

TILEHURST PARISH COUNCIL

Minutes of the Annual Meeting held on-line on 4 May 2021

Present:

Councillors - Mr C Taylor (Vice-Chair),
Mr G Dennis, Ms A Foster, Mrs R Reynolds, Mrs J Lane,
Mrs M Murnane

District Councillors - None present

Public - Two

The Vice-Chair thanked everyone for attending especially Mrs Murnane, as her attendance had enabled the meeting to go ahead. He also welcomed Caroline Walter who was attending her first meeting, following her appointment as Administrative Assistant. He reminded Council Members that a restricted agenda had been set for this meeting and that only the subjects legally required would be discussed.

21/078 Election of Parish Council Chairman:

- a) Ms Foster proposed and Mrs Lane seconded that Mr K Page be re-elected as Council Chairman. There were no other nominations and members unanimously agreed to the proposal.
- b) Mr Page, who could not attend this meeting, had previously agreed to continue as Chairman if he was accepted. It was agreed that the acceptance of office as Council Chairman will be signed in front of the Clerk at a later date.

21/079 Election of Parish Council Vice-Chairman:

- a) Mr Dennis proposed and Mrs Lane seconded that Mr Taylor be elected as Vice-Chairman. There were no other nominations and members unanimously agreed to the proposal.
- b) Mr Taylor accepted the position, and it was agreed that the acceptance of office as Vice-Chairman will be signed in front of the Clerk at a later date.

21/080 Open Forum:

- a) Members of the public – there were no comments or questions
- b) Councillors – there were no comments or questions

21/081 Apologies for absence: Apologies for absence were received from Parish Councillors Mr K Page and Mr Marino; and from District Councillors Ms J Stewart, Mr R Jones, Mr R Somner, Mr T Lindon and Mr A Williamson

21/082 To Approve and Adopt the Annual Accounts for Financial year ending 31 March 2021:

- a) The annual accounts for the financial year ended 31 March 2021, including the final out-turn budget report and earmarked reserves, were unanimously approved. They

will be signed by the Chairman when the Clerk can deliver the paperwork to him, with the Clerk signing them thereafter.

- b) Members reviewed the expenditure for March and April 2021, which was retrospectively noted.

21/083 Audits:

- a) Internal Auditor's Final Report for 2020/21: It was reported by the Clerk that no issues were raised following the internal audit this year apart from a recommendation around Council investments.

Members unanimously accepted the Final Internal Audit Report for 2020/21. The effectiveness of the internal audit was reviewed and accepted as follows –

Background and Scope

Statute requires all Town and Parish Councils to implement an independent internal audit examination of their accounting records and system of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

This report sets out those areas examined during the course of our review of the Council for 2020-21, which took place on 24th November 2020 and 19th April 2021, together with our preparatory off site work. Due to the impact of the Covid-19 pandemic our review was completed remotely. We wish to thank the Clerk for providing all the information in electronic format to enable us to complete our work.

Internal Audit Approach

In undertaking the review for the year, there was regard to the materiality of transactions and the susceptibility to potential miss-recording or misrepresentation in the year-end Statement of Accounts. The programme of cover is designed to afford appropriate assurance that the Council has robust financial systems in place that operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework. The programme is also designed to facilitate our completion of the 'Internal Audit Report' which is part of the Council's AGAR process and requires independent assurance on eleven internal control objectives.

Overall Conclusion

It was reported that, on the basis of the work undertaken this year, it is concluded that the Clerk and her Administrative Team continue to operate effective financial control systems. We have made one recommendation aimed at strengthening control. The Internal Audit 'Report' was signed off in the AGAR, assigning positive assurance against the control objectives.

The report has been prepared for the sole use of Tilehurst Parish Council. To the fullest extent permitted by law, no responsibility or liability is accepted by Auditing Solutions Ltd to any third party who purports to use or rely, for any reason whatsoever, on the report, its contents or conclusions.

Detailed Report –

Maintenance of Accounting Records & Bank Reconciliations

The objective here is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. The Council uses the Rialtas financial ledger system to record its accounts maintaining one cash book with a combined reconciliation to the Lloyds treasurer's account and instant access business account. We have:

- Checked and agreed the opening Rialtas trial balance detail for 2020-21 with that in the closing Statement of Accounts/Rialtas trial balance for 2019-20;
- Confirmed the External Auditor raised no issues in respect of their work on 2019/20;
- Verified that the financial ledger remains "in balance" at the date of our two reviews by running a data check on the Rialtas system;
- Ensured that the cost and expenditure coding structure is appropriate for purpose;
- Agreed the reconciliation on the Cash Book at 30th September 2020, 31st October 2020, 28th February and 31st March 2021 from the Rialtas system to the bank statements;
- Agreed the transactions in the cash book as a sample to the October 2020 and March 2021 bank statements, including also the inter account transfers; and
- Discussed controls over the accounting records including arrangements for backing up the system to a remote location.

It was discussed with the Clerk arrangements for Member review of the accounting processes. It is understood that Members are sent a copy of the cash book on a monthly basis. It was further understood that an Internal Checker has been appointed whose remit is to sign off the bank reconciliations. The Independent Checker has not been able to come to the office to do this, but it was understood has been e-mailed a copy of the bank reconciliation and relevant bank statements and has checked them and e-mailed back to the Clerk confirming sight and accuracy. A wet signature will be provided on the original at a later date. Given the restrictions arising from the Covid-19 pandemic the arrangements as described are suitable.

No issues have been identified in this area of our review. The accounting system is being maintained in balance and bank reconciliations are completed with no out-of-date cheques or other anomalous adjusting items.

We ensured the accurate disclosure of year-end bank balances in the Statement of Accounts and AGAR.

Review of Corporate Governance

The objective is to ensure that the Council has a robust series of corporate governance documentation in place; that Council and Committee meetings are conducted in accordance with the adopted Standing Orders and that, as far as we are able to ascertain, no actions of a potentially unlawful nature have been or are being considered for implementation. We have:

- Reviewed the Council's minutes for the financial year to identify whether or not any issues exist that may have an adverse effect on the Council's future financial stability, either in the short or longer term: no such issues have been identified;
- Noted the Council reviewed and adopted its Financial Regulations on 11th August 2020. Also, we note the Council's Standing Orders were reviewed and adopted on 9th February 2021;
- Noted that payments over £500 are put on the Parish Council website which is good practice, this is up to date to December 2020;
- Noted the Council has been in negotiation with West Berkshire Council over the lease of the Pupil Referral Unit; and
- Reviewed the notice of public rights advertising the prior year's audit of accounts.

Conclusion

No issues arise in this area of our review.

Review of Expenditure

The aim is to ensure that:

- Council resources are released in accordance with the Council's approved procedures and budgets;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgment of receipt, where no other form of invoice is available;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount;
- The correct expense codes have been applied to invoices when processed; and
- VAT has been appropriately identified and coded to the control account for periodic recovery.

In order to ensure compliance with the above criteria, a sample of payments has been examined, namely all those individually in excess of £1,500 together with a more random sample of every 25th cashbook transaction irrespective of value, to 31st March 2021. Our test sample comprised 22 cash book payments plus the non-domestic rate bill from the Unitary Council and totalled £115,131, representing 66% of all non-pay related costs in the year. No matters were identified from the sample.

It was discussed with the Clerk the controls operated at the Council over the processing of payments.

It was noted that the Clerk continues to submit electronic quarterly VAT returns. We verified the four quarterly submissions confirming receipt of the amount reclaimed to the Rialtas cash book or in the case of the claim for the final quarter inclusion in the year end debtor's balance. We confirmed the Council recovered the balance of BAY owing at 31st March 2020 from the prior financial year agreeing the receipt to the cash book.

Conclusions

No issues have been identified in this area of the review payments are supported by appropriate paperwork.

Assessment and Management of Risk

The aim is to ensure that the Council has put in place appropriate arrangements to identify all potential areas of risk of both a financial and health and safety nature, whilst also ensuring that appropriate arrangements exist to monitor and manage those risks in order to minimise the opportunity for their coming to fruition. It was:

- Noted that the Council considered its risk assessment at the meeting on 9th February 2021. The risk assessment identifies financial risks assesses them and records controls or actions;
- Reviewed the Council's current insurance policy with Zurich. We note the Council continues to have cover in place for:
 1. Buildings insurance
 2. Business interruption insurance loss of revenue up to £110,000
 3. Public liability £12m
 4. Hirer's liability £2m
 5. Employer's liability £10m
 6. Motor vehicle cover and
 7. Fidelity guarantee £1m; and

Noted that the Council's in-house team inspect the play areas regularly and that these inspections are supplemented by an annual inspection by ROSPA.

Conclusions

Based on our work the Council has arrangements for managing risk.

Budgetary Control & Reserves

The objective is to ensure that the Council has a robust procedure in place for identifying and approving its future budgetary requirements and level of precept to be drawn down from the Unitary Council: also, that an effective reporting and monitoring process is in place. The aim is also to ensure that the Council retains appropriate funds in general and earmarked reserves to finance its ongoing spending plans, whilst retaining appropriate sums to cover any unplanned expenditure that might arise.

It was noted that Members continue to be provided with electronic income and expenditure reports prior to each Meeting, the Clerk using the standard reports from the Rialtas system.

The 2021/22 budget was agreed in draft at the meeting on 8th December 2020. Members were supported in their decision making by a report detailing for comparison the 2020/21 budget showing projected spend and 2021/22 proposals, it analysed revenue income and expenditure and capital projects. There was also a narrative report identifying key issues. Members agreed the precept at the Council meeting in January 2021 when the tax base had been confirmed.

The outturn income and expenditure was reviewed for 2020/21 comparing to prior years and, to the budget seeking explanations for key variances. We note the Council purchased play equipment in 2020/21 and received grants for CIL, both were tested to supporting documentation.

At 31st March 2021 earmarked reserves stood at £794,556 and general reserves £99,753. The general reserve equates to approximately four months spending at 2020/21 levels which is within the normal expected range for a parish council.

Conclusions

There are no matters arising from our review in this area requiring formal comment or recommendation.

Review of Income

In addition to the precept, the Council's principal source of income arises from its three community centre facilities with a range of regular and casual hire activities, together with sports pitch bookings. It was considered the internal audit work completed last year and reviewed the budget reports in Rialtas to direct our audit work this year. It was:

- Confirmed from the review of minutes that the Council continues to keep fees and charges under consideration;
- Discussed with the Clerk the reasons for variances in income compared to budget;
- Agreed the receipt of Community Infrastructure Levy (CIL) in the year of £104,324, to remittances from West Berkshire District Council.
- Tested income arising from the hire of sports pitches as recorded in Rialtas to the invoices confirming the fees levied were consistent with the agreed charges;
- Agreed the precept as recorded in the cash book to the amount set and approved in the Council minutes and to the list of precept demands published by the Ministry of Housing and Local Government;
- Reviewed the unpaid invoices report at the interim and year end stages of the audit; and
- As previously noted, we have agreed two month's income as recorded on the bank statements to the cash book, confirmed recovery of VAT and reviewed income streams year on year for any material variances.

Conclusion

No issues have been identified in this area of our work.

Petty Cash Account

In completing the internal audit section of the AGAR it is a requirement to comment on the Council's arrangements for operating petty cash.

The Council does not operate a petty cash account. Any out-of-pocket expenses incurred by the Clerk or her staff being reimbursed as required and approved in the same manner as all other supplier payments.

Conclusions

No issues have been identified in this area.

Review of Salaries

In examining the Council's payroll function, the aim is to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HM Revenue and Customs (HMRC) legislation as regards the deduction and payment over of income tax and NI contributions, together with meeting the

requirements of the revised local government pension scheme, in relation to employee contribution bandings. To meet the objectives it was:

- Noted that the payroll service continues to be outsourced to a third-party bureau provider (Moorepay Limited) and we discussed arrangements for processing the monthly pay;
- For three staff whose pay point had changed agreed their gross pay per the August payslip report to the minutes and the national pay scale;
- Tested the payroll summary report from the payroll provider for August 2020, showing salaries and tax/NI due, to the Council's accounting system and agreeing the payment to HMRC for the same month;
- Reperformed the calculation of tax and NI for the staff employed in August
 - 2020 (as a sample) by reference to the information on the payroll provider's reports;
- Confirmed the calculation of pension deductions for August 2020; and
- Completed a month-on-month trend analysis of payroll costs for the financial year to identify any material variances in costs during the year.

Conclusion

The Council continues to maintain satisfactory payroll arrangements. There was one non-material query which the Clerk investigated, specifically whether holiday pay in August 2020 should be subject to employer's local government pension contributions. The Clerk has contacted the Pension Administrator who has confirmed that holiday payments in lieu are not pensionable and that transactions completed in the accounts are correct.

Asset Registers

The Accounts and Audit Regulations 1996, (as amended periodically), require that all Councils establish and maintain inventories/asset registers of buildings, land, plant and equipment etc. owned by them.

The Council's asset register was obtained agreeing the year end value to the Accounts and AGAR. We confirmed additions in the year as recorded in the asset register to purchases per the accounts noting they were recorded in the asset register net of VAT as required.

Conclusions

Based on work carried out the asset register is correct and reported accurately in the Accounts and AGAR.

Investments

The objectives here are to ensure that the Council is "investing" surplus funds, be they held temporarily or on a longer term basis in appropriate banking and investment institutions, that an appropriate investment policy is in place, that the Council is obtaining the best rate of return on any such investments made, that interest earned is brought to account correctly and appropriately in the accounting records and that any loan repayments due to or payable by the Council are transacted in accordance with appropriate loan agreements. It is noted the Council:

- Has an approved investment strategy;
- Has been considering for some time investing surplus funds and is in the process of setting up an account with the CCLA and potentially is considering deposits with Lloyds; and
- The Council is holding significant funds in current or instant access accounts bearing little if any interest. At the time of our review the balance on these accounts totalled £896,228

Conclusions and recommendation

The Council has no loans.

Interest rates are very low, however, the Council is still missing out on potential income by not moving funds to either term deposits or other interest earning accounts. There is also a degree of risk, should the current account ever be hacked, of holding such a large amount in such accounts. Further there is a degree of risk to the Council holding such a large amount with one institution should that bank fail.

*R1. The Council should consider its cash flow requirements in the coming year and subject to meeting the requirements of its investment strategy consider moving substantial funds into low risk interest bearing accounts. The Council should consider the diversification of institutions holding its deposits. **The Clerk is in the process of setting up a CCLA account and is also looking into the options of moving monies into a 3 month and 6 month investment bond with Lloyds Bank. This latter option has been used in the past.***

Statement of Accounts / AGAR

The year end accounts prepared by DCK have been reviewed, tracing them back to the detailed working papers provided by the Council's accountants and then to the Rialtas system. In addition, the amounts in the draft AGAR have been agreed to the supporting records specifically verifying the accuracy of detail contained within the AGAR at Section 2 with no issues arising.

Conclusions

No issues have arisen in this area and, based on the work undertaken for the financial year, the Internal Audit Report in the AGAR has been signed off, assigning positive assurances in each relevant area. It was noted that at the time of the visit the Annual Governance Statement, section one of the AGAR, was not available for review.

- b) **To approve and complete the Annual Governance Statement 2020/21:** Members reviewed and approved the governance statement. Members agreed that this can be signed by the Chairman at a later date, when it can be delivered to him with the Clerk signing the document thereafter as it is a legal requirement that the Annual Governance Statement has a wet signature.
- c) **External Audit Section 2 – Approval of the Annual Return Accounting Statements:** The Annual Return Accounting Statement for 2020/21 was approved by members. Members agreed that this can be signed by the Chairman at a later date, when it can

be delivered to him with the Clerk signing the document thereafter as it is a legal requirement that the Annual Governance Statement has a wet signature.

- d) **The re-appointment of Auditing Solutions Ltd as Internal Auditors for 2021/22:**
The Clerk advised that it is best practice to change auditor every 3 years. As Auditing Solutions Ltd have a number of individuals working for them, it was proposed that the council should stay with this company, but change the individual auditor every 3 years.

It was unanimously agreed to re-appoint Auditing Solutions as internal Auditors for the ensuing year.

21/ 084 Outline Proposal from Berkshire Youth: Prior to the Meeting, Members had been provided with a copy of a report containing details of a proposal made by Berkshire Youth around the services which they could offer as part of a Youth Service Pilot Scheme. This report also contained a recommendation made by the ASB Working Party to approve expenditure and enter into a contract with Berkshire Youth.

Mr Taylor summarised the report and advised that a six-month contract is being proposed to provide 180 hrs of coverage comprising of 360 man hours, as the youth workers would always work in pairs. The hours and days to be covered could be adjusted according to “hotspots” identified and the total cost of the project would be £9540. The cost of this project would be met from the existing specialised services budgets, which had previously been used to cover the cost of the West Berkshire Warden Scheme.

Mr Taylor advised that the proposed contract would also be amended to reflect a commitment from Berkshire Youth to conduct a youth survey.

Following a discussion by members, it was unanimously agreed to enter into a contract for the Pilot Scheme, as outlined by Mr Taylor and within the report provided.

The Meeting finished at 8.20 pm

Chairman