for

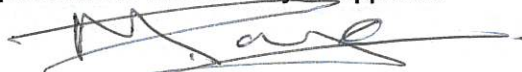
BURNHAM ON CROUCH TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2022 £	31 March 2023 £	
1. Balances brought forward	233,593	262,332	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	203,441	198,390	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	10,018	5,293	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	64,676	60,596	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	120,044	105,980	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	262,332	299,439	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	243,695	268,618	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>
9. Total fixed assets plus long term investments and assets	696,960	696,960	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).

For Local Councils Only	Yes	No	N/A	
11a. Disclosure note re Trust funds (including charitable)		✓		The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.
11b. Disclosure note re Trust funds (including charitable)			✓	The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2023 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 30/6/2023

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

11/07/2023

as recorded in minute reference:

106/FC/07/23

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



**BOC Town Council**  
**Year Ended 31 March 2023**  
**Other Income**

<b>Description</b>	<b>2022</b>	<b>2023</b>
Allotment Rents	850.00	716.55
MDC re Section 106 Payment	8,000.00	0.00
Goodwill Payment	0.00	50.00
Summer Swimming	0.00	1,851.50
Station House Rent	780.00	780.00
Essex County Council Refund	0.00	1,366.15
Sundry Income	220.72	52.20
Ayletts Charity Distribution	137.50	0.00
Bank Interest Received	30.04	477.02
	<b>10,018.26</b>	<b>5,293.42</b>

**Bank Reconciliation  
Burnham on Crouch Town Council  
Financial year ending 31 March 2023**

Prepared by:  
Date:

**Balance per bank statements as at 31 March 2023**

Business Saver Account Number 53681149	5.10
Account Number 20418229	45,492.98
Current Account Number 20418216	157,401.82
Current Account Number 00229679	65,558.02
Petty Cash Float	<u>160.47</u>
	<u>268,618.39</u>

Less: unpresented payments at 31 March 2023

**Net balances as at 31 March 2023**

	<u>0.00</u>
	<u><u>268,618.39</u></u>

**Burnham on Crouch Town Council**

Supporting Reserves Reconciliation for Annual Return 31 March 2023

Explains the difference between boxes 7 &amp; 8 on the Annual Return

Description	2022	2023
<b>Total Reserves</b>	<b><u>262,332.46</u></b>	<b><u>299,439.04</u></b>
VAT Refundable	18,637.36	32,627.45
<b>Less Total Debtors</b>	<b><u>18,637.36</u></b>	<b><u>32,627.45</u></b>
HMRC re PAYE & National Insurance	0.00	1,806.80
<b>Plus Total Creditors</b>	<b><u>0.00</u></b>	<b><u>1,806.80</u></b>
<b>Equals Total Cash and Bank Accounts</b>	<b><u>243,695.10</u></b>	<b><u>268,618.39</u></b>
Current Bank A/C	81,746.42	65,558.02
Barclays Business Saver	5.10	5.10
Petty Cash	52.68	160.47
Unity Trust Bank	116,863.72	157,401.82
Unity Trust Bank EMR	45,027.18	45,492.98
<b>Total Cash and Bank Accounts</b>	<b><u>243,695.10</u></b>	<b><u>268,618.39</u></b>



## Explanation of variances – pro forma

Name of smaller authority: [REDACTED]  
 County area (local councils and parish meetings only): [REDACTED]

**Insert figures from Section 2 of the AGAR in all Blue highlighted boxes**

Next, please provide full explanations, including numerical values, for the following that will be flagged in the green boxes where relevant:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- **New from 2020/21 onwards:** variances of £100,000 or more require explanation regardless of the % variation year on year;
- a breakdown of approved reserves on the next tab if the total reserves (Box 7) figure is more than twice the annual precept/rates & levies value (Box 2).

	2021/22 £	2022/23 £	Variance £	Variance %	Explanation Required?	Automatic responses trigger below based on figures input. <b>DO NOT OVERWRITE THESE BOXES</b>	Explanation from smaller authority ( <u>must include narrative and supporting figures</u> )
1 Balances Brought Forward	233,593	262,332					
2 Precept or Rates and Levies	203,441	198,390	-5,051	2.48%	NO		
3 Total Other Receipts	10,018	5,293	-4,725	47.17%	YES		See attached breakdown
4 Staff Costs	64,676	60,596	-4,080	6.31%	NO		
5 Loan Interest/Capital Repayment	0	0	0	0.00%	NO		
6 All Other Payments	120,044	105,980	-14,064	11.72%	NO		
7 Balances Carried Forward	262,332	299,439			NO	VARIANCE EXPLANATION NOT REQUIRED	
8 Total Cash and Short Term Investments	243,695	268,618				VARIANCE EXPLANATION NOT REQUIRED	
9 Total Fixed Assets plus Other Long Term Investments and	696,960	696,960	0	0.00%	NO		
10 Total Borrowings	0	0	0	0.00%	NO		

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable