



Redruth Civic Centre, Alma Place, Redruth, Cornwall TR15 2AT  
Tel No: 01209-210038 e-mail: admin@redruth-tc.gov.uk

Town Mayor: Cllr Ms D L Reeve

Town Clerk: P B Bennett

*Our Reference:*  
RTC/460/2/Mtg  
*Date:*  
14<sup>th</sup> October 2020

See Distribution

Dear Councillor

**Audit & Accounting Governance Committee Meeting – 19<sup>th</sup> October 2020**

You are summoned to attend a Meeting of the Redruth Town Council Audit & Accounting Governance Committee to be held virtually and remotely on Monday 19<sup>th</sup> October 2020. The meeting will commence promptly at 7:00 p.m.

The Agenda and associated papers are enclosed for your reference and information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'PB', with a long horizontal line extending to the right.

Peter Bennett  
Town Clerk

Enclosures:

Agenda and associated documentation.

Distribution:

Action:

Cllr Barnes  
Cllr Biscoe  
Cllr Mrs Biscoe  
Cllr Brown  
Cllr Mrs Davidson  
Cllr Garrick  
Cllr Ms Reeve  
Cllr Tregunna

Information:

All other Town Councillors  
Press & Public

## **Redruth Town Council**

### **Audit & Accounting Governance Committee Meeting – 19<sup>th</sup> October 2020**

#### **AGENDA**

##### **PART I – PUBLIC SESSION**

1. To confirm members can communicate with others at the meeting and to receive apologies for absence.
2. Members to declare any disclosable pecuniary interests or non-registerable interests (including details thereof) in respect of any item(s) on this Agenda.
3. *To suspend Standing Orders to allow the public to speak.*
4. To allow the public to put questions to the Council on any item on this agenda.
5. *To reinstate Standing Orders.*
6. To confirm the Minutes of the:
  - 6.1 Meeting of the Audit & Accounting Committee held on 20<sup>th</sup> January 2020. [Minutes attached]
7. Town Clerk's Report. [See report attached]
8. To receive an Interim Internal Audit Report for Year Ended 31st March 2021 from the Independent Internal Auditor. [See report attached]
9. To review Income/Expenditure for the period ending September 2020. [See schedule attached]
10. To consider and approve the consolidation of Ear Marked Reserves. [See report attached]
11. To review the effectiveness of our system of internal audit Internal Controls. [See report attached]
12. To Review the Town Council's Risk Assessment of Financial Management. [See report attached]



The Chambers, Penryn Street, Redruth, Cornwall TR15 2SP  
Tel No: 01209-210038 e-mail: admin@redruth-tc.gov.uk

**Town Mayor: Cllr Ms D L Reeve**

**Town Clerk: P B Bennett**

Minutes of a Meeting of the Redruth Town Council Audit & Accounting Governance Committee held in The Council Chamber, The Chambers, Penryn Street, Redruth on Monday 20<sup>th</sup> January 2020

Present: Cllr S Barnes Chairman  
Cllr M Brown  
Cllr Mrs J Davidson  
Cllr Ms D Reeve  
Cllr J Tregunna

In attendance: P B Bennett Town Clerk

**PART I – PUBLIC SESSION**

**1348.1 Apologies for absence.**

1348.1.1 Apologies were received from Cllr Garrick (other commitments), and Cllrs Biscoe and Mrs Biscoe (both unwell).

**1348.2 Members to declare any disclosable pecuniary interests or non-registerable interests (including details thereof) in respect of any item(s) on this Agenda.**

1348.2.1 None.

**1348.3 To confirm the minutes of:**

*The Audit & Accounting Governance Committee Meeting held on 21<sup>st</sup> October 2019:*

1348.3.1 RESOLVED by a majority that the minutes of the Audit & Accounting Governance Committee Meeting held on Monday 21<sup>st</sup> October 2019 were a true and accurate record of proceedings. [Proposed: Cllr Brown; Seconded: Cllr Mrs Davidson]. Cllr Tregunna abstained as he was not present at the meeting.

*The Extraordinary Meeting of the Audit & Accounting Governance Committee held on 18<sup>th</sup> November 2019:*

1348.3.2 Unanimously RESOLVED by a majority that the minutes of the Extraordinary Audit & Accounting Governance Committee Meeting held on Monday 18<sup>th</sup> November 2019 were a true and accurate record of proceedings. [Proposed: Cllr Brown; Seconded: Cllr Ms Reeve].

**1348.4 Town Clerk's Report**

1348.4.1 The Town Clerk's report had been circulated prior to the meeting and was noted. He also advised Members that the process for "Making Tax Digital" is now operational.

- 1348.5 **To review Income & Expenditure for the quarter ending December 2019**
- 1348.5.1 Unanimously RESOLVED that the Income & Expenditure for the period ending December 2019 is agreed and meets the expected budgetary requirements. [Proposed: Cllr Ms Reeve; Seconded: Cllr Mrs Davidson]
- 1348.6 **To receive a report from Committee Members responsible for carrying out Internal Control checks for 3<sup>rd</sup> Quarter 2019-2020**
- 1348.6.1 A report on the Internal Control checks carried out by Cllrs Brown and Ms Reeve was circulated prior to the meeting. They were thanked for their work and for preparing the report, which was discussed in some depth.
- 1348.6.2 Unanimously RESOLVED that the report on internal controls for the third quarter of Financial Year 2019-20 with recommendations be accepted. [Proposed: Cllr Brown; Seconded: Cllr Ms Reeve]
- 1348.6.3 It was agreed that Cllrs Mrs Davidson and Tregunna be appointed to carry out the next set of Internal Control checks, reporting to the next committee meeting in April 2020.
- 1348.7 **To review the effectiveness of our system of internal audit Internal Controls**
- 1348.7.1 A report had been circulated prior to the meeting outlining the system of internal audit procedures currently used by the Council during FY 2019-20. This matter was considered and discussed in depth.
- 1348.7.2 Unanimously RESOLVED that the committee make a recommendation to Council that our system of internal audit for FY 2019-20 is considered effective and meets the requirements of the Council. [Proposed: Cllr Ms Reeve; Seconded: Cllr Tregunna]
- 1348.8 **To review the Town Council's Risk Assessment of Financial Management**
- 1348.8.1 Members considered a report circulated prior to the meeting outlining the Council's Risk Assessment of Financial Management.
- 1348.8.2 Unanimously RESOLVED that the Council's Risk Assessment of Financial Management is considered effective and meets the requirements of the Council. [Proposed: Cllr Tregunna; Seconded: Cllr Mrs Davidson]

**Chairman**

**Redruth Town Council**

**Town Clerks Report – Audit & Accounting Governance Committee**

**Meeting Date: 19<sup>th</sup> October 2020**

<b>Min No</b>	<b>Item</b>	<b>Action</b>	<b>Response</b>
1348.6	Quarterly inspections by Committee Members	Recommence inspections	Two Members to be nominated to carry out inspection and report to next meeting in January 2021.
Other	Town Council Accounts for year ended 31 <sup>st</sup> March 2020.	AGAR and other documentation submitted following approval at Council meeting held on 6 <sup>th</sup> July 2020.	Awaiting External Auditor response



**HUDSON ACCOUNTING LTD.  
INTERIM INTERNAL AUDIT REPORT:  
TO THE MEMBERS OF REDRUTH TOWN COUNCIL  
YEAR ENDED 31ST MARCH 2021**

**ISSUE DATE: 01/10/2020  
ISSUED TO: TOWN CLERK**

**INTRODUCTION:**

Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

**Scope:**

The scope of the audit covers, as a minimum, the areas included in the Internal Audit Report contained in the Annual Governance & Accountability Return.

Any areas not covered at this interim stage will be included later in the year or during the final audit activity.

**Approach:**

Audit work is carried out in line with the Chartered Institute of Public Finance and Accountancy's Internal Audit Standards and guidance issued by the National Association of Local Councils.

Where applicable we have included reference to 'proper practice' and the associated guidance as laid out in 'Governance & Accountability for Smaller Authorities in England' which is applicable to financial years from 1st April 2020.

Selective testing was carried out and the relevant policies, procedures and controls were reviewed. Due to the Coronavirus pandemic most testing was carried out remotely using both electronic and hard copy documentation.

**GENERAL COMMENTS:**

We would like to thank the staff for their assistance and co-operation during the audit.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In giving our internal audit opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is a reasonable assurance that there are no major weaknesses in risk management, governance, and control processes. The audit does not guarantee that the accounting records are free from fraud or error.

We have provided a table of audit recommendations that allow for the Council's response which can be used as an ongoing monitoring tool. We would be grateful if, in due course, it is completed and returned to us.

## **AUDIT COMMENTARY:**

Items in **bold text** within the body of the report represent our findings in respect of the application of controls, text in *italics* represent suggested actions that fall short of being a formal recommendation or do not necessarily pertain to the application of internal controls.

### **Previous Recommendations**

The position in respect of previous recommendations is set out in the attached Internal Audit Response Record.

### **Accounting Records**

The accounts are maintained on RBS accounting software; they were up to date and appeared free from material errors.

### **Financial Regulations**

Financial Regulations were last reviewed in September 2019.

### **Payments**

A sample of payments was tested to establish whether the spending decision, procurement process, certification and approval for payment were in line with Financial Regulations as well as ensuring that payments were supported by invoices, VAT was correctly accounted for and payment controls were applied.

*Procurement:*

Transactions requiring procurement financial regulations to be applied all originated in the last financial year formed part of last year's audit.

*Payment:*

Payments were supported by invoices and other expenditure controls had been consistently applied.

*VAT:*

VAT had been accurately recorded.

### **Risk**

*Risk Assessment:*

The council has yet to review its risk management arrangements in the current financial year.

*Insurance:*

Statutory insurances are in place and the Fidelity Guarantee is adequate at £2 million.

*Investment Strategy:*

The Investment Strategy requires review as one must be produced for each financial year.

### **Budgets**

*Setting:*

We reviewed the 2020/21 budget setting process as part of our final audit work in 2019/20 and will review the 2021/22 process later in the year.

*Monitoring:*

Covid disruptions to the meeting schedule has meant that the Audit Committee has not met, and budget monitoring information has therefore not been provided to Members.

A meeting is scheduled for this month when detailed scrutiny will take place, however



the impacts have been small with the savings on festivals outweighing any loss of income.

#### **Income**

Systems were tested to ensure that suitable controls are in place to ensure that all income is received in a timely manner, that charges are correctly applied and that any cash received is promptly receipted and banked.

*Precept:*

The precept payment received is in accord with that set by the Council.

*Other income:*

Most other income has either ceased or been severely curtailed by the pandemic so there is nothing to test at this stage, thus it will be tested later in the year.

*Rental income:*

A rent holiday has been agreed with tenants, which is subject to review.

#### **Payroll**

*2020/21 pay award:*

The national pay award has been accurately implemented and back-pay correctly calculated.

*New Starters:*

A new member of staff has been issued with a contract of employment which is accurately reflected in the payroll.

*Re-gradings:*

One member of staff has received their annual increment which has been accurately implemented.

*Tax, NI & Pensions:*

PAYE and pension deductions have been properly applied and paid in a timely manner.

The pay award has potentially affected the pension deductions of one Member of staff (but not if the whole year is taken into account); this should be clarified with the pension authority.

#### **Bank Reconciliations**

Bank reconciliations have been carried out on a monthly basis- August's was found to be accurate and there are no old un-presented payments or 'balancing' entries.

#### **Electors Rights**

The Annual Governance Statement and Accounting Statements were properly approved by Full Council and its obligations were met in respect of advertising the rights of the public to inspect the accounts and in publishing the requisite documentation.

INTERNAL AUDIT RESPONSE RECORD – REDRUTH TOWN COUNCIL

No	Recommendation	Management Response	Timescale/ Responsibility	Follow Up (for auditor use)
<b>INTERIM REPORT 2018/19</b>				
2	The accounting system is used to manage the budget setting process and the use of earmarked reserves and that income budgets included Council Tax Support Grant are input into the system.	Agreed		Income still not in system – test 2020/21 – smaller income streams and CTSG excluded from budget acting as a ‘contingency’ Transparency would be improved (without affecting the overall budget) if they were included along with a contingency.

**REPORT FOR: Audit & Accounting Governance Committee Meeting of 19<sup>th</sup> October 2020**

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**1.0 SUBJECT OF REPORT: To review Income & Expenditure for the quarter ending September 2020**

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**2.0 SUMMARY OF IMPLICATIONS**

- a. Policy - No
- b. Financial - Yes
- c. Legal - No

**3.0 TERMS OF REFERENCE**

3.1 To brief Members on income and expenditure on the year to September 2020 and the effect of the Covid -19 pandemic on finances to date.

**4.0 REPORT**

4.1 Attached for your information is the summary of income and expenditure (I&E) for the year to the end of September 2020. This report gives a brief outline of the current position. Whilst most budget headings are as expected there are some which should be brought to your attention because of the pandemic:

4.2 General

Financially we have come through the pandemic fairly unscathed in my opinion. As we do not rely on large income-generating assets our losses have been minimal, and these have been offset to a degree by the non-payment of expected contracts.

4.3 Income

Income from the Precept and Council Tax Support grant have been unaffected by the pandemic – we have received what we requested/expected. The main area of loss amounting to circa £13.5k was for the rental of the Market Way Units which was suspended from 1<sup>st</sup> April, under delegated powers, as under the guidelines all units were shut and most of the unit holders had to shield.

4.4 Expenditure

Generally, our planned expenditure has been less than expected. This is due mainly to the cancellation of the planned festivals; floral displays not taking place; and no contract work on toilets, security etc. during lockdown. Unplanned expenditure associated with the pandemic namely PPE and similar products have been made utilising the Floral Display budget which was not used this year. Expenditure on "town re-opening" Covid safety matters (some £4k to date) has been used through our accounts, but we have been given a grant of up to £15k to cover this expenditure which will be recovered before the end of the financial year.

Staffing costs are down slightly due to no overtime requirements in both the library during lockdown, and through the cancellation of the festivals. We did not make use of the furlough scheme, as payment for the staff salaries are included within the Precept and none of our posts are dependent on income generating sources. Similarly, fuel costs have been reduced due to non-use of vehicles/machinery during lockdown.

4.5 Market Way Unit rents

As previously identified, we suspended the rental payments for the Market Way unit holders with effect from 1<sup>st</sup> April. It is therefore perhaps sensible to review the situation having given them 6 months rent-free, in addition to the grant aid that most of them were able to access. All unit holders have now returned to some sort of trading. I would therefore recommend that for the remainder of 2020, including October, we charge them 50% of the agreed rents, resuming to 100% charges from January 2021. Of course, these charges would be subject to changes in national guidelines assuming that Council wishes to make a similar gesture as was done during the national lockdown.

5.0 **RECOMMENDATIONS**

5.1 It is requested that the committee consider the report and in particular the recommendation in para 4.5.

P B Bennett  
Town Clerk & Responsible Financial Officer

## Detailed Income &amp; Expenditure by Budget Heading 30/09/2020

Month No: 6

## Cost Centre Report

	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent
<b>101 Administration-Staff Costs</b>						
4101 Wages/Salaries	117,032	273,551	156,519		156,519	42.8%
4102 Tax/NIC	22,241	60,894	38,653		38,653	36.5%
4104 Pensions	25,095	63,628	38,533		38,533	39.4%
Administration-Staff Costs :- Indirect Expenditure	<b>164,368</b>	<b>398,073</b>	<b>233,705</b>	<b>0</b>	<b>233,705</b>	<b>41.3%</b>
<b>Net Expenditure</b>	<b>(164,368)</b>	<b>(398,073)</b>	<b>(233,705)</b>			
<b>102 General Administration</b>						
1100 Income-Miscellaneous	60	0	(60)			0.0%
1176 Precept Received	720,615	0	(720,615)			0.0%
1177 CTSG Received	32,725	0	(32,725)			0.0%
1190 Interest Received	450	0	(450)			0.0%
General Administration :- Income	<b>753,849</b>	<b>0</b>	<b>(753,849)</b>			
4201 Stationery	442	1,000	558		558	44.2%
4202 Telephone/Internet	796	1,500	704		704	53.1%
4203 Mobile Phones	114	1,500	1,386		1,386	7.6%
4204 Annual Subscriptions	6,305	6,500	195		195	97.0%
4205 Photocopier Contract	793	1,650	857		857	48.1%
4206 Postage	498	700	202		202	71.1%
4207 Advertising	0	1,000	1,000		1,000	0.0%
4208 Audit	(1,200)	2,500	3,700		3,700	(48.0%)
4210 Mayor's Budget	0	2,000	2,000		2,000	0.0%
4212 Development Resources	942	1,000	58		58	94.2%
4213 Tablets	1,557	2,500	943		943	62.3%
4214 Newspapers	0	260	260		260	0.0%
4215 Refreshments	20	400	380		380	5.0%
4216 Volunteer Support Fund	0	500	500		500	0.0%
4217 Lib Events & Activities	0	500	500		500	0.0%
4220 Miscellaneous Expenses	0	200	200		200	0.0%
4221 Loan Repayment	8,802	17,532	8,730		8,730	50.2%
4703 Office Equipment	118	0	(118)		(118)	0.0%
General Administration :- Indirect Expenditure	<b>19,186</b>	<b>41,242</b>	<b>22,056</b>	<b>0</b>	<b>22,056</b>	<b>46.5%</b>
<b>Net Income over Expenditure</b>	<b>734,663</b>	<b>(41,242)</b>	<b>(775,905)</b>			
6001 less Transfer to EMR	16,362					
<b>Movement to/(from) Gen Reserve</b>	<b>718,301</b>					

## Detailed Income &amp; Expenditure by Budget Heading 30/09/2020

Month No: 6

## Cost Centre Report

	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent
<b>201 Christmas Festival</b>						
4220 Miscellaneous Expenses	0	100	100		100	0.0%
4304 Christmas Lights	17,159	17,200	41		41	99.8%
4305 Christmas Events	0	6,000	6,000		6,000	0.0%
Christmas Festival :- Indirect Expenditure	<u>17,159</u>	<u>23,300</u>	<u>6,141</u>	<u>0</u>	<u>6,141</u>	<u>73.6%</u>
<b>Net Expenditure</b>	<u>(17,159)</u>	<u>(23,300)</u>	<u>(6,141)</u>			
<b>202 Section 137 Floral Displays</b>						
4306 Floral Displays	0	15,000	15,000		15,000	0.0%
Section 137 Floral Displays :- Indirect Expenditure	<u>0</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>	<u>0.0%</u>
<b>Net Expenditure</b>	<u>0</u>	<u>(15,000)</u>	<u>(15,000)</u>			
<b>203 Administration Services</b>						
4207 Advertising	308	2,200	1,892		1,892	14.0%
4701 Elections	0	5,000	5,000		5,000	0.0%
4703 Office Equipment	0	500	500		500	0.0%
4706 Council Website	140	700	560		560	20.0%
4708 Training	360	7,500	7,140		7,140	4.8%
4709 Donations	0	5,000	5,000		5,000	0.0%
4710 Christmas Goodwill	0	500	500		500	0.0%
4711 Youth Council	0	1,500	1,500		1,500	0.0%
4715 Town Website	690	400	(290)		(290)	172.5%
4716 Remembrance	0	850	850		850	0.0%
4718 Town Guide	3,035	6,200	3,165		3,165	49.0%
4719 C4L	0	2,500	2,500		2,500	0.0%
4720 Plastic Champion	0	500	500		500	0.0%
Administration Services :- Indirect Expenditure	<u>4,533</u>	<u>33,350</u>	<u>28,817</u>	<u>0</u>	<u>28,817</u>	<u>13.6%</u>
<b>Net Expenditure</b>	<u>(4,533)</u>	<u>(33,350)</u>	<u>(28,817)</u>			
<b>204 RIM&amp;PF</b>						
4401 Marshals	0	500	500		500	0.0%
4402 Music Acts	453	3,000	2,547		2,547	15.1%
4404 Marketing/Advertising	0	2,700	2,700		2,700	0.0%
4405 Equip/Toilets/Tables/Chairs	0	1,000	1,000		1,000	0.0%
4407 First Aid	0	460	460		460	0.0%
4408 Bunting	0	275	275		275	0.0%
4410 Marquees	0	750	750		750	0.0%
4413 Road Closures/Licenses	0	100	100		100	0.0%

## Detailed Income &amp; Expenditure by Budget Heading 30/09/2020

Month No: 6

## Cost Centre Report

	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent
4414 Hospitality	0	100	100		100	0.0%
4416 Fun Day	0	400	400		400	0.0%
4419 Generators	0	1,200	1,200		1,200	0.0%
4421 Electricity	0	50	50		50	0.0%
<b>RIM&amp;PF :- Indirect Expenditure</b>	<b>453</b>	<b>10,535</b>	<b>10,082</b>	<b>0</b>	<b>10,082</b>	<b>4.3%</b>
<b>Net Expenditure</b>	<b>(453)</b>	<b>(10,535)</b>	<b>(10,082)</b>			
<b><u>205 Murdoch</u></b>						
4401 Marshals	10	1,000	990		990	1.0%
4402 Music Acts	724	1,200	476		476	60.4%
4403 Street Ents	0	1,000	1,000		1,000	0.0%
4404 Marketing/Advertising	150	1,000	850		850	15.0%
4405 Equip/Toilets/Tables/Chairs	0	300	300		300	0.0%
4407 First Aid	0	460	460		460	0.0%
4408 Bunting	0	275	275		275	0.0%
4410 Marquees	0	900	900		900	0.0%
4411 Stage	0	900	900		900	0.0%
4412 Market Stalls	0	1,250	1,250		1,250	0.0%
4413 Road Closures/Licenses	0	420	420		420	0.0%
4415 Misc Expenses	210	300	90		90	69.9%
4418 Afternoon Dance	0	200	200		200	0.0%
4427 Schools	0	1,650	1,650		1,650	0.0%
<b>Murdoch :- Indirect Expenditure</b>	<b>1,094</b>	<b>10,855</b>	<b>9,761</b>	<b>0</b>	<b>9,761</b>	<b>10.1%</b>
<b>Net Expenditure</b>	<b>(1,094)</b>	<b>(10,855)</b>	<b>(9,761)</b>			
<b><u>206 St Piran Festival</u></b>						
4401 Marshals	0	350	350		350	0.0%
4402 Music Acts	0	3,000	3,000		3,000	0.0%
4405 Equip/Toilets/Tables/Chairs	0	250	250		250	0.0%
4406 Printing Programmes	0	500	500		500	0.0%
4408 Bunting	0	275	275		275	0.0%
4413 Road Closures/Licenses	0	75	75		75	0.0%
4430 Transport	0	350	350		350	0.0%
<b>St Piran Festival :- Indirect Expenditure</b>	<b>0</b>	<b>4,800</b>	<b>4,800</b>	<b>0</b>	<b>4,800</b>	<b>0.0%</b>
<b>Net Expenditure</b>	<b>0</b>	<b>(4,800)</b>	<b>(4,800)</b>			
<b><u>207 Amenities Services</u></b>						
4601 Non-domestic Business Rate	3,182	0	(3,182)		(3,182)	0.0%

## Detailed Income &amp; Expenditure by Budget Heading 30/09/2020

Month No: 6

## Cost Centre Report

	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent
4604 Electricity	93	0	(93)		(93)	0.0%
Amenities Services :- Indirect Expenditure	<u>3,275</u>	<u>0</u>	<u>(3,275)</u>	<u>0</u>	<u>(3,275)</u>	
<b>Net Expenditure</b>	<b><u>(3,275)</u></b>	<b><u>0</u></b>	<b><u>3,275</u></b>			
<b><u>210 Other Services</u></b>						
4501 Purchases & Works	3,374	6,500	3,126		3,126	51.9%
4506 Signs	0	5,500	5,500		5,500	0.0%
4507 Town Clock Maintenance	246	1,500	1,254		1,254	16.4%
4514 CCTV Monitoring	8,008	8,000	(8)		(8)	100.1%
4515 CCTV R&M	1,543	4,100	2,557		2,557	37.6%
4516 CCTV Capital	0	3,500	3,500		3,500	0.0%
4520 Weed Control	4,772	5,000	228		228	95.4%
4521 Vehicle Fuel	334	2,500	2,166		2,166	13.4%
4522 Machinery Fuel	131	1,000	869		869	13.1%
4523 Floral Displays	4,287	0	(4,287)		(4,287)	0.0%
4524 GWaT Maintenance	2,812	5,000	2,188		2,188	56.2%
Other Services :- Indirect Expenditure	<u>25,506</u>	<u>42,600</u>	<u>17,094</u>	<u>0</u>	<u>17,094</u>	<u>59.9%</u>
<b>Net Expenditure</b>	<b><u>(25,506)</u></b>	<b><u>(42,600)</u></b>	<b><u>(17,094)</u></b>			
<b><u>301 The Chamber</u></b>						
4209 Insurance	6,250	6,250	0		0	100.0%
4601 Non-domestic Business Rate	6,437	10,600	4,164		4,164	60.7%
4602 Gas	258	2,000	1,742		1,742	12.9%
4603 Water	852	500	(352)		(352)	170.4%
4604 Electricity	2,326	500	(1,826)		(1,826)	465.2%
4605 Waste	403	0	(403)		(403)	0.0%
4606 Lifts	85	420	335		335	20.2%
4610 Building Maintenance	75	10,000	9,925		9,925	0.8%
4611 Air Conditioning	0	800	800		800	0.0%
4615 Hygiene Contracts	0	360	360		360	0.0%
4616 Security Systems	0	350	350		350	0.0%
The Chamber :- Indirect Expenditure	<u>16,686</u>	<u>31,780</u>	<u>15,094</u>	<u>0</u>	<u>15,094</u>	<u>52.5%</u>
<b>Net Expenditure</b>	<b><u>(16,686)</u></b>	<b><u>(31,780)</u></b>	<b><u>(15,094)</u></b>			
<b><u>302 Market Way</u></b>						
1002 Income - MW Retail	1,133	0	(1,133)			0.0%
Market Way :- Income	<u>1,133</u>	<u>0</u>	<u>(1,133)</u>			



## Detailed Income &amp; Expenditure by Budget Heading 30/09/2020

Month No: 6

## Cost Centre Report

	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent
4209 Insurance	3,424	0	(3,424)		(3,424)	0.0%
4220 Miscellaneous Expenses	0	3,800	3,800		3,800	0.0%
4601 Non-domestic Business Rate	20,318	27,000	6,682		6,682	75.3%
4602 Gas	179	3,000	2,821		2,821	6.0%
4603 Water	0	3,000	3,000		3,000	0.0%
4604 Electricity	5,168	8,000	2,832		2,832	64.6%
4605 Waste	426	4,000	3,574		3,574	10.6%
4606 Lifts	0	420	420		420	0.0%
4607 Cleaning	5,853	12,500	6,647		6,647	46.8%
4610 Building Maintenance	7,783	5,000	(2,783)		(2,783)	155.7%
4611 Air Conditioning	0	1,500	1,500		1,500	0.0%
4615 Hygiene Contracts	655	2,000	1,345		1,345	32.7%
4616 Security Systems	369	1,500	1,131		1,131	24.6%
<b>Market Way :- Indirect Expenditure</b>	<b>44,174</b>	<b>71,720</b>	<b>27,546</b>	<b>0</b>	<b>27,546</b>	<b>61.6%</b>
<b>Net Income over Expenditure</b>	<b>(43,041)</b>	<b>(71,720)</b>	<b>(28,679)</b>			
<b>303 Library</b>						
1022 Income - Photocopy	9	0	(9)			0.0%
1028 Income - Seagull Sacks	14	0	(14)			0.0%
<b>Library :- Income</b>	<b>23</b>	<b>0</b>	<b>(23)</b>			
4214 Newspapers	0	340	340		340	0.0%
4601 Non-domestic Business Rate	129	0	(129)		(129)	0.0%
4603 Water	1,918	0	(1,918)		(1,918)	0.0%
4604 Electricity	2,953	0	(2,953)		(2,953)	0.0%
4605 Waste	107	0	(107)		(107)	0.0%
4610 Building Maintenance	168	0	(168)		(168)	0.0%
<b>Library :- Indirect Expenditure</b>	<b>5,274</b>	<b>340</b>	<b>(4,934)</b>	<b>0</b>	<b>(4,934)</b>	<b>1551.2%</b>
<b>Net Income over Expenditure</b>	<b>(5,251)</b>	<b>(340)</b>	<b>4,911</b>			
<b>304 Public Toilets</b>						
1085 Income - Toilets	80	0	(80)			0.0%
<b>Public Toilets :- Income</b>	<b>80</b>	<b>0</b>	<b>(80)</b>			
4601 Non-domestic Business Rate	1,649	3,500	1,852		1,852	47.1%
4603 Water	781	2,500	1,719		1,719	31.2%
4604 Electricity	281	1,000	719		719	28.1%
4607 Cleaning	2,326	10,500	8,174		8,174	22.2%
4610 Building Maintenance	28	1,000	972		972	2.8%
4615 Hygiene Contracts	420	375	(45)		(45)	112.0%
<b>Public Toilets :- Indirect Expenditure</b>	<b>5,484</b>	<b>18,875</b>	<b>13,391</b>	<b>0</b>	<b>13,391</b>	<b>29.1%</b>
<b>Net Income over Expenditure</b>	<b>(5,404)</b>	<b>(18,875)</b>	<b>(13,471)</b>			

## Detailed Income &amp; Expenditure by Budget Heading 30/09/2020

Month No: 6

## Cost Centre Report

	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent
<b>305 St Rumons Gardens</b>						
4603 Water	27	50	23		23	53.2%
4604 Electricity	1,324	320	(1,004)		(1,004)	413.7%
4605 Waste	867	860	(7)		(7)	100.8%
4610 Building Maintenance	0	500	500		500	0.0%
St Rumons Gardens :- Indirect Expenditure	<u>2,218</u>	<u>1,730</u>	<u>(488)</u>	<u>0</u>	<u>(488)</u>	<u>128.2%</u>
<b>Net Expenditure</b>	<b><u>(2,218)</u></b>	<b><u>(1,730)</u></b>	<b><u>488</u></b>			
<b>306 EEPF</b>						
4511 Grounds Maintenance	1,339	2,800	1,461		1,461	47.8%
4512 Play Equipment Inspections	69	250	182		182	27.4%
4513 Play Equipment Maintenance	0	1,500	1,500		1,500	0.0%
4605 Waste	978	970	(8)		(8)	100.8%
EEPF :- Indirect Expenditure	<u>2,385</u>	<u>5,520</u>	<u>3,135</u>	<u>0</u>	<u>3,135</u>	<u>43.2%</u>
<b>Net Expenditure</b>	<b><u>(2,385)</u></b>	<b><u>(5,520)</u></b>	<b><u>(3,135)</u></b>			
<b>307 Plain-an-Gwarry</b>						
4512 Play Equipment Inspections	301	250	(51)		(51)	120.2%
4513 Play Equipment Maintenance	0	1,500	1,500		1,500	0.0%
4605 Waste	612	620	8		8	98.8%
Plain-an-Gwarry :- Indirect Expenditure	<u>913</u>	<u>2,370</u>	<u>1,457</u>	<u>0</u>	<u>1,457</u>	<u>38.5%</u>
<b>Net Expenditure</b>	<b><u>(913)</u></b>	<b><u>(2,370)</u></b>	<b><u>(1,457)</u></b>			
<b>320 Capital Expenditure</b>						
4503 Climate Change	0	20,000	20,000		20,000	0.0%
4504 Bus Shelters	0	2,000	2,000		2,000	0.0%
4508 Compound Rent	1,000	2,000	1,000		1,000	50.0%
4510 Vehicles	6,758	17,700	10,942		10,942	38.2%
4603 Water	0	800	800		800	0.0%
4604 Electricity	0	800	800		800	0.0%
Capital Expenditure :- Indirect Expenditure	<u>7,758</u>	<u>43,300</u>	<u>35,542</u>	<u>0</u>	<u>35,542</u>	<u>17.9%</u>
<b>Net Expenditure</b>	<b><u>(7,758)</u></b>	<b><u>(43,300)</u></b>	<b><u>(35,542)</u></b>			
<b>999 Ear Marked Reserves</b>						
4902 Office Equipment EMR	6,109	6,109	0		0	100.0%
4903 Elections EMR	0	8,668	8,668		8,668	0.0%
4904 Playgrounds EMR	0	11,770	11,770		11,770	0.0%

## Detailed Income &amp; Expenditure by Budget Heading 30/09/2020

Month No: 6

## Cost Centre Report

	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent
4905 Grounds Equipment EMR	0	5,398	5,398		5,398	0.0%
4906 Footpaths EMR	0	333	333		333	0.0%
4907 Regeneration EMR	0	2,377	2,377		2,377	0.0%
4908 SK8 Park	0	24,066	24,066		24,066	0.0%
4909 Bus Shelters EMR	0	1,988	1,988		1,988	0.0%
4910 Station Hill Site EMR	0	1,200	1,200		1,200	0.0%
4911 Signs EMR	0	442	442		442	0.0%
4912 Training EMR	0	531	531		531	0.0%
4913 Website EMR	0	1,622	1,622		1,622	0.0%
4914 Building Contingency	0	16,882	16,882		16,882	0.0%
4915 Running Costs EMR	0	4,659	4,659		4,659	0.0%
4916 Fuel EMR	0	4,865	4,865		4,865	0.0%
4917 Receptions EMR	0	650	650		650	0.0%
4918 Tourism EMR	95	1,251	1,156		1,156	7.6%
4920 Building Development EMR	0	1,390	1,390		1,390	0.0%
4921 Neighbourhood Plan EMR	1,830	2,343	513		513	78.1%
4922 Members Allowances EMR	183	1,952	1,769		1,769	9.4%
4923 Vehicles EMR	1,589	1,589	0		0	100.0%
4924 Mayors Allowance EMR	0	3,466	3,466		3,466	0.0%
4925 CCTV	0	2,719	2,719		2,719	0.0%
4926 Building Maintenance EMR	0	23,125	23,125		23,125	0.0%
4927 Public Realms	0	10,084	10,084		10,084	0.0%
4928 Christmas Lights EMR	0	1,479	1,479		1,479	0.0%
4929 Transition	32,296	46,834	14,538		14,538	69.0%
4930 Town Trail Leaflets	0	5,637	5,637		5,637	0.0%
4931 Toilets	949	15,348	14,399		14,399	6.2%
4932 Roundabouts	0	4,377	4,377		4,377	0.0%
4933 Kresen Kernow	0	2,815	2,815		2,815	0.0%
4934 Bunting/Flags	0	2,427	2,427		2,427	0.0%
4935 Youth Council	0	1,410	1,410		1,410	0.0%
4936 Redruth Community Centre	0	9,000	9,000		9,000	0.0%
4937 Legacy	0	2,500	2,500		2,500	0.0%
4939 Pensions EMR	0	1,990	1,990		1,990	0.0%
4940 Events Contingency EMR	4,365	4,983	618		618	87.6%
4941 Memorial Day EMR	0	140	140		140	0.0%
4942 Advertising EMR	0	2,860	2,860		2,860	0.0%
4943 Market Way EMR	0	12,976	12,976		12,976	0.0%
4944 Library EMR	18,693	0	(18,693)		(18,693)	0.0%
4945 PWLB EMR	18,000	18,000	0		0	100.0%
4946 CIL	(11,243)	0	11,243		11,243	0.0%
<b>Ear Marked Reserves :- Indirect Expenditure</b>	<b>72,866</b>	<b>272,255</b>	<b>199,389</b>	<b>0</b>	<b>199,389</b>	<b>26.8%</b>
<b>Net Expenditure</b>	<b>(72,866)</b>	<b>(272,255)</b>	<b>(199,389)</b>			
6000 plus Transfer from EMR	84,109					
6001 less Transfer to EMR	11,243					

## Detailed Income &amp; Expenditure by Budget Heading 30/09/2020

Month No: 6

## Cost Centre Report

	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent
<b>Movement to/(from) Gen Reserve</b>	<u>0</u>					
<b>Grand Totals:- Income</b>	<b>755,085</b>	<b>0</b>	<b>(755,085)</b>			<b>0.0%</b>
<b>Expenditure</b>	<b>393,332</b>	<b>1,027,645</b>	<b>634,313</b>	<b>0</b>	<b>634,313</b>	<b>38.3%</b>
<b>Net Income over Expenditure</b>	<u><b>361,753</b></u>	<u><b>(1,027,645)</b></u>	<u><b>(1,389,398)</b></u>			
plus Transfer from EMR	84,109					
less Transfer to EMR	27,605					
<b>Movement to/(from) Gen Reserve</b>	<u><b>418,257</b></u>					

## REDRUTH TOWN COUNCIL

### REPORT FOR: Audit & Accounting Governance Committee Meeting of 19<sup>th</sup> October 2020

#### 1.0 SUBJECT OF REPORT: To review and consolidate Ear Marked Reserves (EMRs)

#### 2.0 SUMMARY OF IMPLICATIONS

- a. Policy - No
- b. Financial - Yes
- c. Legal - No

#### 3.0 TERMS OF REFERENCE

3.1 To review and consolidate Ear Marked Reserves (EMRs) held by the Town Council.

#### 4.0 REPORT

- 4.1 Over the years we have had occasion to transfer underspent budgets to our Ear Marked Reserves (EMRs) to ensure that we maintained a level of reserves necessary to complete our business. However, these EMRs have been put into headings that means we are unlikely to spend them going forward. Coupled with the recent need to review finances across the board in the light of the effect on finances due to the pandemic, it is recommended that we review our EMRs and readjust accordingly. It is not the intention to reduce the level of EMRs held, merely to re-allocate within existing headings to enable spend to be more flexible and to reduce the number of EMR heading currently used.
- 4.2 Detailed below, is the recommended variations we make to the EMRs, and attached is showing these variations made with the year end totals showing no change to the overall level of EMRs following the changes:

<b>From</b>	<b>Code</b>	<b>To</b>	<b>Code</b>	<b>Amount (£)</b>
Fuel	4916	Elections	4903	4865
Footpaths	4906	Gnds Equipment	4905	333
Bldg development	4920	Bldg Contingency	4914	1390
Bldg Maintenance	4926	Bldg Contingency	4914	23125
Public Realms	4927	Transition	4929	8084
Kresen Kernow	4933	Transition	4929	2815
Pensions	4939	Transition	4929	1990
Memorial Day	4941	Events Contingency	4940	140
Regeneration	4907	Transition	4929	2377
Members Allowances	4922	Transition	4929	1952

4.3 I believe these changes will allow greater flexibility in spend going forward without affecting the EMR values at the beginning of the financial year. Obviously spend has occurred against some of these headings during this FY to date, but these just show start of year values.

5.0 **RECOMMENDATIONS**

5.1 It is requested that the committee consider and approve the report.

P B Bennett  
Town Clerk & Responsible Financial Officer

	RESERVES 2020-21	Opening Balance	From/To	Vired	From/To	Vired	From/To	Vired	From/To	Vired	From/To	Vired	From/To	Vired	Closing balance
4901	Town Clock	0													0
4902	Office Equipment	6109													6109
4903	Elections	8668	4916	4865											13533
4904	Playgrounds	11770													11770
4905	Grounds Equipment	5398	4906	333											5731
4906	Footpaths	333	4905	-333											0
4907	Regeneration	2377	4929	-2377											0
4908	SK8 Park	24066													24066
4909	Bus Shelters	1988													1988
4910	Station Hill Site	1200													1200
4911	Signs	442													442
4912	Training	531													531
4913	Website	1622													1622
4914	Building Contingency	16882	4920	1390	4926	23125									41397
4915	Running Costs	4659													4659
4916	Fuel	4865	4903	-4865											0
4917	Receptions	650													650
4918	Tourism	1251													1251
4919	St Rumon's Gardens	0													0
4920	Building Development	1390	4914	-1390											0
4921	Neighbourhood Plan	2343													2343
4922	Members Allowances	1952	4929	-1952											0
4923	Vehicles	1589													1589
4924	Mayors Allowance	3466													3466
4925	CCTV	2719													2719
4926	Building Maint	23125	4914	-23125											0
4927	Public Realms	10084	4929	-8084											2000
4928	Christmas Lights	1479													1479
4929	Transition	46834	4933	2815	4927	8084	4939	1990	4932	4377	4907	2377	4922	1952	68429
4930	Town Trail Lifts	5637													5637
4931	Toilets	15348													15348
4932	Roundabouts	4377	4929	-4377											0
4933	Kresen Kernow	2815	4929	-2815											0
4934	Bunting/Flags	2427													2427
4935	Youth Council	1410													1410
4936	Redruth Comm Centre	9000													9000
4937	Legacy	2500													2500
4939	Pensions	1990	4929	-1990											0
4940	Events Contingency	4983	4941	140											5123
4941	Memorial Day	140	4940	-140											0
4942	Advertising	2860													2860
4943	Market Way	12976													12976
4944	Library	0													0
4945	PWLB	18000													18000
		<b>272255</b>		<b>-41905</b>		<b>31209</b>		<b>1990</b>		<b>4377</b>		<b>2377</b>		<b>1952</b>	<b>272255</b>

**REPORT FOR: Meeting of the Audit & Accounting Governance Committee on 19<sup>th</sup> October 2020**

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**1.0 SUBJECT OF REPORT: To review the effectiveness of our system of internal audit for the year ending 31<sup>st</sup> March 2021**

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**2.0 SUMMARY OF IMPLICATIONS**

- a. Policy - Yes
- b. Financial - No
- c. Legal - Yes

**3.0 TERMS OF REFERENCE**

- 3.1 The regulations require larger authorities to carry out a review of the effectiveness of their system of internal audit at least once a year. This is not a requirement for smaller authorities (including town and parish councils) but it remains good practice and local councils should carry out a review periodically. When completing assertions 2, 6 and 7 in the annual governance statement in the annual return we should consider the outcomes of any review of internal audit. We carried out a review during the last financial year and would therefore recommend that we do so again during this financial year, particularly now that the audit of the accounts to the year ended 31<sup>st</sup> March 2020 have been completed.
- 3.2 Any review should balance the council's internal audit needs and usage. It should be designed to provide sufficient assurance for the council that standards are being met and that the work of internal audit is effective. Councils judge the extent and scope of the review by reference to their own individual circumstances.

**4.0 REPORT**

- 4.1 When carrying out a review a key point to note is that any review should be undertaken by the council. This is not a review that can be carried out by the external auditor or as part of the annual audit. Nor is it something that can be delegated to the clerk or RFO, and certainly not to internal audit. Although the internal audit provider cannot be allowed to influence the direction or extent of the review, it is good practice to seek their input into the process.
- 4.2 Attached is an updated copy of the Statement of Internal Controls which was approved by this committee at our meeting of January 2020. It reflects some slight changes in legislation and guidance amended since the last review. This document sets out quite clearly the practices and procedures that we currently have in place involving the practices of our independent internal auditor; those of this committee; and those of the Council. Whilst I believe that our current practices and procedures are more than adequate (they have not met with any adverse comments from our external auditors) Members should satisfy themselves that these practices and procedures meet the requirements of the Council, or make any amendments as seen necessary and report these findings to Council for approval.

**5.0 CONCLUSION**

- 5.1 A review of the effectiveness of our system of internal audit should be carried out at regular intervals. This report does this and recommends that our current practices and procedures meet our requirements.



6.0 **RECOMMENDATION**

- 6.1 It is recommended that Members consider this report and make a recommendation for Council to consider regarding the effectiveness of our internal audit practices and procedures.

P B Bennett  
Town Clerk &RFO

# **REDRUTH TOWN COUNCIL POLICY STATEMENT ON INTERNAL CONTROLS FOR THE YEAR ENDING 31<sup>st</sup> MARCH 2021**

## **1. SCOPE OF RESPONSIBILITY**

Redruth Town Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

## **2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at the Council for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts and, except for the details of significant internal control issues at section 5, accords with proper practice.

## **3. THE INTERNAL CONTROL ENVIRONMENT**

### **The Council:**

The Council is responsible for:

- establishing and monitoring the achievement of the Authority's objectives.
- The facilitation of policy and decision-making
- Ensuring compliance with established policies, procedures, laws and regulations
- The Council has delegated the overall management of risk to its Audit & Accounting Governance Committee (A&AG).
- The Council and all committees, the clerk and staff all contribute to the identification and management of risk. Any identified weaknesses in this area are addressed and actioned by the appropriate standing committee.
- Key staff are trained in health and safety, fire and general risk management and appropriate risk management software is used to regularise these processes.
- Through its standing orders and financial regulations the Council has put in place controls to ensure that best value and value for money are achieved in all larger purchases
- All committees of the Council receive regular and up to date reports on financial activities under their direction
- Performance is regularly monitored against financial and operational budgets

A Standing Committee of the Council, namely the Audit & Accounting Governance Committee has been established whose main responsibilities include:

- to monitor the Council's spending, balances and budgets throughout the financial year by regular checks and trusted information; and approve the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices prior to submission to Council for approval.

- Ensuring that an adequate system of internal control is maintained; including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness through a comprehensive review of procedures and regular checks of our activities throughout the year.
- ensuring 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 the Council to conduct its business or on its finances.
- Carrying out an assessment of the risks facing the Council and ensuring that appropriate steps to manage those risks are taken, including the introduction of internal controls and/or external insurance cover where required.

The work of the committee is supported by regular internal audit reports on systems, reports from the Clerk/ RFO and matters raised by the internal/external auditors and from other retained professional advisers. It receives and considers such reports promptly and agrees appropriate action to address identified weaknesses.

The Committee itself carries out a quarterly audit of the Council's accounts and procedures in line with the document attached. Each audit is reported to the next meeting of the A&AG where any matters raised are considered. Each check is carried out by two different members of the committee on each occasion so as to ensure that all Members familiarise themselves with the practices and procedures of the Council. As all Members of Council receive paperwork for A&AG meetings they are all aware of matters under discussion and are able to attend committee meetings whether they sit on committee or not.

The full Council meets 10 times each year and monitors progress against its aims and objectives at each meeting by receiving reports as necessary from the Town Clerk and the nominated Members.

#### **Clerk to the Council / Responsible Financial Officer:**

The Council has appointed a Clerk to the Council who acts as the Council's advisor and administrator. The Clerk is also the Council's Responsible Financial Officer (RFO) and is responsible for administering the Council's finances. The Clerk is responsible for the day to day compliance with laws and regulations that the Council is subject to and for managing risks. The Clerk also ensures that the Council's procedures, control systems and policies are adhered to.

#### **Payments:**

All payments are reported to the Council for approval, included in the minutes which are the available for public scrutiny on the Council website. Two Members of the Council must authorise every payment (through signature of invoices and/or cheques). Two Members of the Council monitor electronic bank statements regularly.

#### **Risk Assessments / Risk Management:**

The Council carries out regular risk assessments in respect of actions and regularly reviews its systems and controls.

#### **Internal Audit:**

In addition to the A&AG Committee audit responsibilities, the Council has appointed an Independent Internal Auditor who reports to the Council on the adequacy of its:

- records
- procedures
- systems
- internal control
- regulations
- risk management
- reviews

These checks follow the recommendations contained within Section 5 of the Governance and Accountability for Smaller Authorities in England – A Practitioners Guide (England) 2019

**External Audit:**

The Council’s External Auditors, PKF Littlejohn LLP, submit an annual Certificate of Audit, which is presented to the Council.

**4. REVIEW OF EFFECTIVENESS**

The Council has responsibility for conducting an annual review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the by the work of:

- the full Council;
- the Clerk to the Council/RFO who has responsibility for the development and maintenance of the internal control environment and managing risks;
- The A&AG Committee and the work on audit checks.
- the independent Internal Auditor who reviews the Council’s system of internal control;
- PKF Littlejohn LLP, the Council’s external auditors, who make the final check using the Annual Return, a form completed and signed by the Responsible Financial Officer, the Town Mayor and the Internal Auditor, and approved at a meeting of the Council.
- the number of significant issues that are raised during the year.

The A&AG Committee ensure that the effectiveness of the internal controls are assessed annually and that any recommendations are made to Council for discussion and approval.

**5. SIGNIFICANT INTERNAL CONTROL ISSUES**

No significant internal control issues were identified during the 2019-2020 financial year.

Whilst no significant internal control issues were identified during the year the Council strives for the continuous improvement of the system it has adopted for internal control and has addressed all the minor issues and weaknesses raised and reported during the review process.

.....  
Cllr C Garrick  
Chairman  
Audit & Accounting Governance Committee

.....  
P B Bennett  
Clerk to the Council & RFO

*These controls were approved at the meeting of the Audit & Accounting Governance Committee held on 19<sup>th</sup> October 2020*

**REPORT FOR: Meeting of the Council on 19<sup>th</sup> October 2020**

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**1.0 SUBJECT OF REPORT: To Review the Town Council's Risk Assessment of Financial Management**

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**2.0 SUMMARY OF IMPLICATIONS**

- |    |           |   |     |
|----|-----------|---|-----|
| a. | Policy    | - | Yes |
| b. | Financial | - | No  |
| c. | Legal     | - | Yes |

**3.0 TERMS OF REFERENCE**

3.1 As a corporate body it is necessary for the Town Council to have in place policies which will ensure the smooth and efficient running of the organisation. These policies should be reviewed from time-to-time, and at least on an annual basis.

**4.0 REPORT**

4.1 The Town Council Risk Assessment for Financial Management is due for review following this committee's review 9 months ago, and it should be completed within each financial year. Attached for your information is the extract from the Governance & Accountability in Local Council – A Practitioners' Guide (2019), which outlines our responsibilities associated with Assertion 5 of the Annual Governance statement which specifically deals with Risk Management. Also attached is a copy of the Risk Assessment itself which has been updated to include the recommendations of the A&AG Committee and internal auditor made last year and reflect other changes during the course of the last 12 months.

4.2 When comparing the guidance notes to our Risk Assessment you will note that ours essentially meets the recommendations of the Practitioners' Guide, along with the internal controls. Furthermore, in addition to the internal controls mentioned, a large number of the items raised are now covered either by the actions of the A&AG Committee, or are included within the Internal Audit Checks carried out by Members of the A&AG Committee.

**5.0 CONCLUSION**

5.1 The Risk Assessment of Financial Management needs to be reviewed on a regular basis and updated as necessary.

**6.0 RECOMMENDATION**

6.1 It is recommended that Members consider this report and approve that the risk assessment meets our current needs.

P B Bennett  
Town Clerk

## AGS assertion 5: Risk management

### Background

- 5.89. Risk is an uncertain event or condition that, if it occurs, will have an effect on the achievement of an authority's objectives. Risk management is the process whereby authorities methodically address the risks associated with what they do and the services which they provide. The focus of risk management is to identify what can go wrong and take proportionate steps to avoid this or successfully manage the consequences. Good risk management allows stakeholders to have increased confidence in the authority's corporate governance arrangements and its ability to deliver its priorities.
- 5.90. Risk management is not just about financial management; it is about protecting the achievement of objectives set by the authority to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation and reputation, and can impact on the ability to achieve desired outcomes. The authority generally and members individually are responsible for risk management.
- 5.91. Risk management is an ongoing activity that comprises four elements:
- identifying risks;
  - assessing risks;
  - addressing risks; and
  - reviewing and reporting.

### Identifying risks

- 5.92. In order to manage risk, an authority needs to know what risks it faces. Identifying risks is therefore the first step in the risk management process.
- 5.93. It is not possible to present a suggested list of the specific risks which authorities face as the range, nature, complexity and scale of the business of authorities vary. Similarly, the priorities and service delivery objectives of one authority will differ from those of others. For this reason each authority should identify, for itself, the key risks to achieving successfully its priorities and service objectives. However, there are some typical categories of risks that might help in the process of risk identification:
- financial – loss of money;
  - security – fraud, theft, embezzlement;
  - property – damage to property;
  - legal – breaking the law or being sued;
  - IT – failure of IT systems or misuse; and
  - reputational – actions taken could harm the authority's public reputation.

### Assessing risks

- 5.94. Once the authority has identified its key risks, the next step is to assess the potential consequences of a risk occurring (impact) and consider how likely this is (likelihood).
- 5.95. The assessment of potential impact and likelihood need not be any more complex than assigning a simple numerical score, say 1 – 3, and multiplying the two scores to arrive at a risk assessment for each risk of high, medium or low. The risk assessment enables

the authority to decide which risks it should pay most attention to when considering what measures to take to manage them.

5.96. Authorities could use a simple risk assessment matrix as follows:

Likelihood	Highly likely (3)	Medium (3)	High (9)	High (9)
	Possible (2)	Low (2)	Medium (4)	High (6)
	Unlikely (1)	Low (1)	Low (2)	Medium (3)
		Negligible (1)	Moderate (2)	Severe (3)
		Impact		

### Addressing risks

5.97. Risk is unavoidable, and every organisation needs to take action to manage risk in a way which it can justify to a level which is tolerable. The response to risk, which is initiated within the organisation, is called 'internal control' and may involve one or more of the following standard responses:

- **Tolerate** the risk - for risks where the downside is containable with appropriate contingency plans; for some where the possible controls cannot be justified (e.g. because they would be disproportionate); and for unavoidable risks, e.g. terrorism.
- **Treat** the risk - a common response which can mean imposing controls so that the organisation can continue to operate; or setting up prevention techniques.
- **Transfer** the risk – buying in a service from a specialist external body or taking out insurance. Some risks cannot be transferred, especially reputational risk.
- **Terminate** the activity giving rise to the risk - it may be best to stop (or not to start) activities which involve intolerable risks or those where no response can bring the risk to a tolerable level.

5.98. Areas where there may be scope to use insurance to help manage risk include the following:

- The protection of physical assets owned by the authority – buildings, furniture, equipment, etc. (loss or damage).
- The risk of damage to third party property or individuals as a consequence of the authority providing services or amenities to the public (public liability).
- The risk of consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party (consequential loss).
- Loss of cash through theft or dishonesty (fidelity guarantee).
- Legal liability as a consequence of asset ownership (public liability).

5.99. The limited nature of internal resources in most authorities means that those wishing to provide services often buy them in from specialist external bodies. Areas where there may be scope to work with others to help manage risk include the following:

- Security for vulnerable buildings, amenities or equipment.
- Maintenance for vulnerable buildings, amenities or equipment.
- The provision of services being carried out under agency/partnership agreements with principal authorities.
- Banking arrangements, including borrowing or lending.
- Ad hoc provision of amenities/ facilities for events to local community groups.
- Markets management.
- Vehicle or equipment lease or hire.
- Trading units (leisure centres, playing fields, burial grounds, etc.).
- Professional services (planning, architects, accountancy, design, etc.).

#### Reviewing and reporting

5.100. Once the key risks have been identified and assessed they should be recorded, for example in a risk register. Members should review the risk register not less than annually. This could be achieved by risk management being a standing item at authority or committee meetings.

5.101. An example of a simple risk register can be found in Appendix 1 on page 69.

5.102. Support for authorities wishing to improve their risk management arrangements, over and above that provided by this guidance, is available through training that may be requested from NALC, SLCC and ADA, or from other training providers. In identifying training needs, parish and town councils may wish to seek the professional input of their insurance provider and refer to various elements of the [National Training Strategy for town and parish councils in England](#).




## Redruth Town Council - Risk Assessment of Financial Management 2019-2020

Risks identified		Risk factor level - <i>High, Medium, Low</i>	Existing controls, precautions, arrangements, procedures	Are existing controls adequate? Yes/No	If no, what additional controls, precautions, arrangements, procedures are required?	Action to be taken by	Target date	Date completed and signature
No.	Risk							
<b>INSURABLE RISKS</b>								
1	The protection of physical assets owned by the council buildings, furniture, equipment, etc. (loss or damage)	H	An up to date register of assets and investments; · Regular maintenance arrangements for physical assets; · Ensuring the robustness of insurance providers as carried out by A&AG Cmttee.	Yes				
2	The risk of damage to third party property or individuals as a consequence of the council providing services or amenities to the public (public liability)	H	Regular inspections (recorded) of amenities; review of risk carried out throughout the year, and the adequacy of cover determined accordingly; regular maintenance arrangements for physical assets carried out on at least an annual basis	Yes				
3	The risk of consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party (consequential loss)	M	Annual review of risk and the adequacy of cover carried out by A&AG Committee.	Yes				

4	Loss of cash through theft or dishonesty (fidelity guarantee)	H	Regular audit of accounts and practices by A&AG Committee audit checks; annual review of risk and the adequacy of cover	Yes				
5	Legal liability as a consequence of asset ownership (public liability)	H	An up to date register of assets and investments; regular inspections and risk assessments	Yes				
6	The protection of Council employees against bodily injury, death, disease, illness or shock whilst in the employ of the Council (Employers Liability)	M	Annual review of risk and the adequacy of cover carried out by A&AG Committee.	Yes				
<b>POLICY</b>								
7	Keeping proper financial records in accordance with statutory requirements	H	Standing orders and financial regulations; Regular audit of financial records and proper arrangements for the approval of expenditure; reporting of accounts at all A&AG Committee meetings; monthly bank reconciliations carried out by RFO, independently reviewed by audit checks	Yes	On-going training of an additional member of staff in use of financial management software	RFO		
8	The provision of services being carried out under agency/partnership agreements with principal authorities	L	Regular reporting on performance by suppliers/ providers/ contractors; Annual review of contracts; · Clear statements of management responsibility for each service	Yes				

9	Banking arrangements, including borrowing or lending	L	Regular bank reconciliations, independently reviewed; Adoption of and adherence to codes of practice for procurement and investment	Yes				
10	Ensuring all business activities are within legal powers applicable to local councils	H	Standing orders and financial regulations regularly reviewed; regular scrutiny of financial records by A&AG Committee and proper arrangements for the approval of expenditure	Yes				
11	Complying with restrictions on borrowing	L	Procedures for dealing with and monitoring grants or loans made or received	Yes				
12	Ensuring that all requirements are met under employment law and Inland Revenue regulations	H	Regular returns to the Inland Revenue; contracts of employment for all staff, annually reviewed by the council, systems of updating records for any changes in relevant legislation; all checked as part of A&AG Committee audit checks and independent internal auditor	Yes				
13	Ensuring all requirements are met under Customs and Excise regulations (especially VAT)	H	Regular returns of VAT; training the responsible officer in matters of VAT and other taxation issues as necessary; all checked as part of A&AG Committee audit checks, and independent internal auditor.	Yes				
14	Ensuring the proper use of funds granted to local community bodies under specific powers or under section 137	M	Regular checks on limits carried out at Committee Meetings; regular budget monitoring statements at A&AG Committee meetings	Yes				

15	Meeting the requirements for the Local Council Award Scheme or other accreditation	M	N/A	N/A				
16	Register of members' interests and gifts and hospitality in place, complete, accurate and up to date	H	Adoption of codes of conduct for members; procedures in place for recording and monitoring members' interests and gifts and hospitality received	Yes				
	<b>PROCEDURES</b>							
17	Security/maintenance for vulnerable buildings, amenities or equipment	M	Meetings held with partners on at least an annual basis, and/or on request; regular meetings with staff to consider implications	Yes				
18	Ensuring the adequacy of the annual precept within sound budgeting arrangements	H	Developed systems of performance measurement; Regular budget monitoring statements at A&AG Committee Meetings	Yes				
19	Monitoring of performance against agreed standards under partnership agreements	M	Developing systems of performance measurement	Not applicable at present time				
20	Proper, timely and accurate reporting of council business in the minutes	H	Minutes properly numbered and paginated with a master copy kept in safekeeping	Yes				
21	Responding to electors wishing to exercise their rights of inspection	H	Documented procedures to deal with enquiries/complaints from the public	Yes				
22	Meeting the laid down timetables when responding to consultation invitation	M	Dealt with in timely manner based on Committee responses	Yes				

23	Proper document control	M	Documented procedures for document receipt, circulation, response, handling and filing	Yes				
24	Protection of accounting records against the possibility of computer failure	L	Implementation of Backup procedures: built in server back up & off site back up with Vision ICT	Yes				
Printed name of assessor: P B BENNETT (and by Meeting of A&AG Committee on 20th January 2020)								
Signature: 								
Date: 20th January 2020					Review Date: January 2021			