






Assessment Objective

To provide a selective assessment of the Council's Financial Controls for the Annual Return.

Background	Risk Assessment	Risk Reviewed
This report provides the Town Clerk, Business & Finance Manager, and the Council with a summary of the audit findings and that each of the expected key controls are operating and effective. Suggestions for enhancements to controls have been made in some minor areas. A copy of the Annual Governance and Accountability Return (AGAR) document has been provided separately to the Town Clerk.	Low Risk	Financial management is inadequate or ineffective resulting in financial loss for the Council or risk of fraud.

Areas for Improvement

	Whilst Financial Regulations were reviewed by officers during 2020/21, it does not appear that they were reviewed by the Council, as would be expected. The most up to date copy of both the Financial Regulations and Standing Orders should be available on the Council's website.
	The sample of expenditure payments demonstrated that in a number of cases, email authorisations to pay invoices were provided by an officer other than the budget holder and there were occasions where the invoice was signed but again this was not by the budget holder. A robust, consistent authorisation process should be implemented with the budget holder providing explicit approval to pay the invoice.
	The Council have planned to build up the required level of reserves over a 3-year period since inception in April 2019. Whilst reserves are sufficient at the end of 2020/21, the Council need to monitor these carefully to ensure that they increase to the required level by the end of the 2021/22 financial year.
	Due to the Covid-19 restrictions, it has not been possible for officers to undertake a formal process of checking assets to the asset register and it is advised that this should be carried out during 2021/22.
	Due to the sudden lockdown in March 2020, some immaterial 19/20 petty cash transactions have been included in the 2020/21 accounts. The spot checks that we advised in the 2019/20 audit of all petty cash tins has not taken place due to officers working from home during the year and should be undertaken during 2021/22. It also appears that in some instances, staff are handed cash prior to purchasing items and it is advised that cash should only be given out upon production of a receipt.

Audit Scope

We achieved the objective of this audit by reviewing the following controls, as operating during the 2020/21 Accounting Year:

1. Accounting records and bank reconciliations.
2. Financial Regulations and Standing Orders.
3. Risk management.
4. Budget setting and monitoring.
5. Income and debtor management and VAT recording.
6. Expenditure authorisations and VAT recording
7. Petty cash procedures
8. Payroll controls
9. Asset control
10. Bank reconciliations
11. Year-end accounts procedures
12. Exercise of public rights.
13. Prior year AGAR Publication Requirements compliance.

Summary

Overall, the Council has sufficiently maintained its key financial controls during 2020/21 despite Covid-19 forcing officers to work from home for the majority of the year which has resulted in controls in place being adapted to cope with changed remote working practices.

Additional detail around the areas for improvement has been provided verbally to the Business and Finance Manager, who has agreed to implement the required processes.