



Carnforth Town Council

MEMBERS OF THE PUBLIC AND PRESS ARE WELCOME TO ATTEND

Summons to attend the meeting of the Finance & Governance Committee to be held at Carnforth Civic Hall on Wednesday 12th May 2021 at 5:15pm

A G E N D A

- 21052. Apologies:** To receive apologies
- 21053. Declarations of Interest:** To receive Declarations of Interest and Dispensations on items on the Agenda
- 21054. Urgent Business:** To consider any items of urgent business not on the agenda
- 21055. Minutes:** To consider Minutes of the meeting held on 14th April 2021
- 21056. Budget Monitoring and Bank Reconciliation:** To consider bank reconciliation as at 30th April 2021
- 21057. Internal Audit & Annual Governance & Accountability Return (AGAR):** To consider Internal Audit Report and audited AGAR 2020/2021 and arrangements for approval by the Town Council and submission to the external auditor (IA Report to follow)
- 21058. Risk Register Review:** To consider the conclusions and recommendations from a review of the Council's risk register (Clerk's report attached).
- 21059. Payments List:** To consider payments list for recommendation to Town Council
- 21060. Items for next Agenda:** To consider any agenda items for next meeting:
1. **Review of Council Policies and Procedures:** Information Management and Data Protection Policy, Privacy Notice, Publication Scheme; and Complaints Procedure;
 2. **Effectiveness of Internal Controls:** Review of AGAR assertions 8 & 9
- 21061. Date & Time of next meeting:** To consider date and time of next meeting (Wednesday 9th June 2021 at 5:00pm)

Clerk and Proper Officer

08 May 2021

Tel: 07846256006 Email: clerk@carnforhtowncouncil.org

FINANCE & GOVERNANCE COMMITTEE

Minutes of the meeting held on Wednesday 21st April 2021

Due to the Covid19 pandemic and related restrictions the meeting was held remotely using the Zoom Cloud meetings application

Present: Councillors Grisenthwaite, Chair; Branyan; Bromilow, Town Mayor (part); Jones, Parker and Watson (part)

In attendance: Bob Bailey, Clerk & Proper Officer (part)

21039	Apologies: There were no apologies.
21040	Declaration of interests and dispensations: There were no declarations of interest or dispensations for items on the agenda.
21041	<p>Urgent Business: The following updates arising from the previous Minutes of the Committee were provided:</p> <ol style="list-style-type: none">Council Decisions: It was confirmed that the permanent record of Town Council and Committee decisions has been completed and will be updated monthly from now on.NHS reimbursement claim: It is disappointing that the Town Council has had neither an acknowledgment or a formal response from the NHS regarding the claim made for additional expenditure incurred when preparing the Civic Hall as a vaccination centre. It was reported that the Clerk/Proper Officer has written to them for a third time.Payroll & Pensions: It was reported following the Town Council's decision to outsource the payroll and pensions function all necessary arrangements have been made, including making e-slips, the appointed payroll service, the Council's agents relating to any HMRC and pensions matters. The first pay run by e-slips will be in relation to the April salaries and will include production of individual payslips and a report on net pay, income tax and national insurance payments (pensions currently not applicable).Policy & Procedures: Policies and procedures approved at the March meeting of the Town Council have yet to be published on the Council's website and Member/Officer Protocol has been deferred until the May meeting of the Finance & Governance Committee. <p>It was then RESOLVED that the updates and actions be noted and that the outstanding position regarding the reimbursement of expenditure from the NHS be formally considered by the Town Council at its May meeting, if a response to the Town Council's claim has been received by then.</p>
21042	Minutes: It was RESOLVED that Minutes of the last meeting held on Wednesday 10 th March 2021 be approved.

21043 Budget Monitoring & Bank Reconciliation: The Clerk/Proper Officer presented the up to date 'Net Position' of the Town Council's budgets as at 31st March 2021. The report sets out against each budget heading the net position of receipts and payments and the Committee noted an overall favourable variance of **£42, 378**. Councillors were reminded that this includes £21,003 *Local Restrictions Business Support Grant* awarded to the Town Council due to the closure of the Civic Hall because of Covid-19.

The Clerk/Proper Officer then presented the *Bank Reconciliation Report* setting out the bank and petty cash balances as at the financial year-end 31st March 2021 that had been reconciled to the accounting records. These amounted to **£64,886** which will be carried forward as reserves and balances into 2021/2022.

The Clerk/Proper Officer and Councillor Watson reported that there had been a discussion at the Asset Management Committee on the priority works needed at the Civic Hall that the 'windfall' from the Business Grant funding could contribute towards. Fundamental amongst these is a replacement of the existing heating system (Asset Management Committee April Minutes refer). It was then **RESOLVED that the that the net position and bank reconciliation as at 31st March 2021 be noted and the bank reconciliation signed by the Clerk and Proper Officer and the Chair.**

21044 Annual Governance & Accountability Return (AGAR): The Clerk/Proper Officer presented a first draft of the unaudited AGAR which has been prepared on a Receipts and Payments basis and reconciles with the end of year bank reconciliation. Councillors were asked to note the comparisons with totals in Boxes 1 – 10 for the year ended 31st March 2020 and specifically Box 3 '*Total other receipts*' where receipts (not including the annual precept) as at 31st March 2021 exceed the previous year by 80% (£23,760).

Councillors were advised that it is a requirement of the Accounts & Audit Regulations that an explanation is provided for variances between the current and previous year of + or – 15% and that this forms part of the accounting statements, The Clerk/Proper Officer reported that the variance for '*Total other receipts*' is the only one where an explanation will be required and that this can be evidenced by the receipt of the *Local Restrictions Business Support Grant* (£21,003) and funding for the *Carnforth Steps into the Light* project (£3,000).

It was reported that the Clerk/Proper Officer is arranging for the Internal Audit to be conducted with a view to the completed audit and draft AGAR and supporting statements being formally presented to Town Council for approval and submission to the External Auditor's by the deadline of 2nd July 2021.

It was then **RESOLVED that the unaudited AGAR be noted and that the explanation for the variance on '*Total other receipts*' include reference to the Town Council's intention to invest capital expenditure in the long term future of the Council's major assets.**

21045 **Payments List:** The Town Clerk presented the Payments Lists for orders and expenditure incurred up to 31st March 2021 (£6,592) and those to be accounted for in the new financial year, commencing on 1st April (£1,206).

Councillors were reminded that due to meetings being cancelled during the official period of mourning following the death of HRH Prince Philip, authority had been given for payments to be approved in line with the adopted Scheme of Delegation. As such all, payments had been processed and authorised.

The Clerk/Proper Officer brought to Councillor's attention that currently individual staff salaries are separately identified and reported in the public domain. It was reported that this is considered to be contrary to the General Data Protection Regulations (GDPR) and is now reflected as such in model financial regulations. There followed a discussion about how, in practice, an aggregated sum of staff salaries could be reported to the public – via the automated Scribe reports – with detailed information being evidenced separately for scrutiny by Councillors and members of the public on request.

After questions on the detail in respect of two payments, it was **RESOLVED that the authorised payments be noted and that the Clerk/Proper Officer identifies a solution(s) to the publication of staff salaries that complies with GDPR and reports back to the Finance & Governance Committee.**

21046 **Policy & Procedure:** The Chair reported that as agreed he and Councillors Gardner and Jones, with support from the Clerk/Proper Officer had reviewed Standing Orders and Financial Regulations with a view to amended and updated versions being presented at the Annual Meeting of Carnforth Town Council for formal adoption.

The Clerk/Proper Officer commented that, from his point of view, it had been a good exercise with the right amount of scrutiny and challenge to provide assurance that Standing Orders and Financial Regulations are up-to-date, robust and fit-for-purpose.

The Chair encouraged all Councillors to familiarise themselves with the revised documents when the opportunity arises.

The Clerk/Proper Officer then presented a suggested protocol which sets out the etiquette and procedures to be followed when marking the death of named members of the Royal Family, a Prime Minister or other national figure..

Councillors commented that this is a worthwhile document and it was then **RESOLVED that the protocol as presented be adopted.**

21047	<p>Effectiveness of Internal Controls: The Chair introduced a paper prepared by the Clerk/Proper Officer covering a review of Assertions 5, 6 and 7 of the Annual Governance and Accountability Return (AGAR) covering internal control requirements for <i>Risk Management</i>, <i>Internal Audit</i> and the consideration and publication of Auditors (Internal and External) reports. The review concluded that the Town Council has reached the expected standards relating to all three assertions.</p> <p>The Clerk/Proper Officer reminded Councillors that the Council as a corporate body is legally responsible for ensuring and reporting on the effectiveness of its internal controls and the objective review of the each of the nine assertions, together with the implementation of improvements, fulfills this requirement. It was reported that the final two assertions will be considered at the May meeting of the Finance & Governance Committee so that the Council can report with confidence and assurance to the appointed auditors and the public that its controls have been properly and robustly reviewed.</p> <p>Councillors thanked the Clerk/Proper Officer for his work on objectively reviewing internal controls and for reporting these for scrutiny and challenge. It was then RESOLVED that the Town Council's full compliance with Assertions 5,6,and 7 of the AGAR be accepted.</p>
21048	<p>Items for next Agenda: It was reported that, subject to completion, the Internal Auditor's report, completed AGAR and supporting statements will be presented at the next meeting of the Finance and Governance Committee with a view to these being considered for recommendation to, and approval by, Carnforth Town Council and submitted for External Audit by the specified deadline of 2nd July 2021.</p> <p>It was then RESOLVED that the agenda items for next meeting be noted.</p>
21049	<p>Exempt Agenda Item: It was RESOLVED that Agenda item 21050 be an exempt item under Schedule 12A Local Government Act 1972 – 'Information relating to an individual' and that the press and public be excluded. Councillors considered that the Clerk/Proper Officer could be present for part of the agenda item relating to the consideration of agreed objectives for the municipal year 2021/2022 but should not be present for any discussion on pay and performance.</p>
21050	<p>Annual Appraisal: The Chair presented his confidential report on the virtual appraisal undertaken with Councillor Jones on the performance and achievements of the Clerk/Proper Officer in the past exceptional and challenging 12 months and any areas for development or improvement.</p> <p>Councillors were asked to note that for the purposes of the appraisal a new proforma, recommended by NALC, had been completed and submitted in advance of the review by the Clerk/Proper Officer. This provided useful information and structure to the proceedings and allowed for an open and honest discussion to take place.</p>

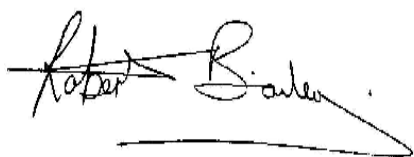
It was reported that eight Key objectives for the Clerk/Proper Officer to achieve in the coming municipal year were agreed and the Chair outlined each of these advising that progress is scheduled to be reviewed on 20th September 2021.

The Chair informed Councillors that there had been an acknowledgement that the scope and nature of the role of Clerk/Proper Officer and related responsibilities have changed and evolved considerably since his appointment in April 2018. Based on the appraisal and Councillors own observations of the officer role and the progress that the Town Council has made in recent years it was recommended that an independent evaluation of the job role be undertaken. Councillors were advised that this would be an objective evaluation of the job as it is now, entirely separate to the performance of the current postholder.

The Clerk/Proper Officer then left the meeting.

After comments, questions and discussion it was **RESOLVED** that the Town Council be recommended to approve that the current role of Clerk and Proper Officer be evaluated by an independent assessor nominated by NALC and that the cost of the exercise be met from the existing revenue budget.

21051 **Date of next meeting:** The next meeting of Finance & Governance Committee will be on **Wednesday 12th May 2021** at 5:15pm. **The meeting closed at 6:20pm**

A handwritten signature in black ink, appearing to read 'Robert B. Bailey', with a long horizontal line extending from the end of the signature.

Clerk to the Council

Carnforth Town Council

Prepared by: _____

Date: _____

Name and Role (Clerk/RFO etc)

Approved by: _____

Date: _____

Name and Role (RFO/Chair of Finance etc)

A	Bank Reconciliation at 08/05/2021		
	Cash in Hand 01/04/2021		64,886.10
	ADD Receipts 01/04/2021 - 08/05/2021		89,151.51
	SUBTRACT Payments 01/04/2021 - 08/05/2021		154,037.61
			5,841.69
	Cash in Hand 08/05/2021 (per Cash Book)		148,195.92
B	Cash in hand per Bank Statements		
	Petty Cash 08/05/2021	18.00	
	Unity Trust - Current 08/05/2021	126,561.51	
	Neighbourhood Plan 08/05/2021	6,090.70	
	Unity Trust - Deposit 08/05/2021	10,004.17	
	Barclays 08/05/2021	9,264.14	
			151,938.52
	Less unrepresented payments		3,742.60
			148,195.92
	Plus unrepresented receipts		0.00
	Adjusted Bank Balance		148,195.92
	A = B Checks out OK		

Carnforth Town Council Finance & Governance Committee

Meeting Date: **12th May 2021**

Agenda Item: **21057**

Report of: **Clerk & Proper Officer**

2020/21 Accounts & Annual Governance and Accountability Return

1. Introduction

Smaller local councils are statutorily required to complete an annual review of their governance arrangements and submit and publish an annual statement, including the approved accounts, known as the Annual Governance and Accountability Return (AGAR).

The deadline for submission of the AGAR to the Council's appointed external auditor (PKF Littlejohn) is **30th June 2021**.

2. Detail

A copy of the draft AGAR documentation is appended to this report.

As with the previous financial years the Town Council is required to submit its return for external audit.

In addition to being submitted for audit, the full approved AGAR, including the Accounting Statement and certain supporting documents, must be published following approval, providing a public right of inspection period of 30 working days, including the first 10 working days of July 2021. The proposed timetable for the Council to meet the reporting requirements and statutory deadlines is as follows.

a)	Completion of the annual review, internal audit and approval of the accounts	19 th May 2021 – Town Council Mtg
b)	Public rights of inspection period	07/06/20 to 16/07/20 (inclusive)

3. Internal Auditor's Report 2020/21

The draft AGAR contains the Annual Internal Audit Report for 2020/21 and it is pleasing to note that the Internal Auditor has once again given a positive response to each of the internal control objectives set out in the statement. A detailed written Internal Audit report will be presented to Town Council meeting on 19th May.

I informed the Internal Auditor at the outset that during 2020/21 the Town Council introduced a mechanism for objectively reviewing its internal controls and key objectives (or assertions) throughout the year, which he concluded is another strength in the Council's financial management and governance arrangements.

In addition, I asked that he consider in some detail the present budget coding structure and the controls around the reconciliation of credit card payments, making any recommendations as necessary.

4. Final Accounts 2020/21

The final budget outturn was reported at Finance & Governance Committee in April and this will be formally presented at the Town Council meeting on 19th May 2021 for consideration and approval.

General balances as at 31st March 2021 stand at £64,866. This is higher than expected, resulting from the award of business grants during the year due to the closure of Carnforth Civic Hall because of the Coronavirus pandemic and, more recently, grant awarded in preparation for re-opening in line with Government guidance as restrictions are lifted.

In January, when setting the 2021/22 annual budget and precept, the Town Council approved a sum of £14,000 for General Reserves, which has been allocated in accordance with those instructions.

Given that the Council has received an 'unexpected windfall' it is recommended that the remaining funds are retained at this stage as General Fund balances, pending a further review of the Council's reserves and consideration of information relating to Council objectives and priorities and the completion of the Carnforth Neighbourhood Plan project.

The external auditor's guideline is to require explanations where a Council's total balances exceed two times the annual precept – no further action is required by the Town Council in this respect.

5. Recommendations

- (1) That the Internal Auditor's report is accepted and noted.**
- (2) That Section 1 of the AGAR – the Annual Governance Statement 2020/21, be recommended for Town Council approval.**
- (3) That Section 2 of the AGAR – Accounting Statements 2020/21, be recommended for Town Council approval**
- (4) That the period for the exercise of public rights to inspect the accounts be recommended as Monday 7th June to Friday 16th July 2021 inclusive.**
- (5) That the Finance & Governance Committee review the General Reserves in light of the 'windfall' from 2020/21 and makes recommendations to full Council in due course**

Carnforth Town Council Finance & Governance Committee

Meeting Date: **12th May 2021**

Agenda Item: **21058**

Report of: **Clerk & Proper Officer**

Clerk & Proper Officers Review of the Risk Register

1. Introduction

Smaller local councils are statutorily required to complete an annual review of their risk management arrangements, normally at the annual meeting. Changes to meeting arrangements during 2020 in response to the Covid emergency meant that no annual meeting took place, although the Risk Register had been reviewed by the Finance & Governance Committee on 18th March 2020

2. Detail

A review has been completed of the Risk Register, with the proposed update attached, showing substantive changes highlighted in yellow.

Existing risks have been updated with any additional mitigations adopted since the last review, and risks have now been categorized into 'Strategic and Operational'; 'Financial'; 'People'; 'Regulatory' and 'Covid-19'. The latter referring to a separate risk assessment that was introduced in relation to the implications of the coronavirus pandemic which has also been reviewed in line with government guidelines and the gradual lifting of restrictions.

Actions taken by the Council have generally helped to reduce risk levels and no other clearly emerging or escalating risks have been identified, other than those highlighted.

Councillors are asked to consider the draft Risk Register and make suggestions for amendments or the inclusion of any additional risks.

3. Recommendations

- (1) That, subject to any changes or additions, the draft Risk Register for 2021/22 is approved and recommended to full Council for adoption.**

Annual Governance and Accountability Return 2020/21 Part 3

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

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

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2020/21

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Part 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with *Proper Practices*.
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
 - The **Annual Internal Audit Report** **must** be completed by the authority's internal auditor.
 - **Sections 1 and 2** **must** be completed and approved by the authority.
 - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published on the authority website/webpage **before 1 July 2021**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both) **no later than 30 June 2021**. Reminder letters will incur a charge of £40 +VAT:
 - the Annual Governance and Accountability Return Sections 1 and 2, together with
 - a bank reconciliation as at 31 March 2021
 - an explanation of any significant year on year variances in the accounting statements
 - notification of the commencement date of the period for the exercise of public rights
 - Annual Internal Audit Report 2020/21

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

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

Publication Requirements

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

Before 1 July 2021 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2020/21**, approved and signed, page 4
- **Section 2 - Accounting Statements 2020/21**, approved and signed, page 5

Not later than 30 September 2021 authorities **must** publish:

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

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

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

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

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return (AGAR) 2020/21

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this AGAR. *Proper Practices* are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the AGAR is complete (no highlighted boxes left empty), and is properly signed and dated. If the AGAR contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.
- Use the checklist provided below to review the AGAR for completeness before returning it to the external auditor by email or post (not both) no later than 30 June 2021.
- The Annual Governance Statement (Section 1) must be approved on the same day or before the Accounting Statements (Section 2) and evidenced by the agenda or minute references.
- The Responsible Financial Officer (RFO) must certify the accounts (Section 2) before they are presented to the authority for approval. The authority must in this order; consider, approve and sign the accounts.
- The RFO is required to commence the public rights period as soon as practical after the date of the AGAR approval.
- Do not send the external auditor any information not specifically requested. However, **you must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant authority owned generic email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the AGAR covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2020) equals the balance brought forward in the current year (Box 1 of 2021).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights of 30 consecutive working days which **must** include the first ten working days of July.
- The authority **must** publish on the authority website/webpage the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2021**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?		
	Has all additional information requested, including the dates set for the period for the exercise of public rights , been provided for the external auditor?		
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?		
Section 1	For any statement to which the response is 'no', has an explanation been published?		
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?		
	Has an explanation of significant variations from last year to this year been published?		
	Has the bank reconciliation as at 31 March 2021 been reconciled to Box 8?		
	Has an explanation of any difference between Box 7 and Box 8 been provided?		
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? NB: do not send trust accounting statements unless requested.		

**Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices*, can be downloaded from www.nalc.gov.uk or from www.ada.org.uk

Annual Internal Audit Report 2020/21

ENTER NAME OF AUTHORITY

ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

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. <i>(If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")</i>			
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 <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .			
N. The authority has complied with the publication requirements for 2019/20 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .			
O. (For local councils only) 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

Name of person who carried out the internal audit

DD/MM/YYYY DD/MM/YYYY DD/MM/YYYY

ENTER NAME OF INTERNAL AUDITOR

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

DD/MM/YYYY

*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:

ENTER NAME OF AUTHORITY

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		'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

ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

Section 2 – Accounting Statements 2020/21 for

ENTER NAME OF AUTHORITY

	Year ending		Notes and guidance
	31 March 2020 £	31 March 2021 £	
			<i>Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.</i>
1. Balances brought forward			<i>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.</i>
2. (+) Precept or Rates and Levies			<i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i>
3. (+) Total other receipts			<i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i>
4. (-) Staff costs			<i>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.</i>
5. (-) Loan interest/capital repayments			<i>Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).</i>
6. (-) All other payments			<i>Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).</i>
7. (=) Balances carried forward			<i>Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).</i>
8. Total value of cash and short term investments			<i>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.</i>
9. Total fixed assets plus long term investments and assets			<i>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.</i>
10. Total borrowings			<i>The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).</i>
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	<i>The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.</i>
			<i>N.B. The figures in the accounting statements above do not include any Trust transactions.</i>

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

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

Section 3 – External Auditor’s Report and Certificate 2020/21

In respect of

ENTER NAME OF AUTHORITY

1 Respective responsibilities of the auditor and the authority

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

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

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2021; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor’s limited assurance opinion 2020/21

(Except for the matters reported below)* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the authority:

(continue on a separate sheet if required)

3 External auditor certificate 2020/21

We certify/do not certify* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2021.

*We do not certify completion because:

External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DD/MM/YY

Risk No.	Description of Risk	Controls in Place / Mitigation	Low / Medium / High Risk	Actions Taken / Planned	Responsibility
Strategic and Operational					
1.	Failure to represent community interest effectively in relation to matters likely to impact the town	<p>Town Council is consulted by principal authorities and agencies.</p> <p>Membership of NALC / LALC provides a source of advice.</p> <p>Town Council website is well established and six newsletters published annually. News items are posted on the website and notified to parish contacts.</p> <p>The Town Council has monitored and supported the activities and progress of the Carnforth Neighbourhood Plan Working Group.</p>	Medium	<p>The Council to consider developing a 'Parish Plan' once the Neighbourhood Development Plan is complete.</p> <p>Consider adopting a 'Press and Media Policy'.</p>	Council / Clerk
2.	Minutes are inaccurate and/or decisions may be illegal or ultra-vires.	<p>Meetings are conducted in accordance with standing operational procedures adopted.</p> <p>Minutes are approved by Town Council and Committees at every meeting.</p> <p>Financial Regulations were reviewed and adopted May 2021.</p>	Low	Council will support the Clerk's professional development and Councillors' attendance at training where appropriate.	Council / Clerk

Risk No.	Description of Risk	Controls in Place / Mitigation	Low / Medium/ High Risk	Actions Taken / Planned	Responsibility
3.	Compensation claim resulting from (alleged) negligent act or accidental error or omission by the council or its employee(s)	Low risk given current activities of Town Council. Ensure Town Council decisions are based on full information including professional advice where necessary Insurance cover established	Low	Monitor position as Town Council develops and implements plans for the parish.	Council / Clerk
4.	Action against the council for libel or slander	Meetings are conducted in accordance with standing operational procedures. Members' Code of Conduct adopted Insurance cover established Publication Scheme in place	Low		Council / Clerk
5.	Failure to realise community benefits of a Public Right of Way (PRoW)	Completed PRoW application submitted to and accepted by Lancashire CC.	Low	All PROW's to be inspected and recommendations made.	Council / Clerk

Risk No.	Description of Risk	Controls in Place / Mitigation	Low / Medium/ High Risk	Actions Taken / Planned	Responsibility
Financial					
6.	The Town Council undertakes / makes a payment that is illegal / outside its powers	Formal financial regulations reviewed and adopted in May 2021. Insurance cover established	Low	Ensure councillors are aware and kept up-to-date on the legal powers of parish councils	Council / Clerk
7.	Financial records inadequately / incorrectly maintained	Clerk is a qualified accountant/audit professional. All payments are supported by an invoice / receipt or valid claim. Financial accounts are checked annually by internal and external auditors Details of receipts and payments are reported to each meeting of the council.	Low		Council / Clerk
8.	Financial loss due to ineffective procedures or banking error	Online Banking records are scrutinised regularly by Clerk and monthly reconciliations produced and reported. Banking arrangements are periodically reviewed and accounts are annually reviewed by internal and external auditors.	Low	Annually review banking arrangements to ensure efficient and cost-effective arrangements.	Clerk

Risk No.	Description of Risk	Controls in Place / Mitigation	Low / Medium/ High Risk	Actions Taken / Planned	Responsibility
9.	Loss of monies due to fraudulent act (internal or external)	<p>All payments are approved by two councillors and checked against invoices by the Clerk.</p> <p>All expenditure is approved by the council and accounts subject to scrutiny by council and internal and external auditors and the public (annually)</p> <p>Insurance cover established</p>	Low		Council / Clerk
10.	Order for precept not submitted or paid by local authority. Precept is inadequate to meet plans	<p>Precept for the following year considered in January.</p> <p>Amount of precept required will be based on plans for the coming year and the forecasted difference between income and expenditure.</p> <p>A robust budget planning process determines the required level of precept for the following year.</p> <p>Submission of precept order and receipt of monies is checked by the Clerk.</p>	Low		Council / Clerk

Risk No.	Description of Risk	Controls in Place / Mitigation	Low / Medium/ High Risk	Actions Taken / Planned	Responsibility
11.	VAT incorrect / not reimbursed / not properly accounted for	VAT analysed in accounts maintained by Clerk and scrutinised by council. VAT returns agreed and submitted annually. Checked by internal and external auditors.	Low		Council / Clerk
12.	Income tax / NI not properly accounted for and paid to HMRC	HMRC PAYE account established. Payroll arrangements and system in place and operating effectively. Payroll function outsourced from April 2021	Low		Clerk
13.	Unidentified / inadequate general and/or earmarked reserves	Levels of reserves required for the following year are considered as part of the budget process on the basis of available funds and costed plans for the coming year. A Reserves Policy has been established during the 2019/20 budget process and is reviewed annually.	Low	A formal review of reserves and the Reserves Policy is planned once the CNDP project is complete.	Council / Clerk

Risk No.	Description of Risk	Controls in Place / Mitigation	Low / Medium/ High Risk	Actions Taken / Planned	Responsibility
14.	Risk of an election being called for on the occurrence of a 'casual vacancy' on the Council. An estimated cost of £5,000 has been advised by Lancaster City Council.	All Town Council seats are filled following the election in May 2018. The target level of General Reserve has been set to take account of the estimated cost of holding an election.	Low		Council / Clerk
People					
15.	Councillor or employee performance may be inefficient or ineffective	An annual performance review for the Clerk is in place	Medium Low	Council will support the Clerk and Councillors' development through attendance at training where appropriate. Develop Councillor Induction and Councillor & Staff Training Programme	Council / Clerk
16.	Loss of employee support (Clerk) through illness / early resignation etc.	Regular contact between Councillors and the Clerk ensure a positive working relationship.	Low	Monitor risk and manage as necessary	Council
17.	Personal injury / damage to staff and/or public or their property arising from defects on the council's property	Property comprises of fixed installations (i.e. seats and benches). Undertake regular maintenance checks and carry out prompt repairs as required.	Medium	Outdoor Maintenance Operative and Civic Hall Manager maintain equipment / assets owned by the council. Insurance includes employee liability cover for staff. Periodically review insurance cover and timely renewal to avoid compensation claims	Council / Staff

Risk No.	Description of Risk	Controls in Place / Mitigation	Low / Medium/ High Risk	Actions Taken / Planned	Responsibility
Regulatory					
18.	Failure to comply with Accounts and Audit Regulations 2015 and the Local Audit and Accountability Act 2014	<p>Requirements of the acts specifically in relation to the annual return and audit arrangements brought to Members' attention.</p> <p>Action Plans to ensure compliance with year-end requirements of Accounts and Audit Regulations 2015 and Local Audit and Accountability Act 2014 are implemented annually</p>	Low		Council / Clerk
19.	Compliance with Transparency Code for Smaller Authorities (the Code)	<p>Information now published in accordance with the Code on the Town Council's own website</p> <p>Compliance is reviewed by the Internal Auditor.</p>	Low	Periodically review compliance with the Code and the effectiveness of current publication arrangements.	Council / Clerk
20.	Compliance with General Data Protection Regulations (GDPR)	<p>Clerk designated as the Data Protection Officer.</p> <p>Data holdings and processing arrangements have been assessed and controls established to ensure compliance and mitigate the risk of any GDPR breaches. Data Protection Policy established.</p>	Low	Review Data Protection and other Information Management Policies	Council / Clerk

Risk No.	Description of Risk	Controls in Place / Mitigation	Low / Medium/ High Risk	Actions Taken / Planned	Responsibility
21.	Compliance with Freedom of Information Act 2000	A publication scheme setting out the classes of information that the Town Council publishes, or intends to publish, including how that information may be obtained and any charges that may be made was established in December 2018.	Low		Council / Clerk
22.	Failure to comply with the Representation of the Peoples Act 1983	Requirements of the act is brought to Members attention at all Council elections (City/Town and Parish and By-elections) to ensure compliance and monitor the service provision provided by the Returning Officer and Elections team	Low		Council / Clerk
Covid-19					
23.	Returning to Face to Face meetings and events as Covid19 restrictions are lifted	Risk assessment for returning to face to face meetings drafted and sent to Councillors	Medium	Review and approve draft risk assessment for returning to face to face meetings and produce risk assessments for any events in line with Government guidance	Council / Clerk

Carnforth Town Council - Risk Assessment for resuming face-to-face meetings (Draft)

Risk	Description of Risk	Mitigation Measures	Comments/Questions
1.Room Set up and Dismantling	Transmission from setting out the chairs to hold the meeting and other facilities – hall, 'front room', kitchen, office, toilets, doors	Sanitise chairs before meeting and again at the end of the meeting before storage, sanitise other facilities after usage. Sanitisation provided for users of ancillary areas (toilets, kitchen, office).	The hall to be fully sanitised after use, including the chairs, tables, floors, light switches, door plates, toilets, includes: toilet / chain, sink and taps, door handles and floor. Only one toilet is in use during PC meeting evenings to reduce cleaning needed. Chairs to be set out in either theatre style or horseshoe shape to avoid people facing each other. Councillor to sanitise their own chairs. Designated Councillors to undertake the sanitisation in the areas listed above.
2. Travelling to and from meeting	Transmission through the sharing of transport whether private or public.	Attendees, wherever possible, travel to and from meetings separately. Where this is not possible attendees to follow the guidelines for using shared transport (eg bus, taxi, car sharing).	

Risk	Description of risk	Mitigation Measures	Comments/Questions
3. Entering and leaving meeting	Close proximity to other Councillors and the public entering and leaving the meeting and contact with doors.	<p>Councillors to enter the meeting and leave in an orderly socially distanced way.</p> <p>Hands to be sanitised on arrival.</p> <p>Controlled, socially distanced, one by one, entry by other attendees.</p> <p>Notices to be erected on entry to meeting regarding social distancing and the wearing of masks.</p> <p>Provision of sanitiser at entrance to meeting.</p>	<p>Ask Councillors to form an orderly queue and to be admitted in the order they arrive at the Hall. Will need to mark out 2m distances</p> <p>Members of the public to be socially distanced in the main hall and front room.</p> <p>The chairs could be arranged in the Main Hall so as to allow the public to address the meeting without walking past everyone, maybe in a horseshoe facing the door. Chair/VC and Clerk & Proper Officer facing Councillors to one side, and the public to sit on the side nearest the door. They could stand when they address the Council to help with the acoustics.</p> <p>PPE to be available?</p>
4. Meeting Environment	Transmission through air and touch.	<p>Socially distanced seating arrangement.</p> <p>Windows and doors to be left open to facilitate the free flow of air through the meeting room.</p>	<p>Capacity without social distancing is [to be completed] with tables and chairs and [to be completed] without tables. Without tables but people seated capacity is [to be completed].</p> <p>With social distancing, assuming 50% of capacity (ACRE advice), the main hall may be able to accommodate [to be completed].</p> <p>Need plan of chair set up</p> <p>Need to mark up the floor showing where the chairs go</p> <p>No formal handover of the chain of office to take place at the annual meeting.</p>

Risk	Description of risk	Mitigation Measures	Comments/Questions
5. Conduct of Meeting	Transfer though touch and air	<p>Councillors and public to remain socially distanced at all times.</p> <p>Wearing of masks except when speaking.</p> <p>Shouting to be avoided.</p> <p>The circulation of paper documents to be suspended.</p>	<p>Adjust the order of business to allow members of the public to leave, should they so wish, immediately after discussion of their item of interest.</p> <p>Clerk & Proper Officer to complete attendance list</p>
6. Wider Issues	<p>Councillors and staff do not feel safe attending meetings face to face meetings.</p> <p>Ensuring, given social distancing, that "sound systems" are available to ensure all meeting attendees can hear what is being said.</p>	Examine technological solutions to facilitate virtual attendance at meetings.	<p>Unless there is a change in the law, Councillors attending remotely will not be able to take part or vote, and their attendance will not be included in the Minutes.</p> <p>Suggest Councillors stand when addressing the meeting so their voices will carry better.</p> <p>Need to keep meeting "moving" so it does not last longer than necessary – NALC advice.</p> <p>Need to examine what technical solutions are available?</p>
	Track & trace	Need to take contact details of any members of the public attending.	

Carnforth Town Council
DRAFT PAYMENTS LIST 23 TO 34

Voucher	Cheque	Code	Name	Description	Amount
29		5 - Repairs & Maintenance	Travis Perkins	Repairs and maintenance - Civic Hall	8.24
23		18 - Administration	Staff	Salary	1,286.73
24		17 - Operations	Staff	Salary	1,261.20
28		80 - PAYE	HMRC	PAYE	512.55
<i>Month 1</i>					
30		5 - Repairs & Maintenance	Thomas Graham	Repairs and maintenance - Civic Hall	165.97
31		61 - Grounds Maintenance	Bay view garden centre	Compost	72.00
32		61 - Grounds Maintenance	DIY Supplies	Outdoor repairs and maintenance	10.80
33		61 - Grounds Maintenance	DIY Supplies	Outdoor repairs and maintenance	9.98
34		22 - Outdoor Maintenance Office	Terry Allum	Mileage	11.70
Subtotal No.					3,339.17
25	Credit Card	61 - Grounds Maintenance	Amazon	Weedkiller	45.98
27	Credit Card	70 - Service Charge	Lloyds Bank	Service Charge	3.00
Subtotal No. Credit Card					48.98
26	Direct Debit	3 - Water rates	Waterplus	Water and wastewater	266.09
TOTAL					3,654.24