

REPORT BY THE INTERNAL AUDITOR

THE ANNUAL AUDIT 2021/22 AND OTHER MANAGEMENT MATTERS

BISHOP AUCKLAND TOWN COUNCIL

BACKGROUND TO REPORT

Under the provisions of:-

- a) the Accounts and Audit Regulations 2015 Councils, and in accordance with
- b) the guidelines contained within the J.P.A.G. Document "The Governance and Accountability for Smaller Authorities in England - A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements March 2019"

Councils, such as Bishop Auckland Town Council, should arrange for an independent and suitably qualified person to carry out an internal audit who, on the basis of an assessment of risk, should carry out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31st March.

The internal auditor is provided with a detailed checklist ("objectives of internal control") in the Annual Governance and Accountability Return (AGAR) 2018/19 – Part 3 to which he/she is asked to state if they Agree (YES), disagree (NO) or state N/A or Not Covered to each entry marked A-O on the checklist included in the return.

Such responses signify conclusions on whether, in all significant respects, each objective was being achieved throughout the financial year to a standard adequate to meet the needs of the council.

Under the relevant sections of the Audit Commission Acts auditors are required to report any matters which should be given formal consideration by the body or brought to the attention of the public.

CARRYING OUT THE AUDIT

As we were still in the pandemic period I conducted the audit via 2 Microsoft Teams Meetings on 9th and 19th May 2022 and by way of numerous emails exchanged with the Town Clerk and the Admin Assistant.

I understand that a limited number of matters during 2021/22 had been delegated to the Town Clerk under the following minute of the Finance Committee:-

F.C. 7.0/2020 Delegated Authority due to COVID Pandemic

“The Interim Town Clerk reported to members that following consultation with members in March the Mayor, Deputy Mayor, Chair of Finance in conjunction with Officers had been given delegated power to act in the best interest of the Council during this period. A report covering all financial payments was tabled for members to consider”.

I understand that the Council continued to use this arrangement until May 2021. One further matter which I need to record is that during the financial year the Council had only 2 members of staff in post rather than the 3 funded on the establishment. As a consequence certain matters were delayed.

In addition there were not the usual number of Finance and other Committees.

In preparing my report I had to download a great many background papers, and spend more time with staff members than usual, due to these somewhat challenging circumstances.

This will be reflected in my account when submitted.

OUTCOME OF THE ANNUAL AUDIT FOR 2020/21

I was advised that the AGAR forms submitted for 2020/21 had been approved by the External Auditor excepting that the incorrect box had been ticked re any Petty Cash held by the Council.

This was my error for which I extend my apologies. I have noted the change for 2021/22.

I understand that no further major issues were raised by the External Auditor.

RESPONSE TO MY RECOMMENDATIONS FROM THE INTERNAL AUDIT 2020/21

I noted that a comprehensive schedule had been submitted to the Town Council Meeting held on 22nd June 2021 setting out Actions/Recommendations for BATC arising from the Internal Audit for 2020/21 and updated on 1st March 2022.

Any issues which remain should be addressed at some point in this Report.

FINANCE

Review of the Budget for 2021/22

It was noted that the Council continues to receive regular quarterly reports on its budget and but due to the pandemic, and to changes within staffing and some events not taking place, there has been some areas of underspend. There also has been some delay to the car park procurement process but this has been moved into the 2022-23 year.

Any significant variations with either income or expenditure will be reported by the Clerk to the External Auditor when submitting the Annual Return.

Reserves

The following extract should provide some assistance to Councillors in determining what are considered to be adequate Reserves. Information retrieved from:-

THE GOOD COUNCILLOR'S GUIDE TO FINANCE AND TRANSPARENCY 2017

RESERVES

Local councils need to hold an amount in reserves to meet unexpected expenditure, otherwise they could run out of money before the end of the financial year.

A council should typically hold between 3 and 12 months expenditure as a general reserve. If the general reserve is too low then it may not be enough to cover unexpected expenditure or emergencies, whilst if the general reserve is too high then local electors have paid a tax which is not being used for the benefit of the local community.

Local councils have no legal powers to hold revenue reserves other than for reasonable working capital or for specifically earmarked purposes, therefore the year-end general reserve should not be significantly higher than the annual precept.

The council may have 'earmarked reserves' for specific projects, where money is allocated for a specific purpose but may not be spent in that financial year. This may include reserves to purchase or renovate a building, develop a sports facility or community centre.

Many councils also hold an 'election reserve', as all reasonable costs of holding local council elections can be fully recharged by the district or unitary council to the local council. In the case of contested elections for a council with several wards then these costs can be relatively high.

If the amount of reserves at the year-end are above a certain level in relation to the annual precept then the council must advise the external auditor of why this level of reserves is required

The Council had healthy reserves of around £343,061 at the year end (31st March 2022) (as per statement received from the Town Clerk) although some of the reserves are earmarked as per the Budget Report to the Town Council on 11th January 2022 for:-

- a) Further works to the car park and accessibility arrangements
- b) The Parish Plan
- c) Allotment work
- d) Possible by elections
- e) Christmas Lights
- f) Possible future by elections
- g) and various other matters

In all totalling £197,287 (see Report above for further details)

In addition there were several unpresented cheques amounting to around £3,400 which would reduce the level of Reserves (after deducting for earmarked reserves and the unpresented cheques) to say £343,061 – £200,687 = £142,374.

Using the advice contained within the Good Councillors' Guide (see extract above) the Council's reserves (as adjusted) should be between 3 to 6 months of running costs.

Using this formula as the Precept for 2022/23 was £222,685, and the Reserves £142,374 (when adjusted), results in around 7 months of normal running expenditure which is at an acceptable level.

Unpresented cheques

There were 13 minor unpresented cheques at the year end and, as at the time of my Report, the majority had been presented.

General deposits

The Council now holds its reserves with 5 different Banks in 6 separate accounts (2 with Lloyds Bank), earning fairly nominal rates of interest, but with easy access to the funds.

As the Council will be aware the Financial Services Compensation Scheme (FSCS) covers the first £85,000 in appropriate cases and I was advised that all the Council's deposits are held by banks etc covered by this scheme.

Given the funds in the Council's accounts at the year end (around £340,000) plus the Precept for 2022/23 (£222,685) results in almost £560,000 being held by the Council albeit for a few days, whereas the current FSCS cover for the 5 banks used is only £425,000 in total.

In the circumstances the Council should identify another bank protected by the FSCS cover scheme in time for the start of 2023/24 and one not connected with any of the others which are currently used by the Council.

Creditors/Debtors

Other than the unpresented cheques I was advised that there were no outstanding creditors or debtors.

HMRC Real Time Payments

I was advised that such payments are up to date and that no queries have been received from HMRC.

Expenditure greater than £500

I was advised that the Town Council will shortly be updating its website details setting out details of any expenditure greater than £500 (net of vat) however a schedule of such payments for 2021/22 was made available to me.

Recovery of VAT

I carried out a random check and found that all payments made on those invoices examined had been recovered from HMRC.

I was advised that £2,309.23 vat (a quarterly payment) was outstanding for 2020/21 but this has been recovered during 2021/22.

I noted that all the vat paid during 2021/22 (£8,265.65) was claimed back at the start of the current financial year (2022/23).

I have asked the Clerk that as interest is now being paid on some accounts, and as the amount of vat for 1 year is quite significant at present, the Council should revert back to quarterly claims being made to HMRC.

As indicated I still have some difficulty in cross referencing some of payments made as reports to the Council on payments seldom show vat.

I have asked that this be changed for future reports to the Council and was advised that now staffing levels are back to normal this should be done shortly.

Bank Charges

I was advised that no bank charges had been incurred by the Council during 2021/22.

Cheque counterfoils

I carried out a random cheque on both the Council's current account cheque book and found that all counterfoils had been signed by 2 designated Councillors and that there were matching transactions on the Bank statements.

Debit card used by the Clerk

I understand that in accordance with the approval contained within the Council's Financial Regulations the Clerk used the Council's Debit card on several occasions during in 2021/22 with the highest amount being £111.02.

The limit on any one transaction is £500 which is now included in the Council's Financial Regulations.

Electronic Payments

I understand that when these are paid by the Clerk another member of staff is present to witness the transaction being made.

I have suggested that when the payments are processed the Clerk and the other member of staff present initial the invoice accordingly.

I was advised that the majority of these payments are staff salaries and HMRC payments.

I have asked the Clerk to check if there are any issues in using this arrangement with the Council's Insurers.

Cash transactions

I was advised that on 2 occasions the Clerk used her personal card to make an immediate payment for AMAZON but was immediately reimbursed by the Council. I was advised that the purchases were around

£25 each. These transactions were reimbursed via an expenses form with invoices attached and approved via the usual payment approval method.

QUOTATIONS

General comment

I understand that the Council maintains the same arrangements for dealing with estimates/quotations/tendering as follows:-

- i) £1,000 - £ 2,499 (net of vat) strive to obtain 3 estimates
- ii) £2,501 - £25,000 (ditto) 3 written quotations obtained
- iii) £25,001+ - 3 or more tenders obtained

I was advised that the Council had 1 transaction where quotations had been invited as follows as set out in more detail under **INSURANCE** below.

Whilst there were several other transactions over £1,000 net of vat I was advised that those circumstances where there was not already a pre-existing arrangement to proceed with the order the Council used the powers contained in Clause 11.1 d) of the same Regulations. See extract below.

11.1.d) When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Council.

In future when renewing/extending/awarding contracts on this basis (ie not inviting estimates, quotations etc) then the reason for proceeding on this basis should be embodied in the minutes.

One further matter which I would like to draw to the Council's attention ,for possible consideration, is that some Council's are using the following procedure as, I am advised, is outlined in the NALC Model Financial Regulations 2019.

When it is to enter into a contract of less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk or RFO shall seek 3 quotations (priced descriptions of the proposed supply); where the value is below £5,000 and above £1000 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.

In the version I have seen 10.3 reads as follows:-

The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be

reported to the meeting at which the order is approved so that the minutes can record the power being used.

As already stated whenever the Council elects to offer work to a contractor if necessary it should waive the relevant Financial Regulation and embody the reason in the minutes.

INSURANCE

Premium

I was advised that the Council's Insurer advised the Council that it was no longer able to provide cover once the existing policy came to an end in September 2021.

It appeared that the Council had limited time to obtain some quotes but did manage to contact various Insurers which eventually resulted in a new 3 year agreement with Hiscox (via the Broker Came and Co).

Whilst the new premium of £2,885.52 (fixed for 3 years) is considerably higher than the previous one, due to the inclusion of the new offices, it includes some further benefits such as Fidelity cover for £500,000, key personnel cover of £2,500 per year, crisis management, contract works, hirers liability and more comprehensive legal cover than previously.

Claims

I was advised that no claims were made by nor against the Council during 2021/22.

Fidelity Guarantee Cover

I was advised that this had now been increased to £500,000 which is significantly more than the Council currently holds in its various accounts.

POWER OF COMPETENCE

As stated in my previous report as the Town Clerk does not yet have the CiLCA qualification then the Town Council does not meet the relevant criteria set out under the Localism Act 2011. This restricts the Council in some of the powers outlined in the Act.

Once the Clerk obtains her CiLCA qualifications the Council will be in a position to use some additional powers under the 2011 Act for awarding grants etc.

TREES

I was advised that a survey had been carried out on Pollards allotments site which identified some non urgent work. I understand that the work has not yet been carried out and would advise that this kept under review.

As stated in my previous report the Tree Surgeon's report also indicated that there could be some issues arising from overhanging branches from the railway line which adjoins one of the allotment boundaries.

I understand that the Weardale Railway Company might be opening the line in the near future. That being the case the Council might wish to contact the Company to recommend that it carries out this work as part of any ongoing preparatory work along the line before it reopens.

PATS

I was advised that the checks had been carried out in September 2021 with one item of equipment found to be faulty.

I have been provided with a copy of the latest PAT report received.

FIRE EXTINGUISHER CHECKS

These are carried out on a regular basis by the County Council under an existing maintenance agreement.

NEW TOWN COUNCIL OFFICES

The new offices

The new offices are now operational although there are still some works outstanding on the car park and access arrangements for the disabled. I was advised that there are design issues which need to be clarified before any further work can be carried out.

The Council has kept a retainer of £4,000 to deal with any works not yet carried out to the Council's satisfaction including some problems identified with windows, dripping taps and some minor localised settlement.

I was advised that remedial works should be carried out shortly and that in due course the Council should receive a final invoice for the works.

Future Leases on the property

As stated in my previous Report it is understood that the Council intends to use a local Estate Agent to let any surplus accommodation in the building.

I would advise that wherever possible separate meters are installed (particularly for any gas/electricity serving the premises).

If it is intended to let any accommodation on a formal lease, and include a service charge, then it would be advisable to make any lessee responsible for their general rates (once determined by the Valuation Officer).

From my understanding the rateable value of the area to be occupied by the Council is £8,100 which exempts the offices from general rates under the Small Business Rate Relief Scheme.

INCOME RECEIVED DURING THE YEAR

- a) Annual Precept
- b) LCTRS Grant
- c) Allotment rents
- d) Grant from the County Council towards the Community Toilet Scheme
- e) Interest on Bank Accounts
- f) Funding under the Rural Energy Community Fund scheme

DONATIONS / GRANTS

I was advised that 10 applications (one rejected during the pre check stage) had been received during the year, of which 6 were successful.

I checked 2 of the approved applications from the Girls Friendly Society and the Bishop Auckland Community Partnership based upon the detailed applications which had been submitted.

Girl's Friendly Society

Whilst a national body the Society was seeking financial support towards an outreach project involving local girls. The Society had a bank balance of around £5,000 at the time of the application and was seeking a donation of up to £500 towards this project.

It was agreed to support the application for funding and, on receipt of the final account for the project, awarded the Society £251.90.

The Society had thanked the Council for its support with the event.

Bishop Auckland Community Partnership

The Partnership was seeking a contribution of £500 towards repair work to the 4 Clocks clock.

It was agreed to support the project and, on receipt of the final account for the repairs amounting to £798.00, the Partnership was awarded £500.00.

The Partnership had thanked the Council for its support with the event.

I was advised that all but one of the donations were made under Section 137 of the Local Government Act 1972 excepting for the donation to *Bishop Auckland Community Partnership* which was made under section 2 of the Power to Provide Clocks Parish Councils Act 1957.

AGENDA

i) Financial statements

I noted that during recent months financial statements have not been attached to the Finance Committee agenda and, in some cases the Town Council agenda, where the following standard item is included:-

Authorisation of Cheques

- a. *Written under delegated powers*
- b. *Presented for authorisation*

Unfortunately this is not in accordance with the Council's Financial Regulations which states the following:-

5. Banking Arrangements and Authorisation of Payments

5.2. The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to the Finance Committee.

The Committee shall review the schedule for compliance and, having satisfied itself shall authorise payment in accordance with limits detailed in para 4.1.

A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised.

Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

As a result of my concerns in this respect I will have, on this occasion, have to state NO in my response to the Internal Control Objective B referred to in the Internal Audit Report section of the AGAR form.

ii) Minutes

Whilst I noted that the Minutes were now been given the correct prefixes there is one matter which requires immediate attention. It concerns the adoption of the Finance and other Committees minutes.

The current practice is for any minutes from all Committees to be referred to a subsequent full Town Council meeting for approval.

In my opinion this is not the correct procedure as illustrated by the following extract from a newsletter published by the Leicestershire & Rutland Association of Local Councils:-

Council Meetings do not approve minutes of committees or sub committees, they simply

receive them, The committee or sub-committee approves its own minutes.

What this means in practice is that in future each Committee should approve that the Minutes of the previous meeting are correct and are then signed off by the Chairman.

These agreed minutes should then be submitted to the Town Council which will simply receive them and if necessary adopt any recommendations (decision) taken by that Committee.

In order to make some progress on this I have suggested the Council my wish to consider following procedure:-

In future whenever a Committee makes a decision then it probably is a case of preceding the minute with:-

*The Committee agreed to recommend to the Town Council that it proceeds as follows:-
or words to that effect*

The Minutes of that meeting (which should be agreed at the next Meeting of that Committee - not approved by the Town Council) should then be referred to the Town Council.

In turn the Town Council should be advised that "The following Minutes have been received and it is recommended that the Town Council should adopt all recommendations (decisions) contained within the following Minutes:-

- a) Finance Committee Meeting(s) held on*
- b) Environment Committee Meeting(s) held on*
- c) Any other Committees held on.....*

Copies of all these minutes (possibly Draft versions) are available on the Council's website for Councillors to inspect.

In some cases, due to any possible timescale issues, the Clerk might have to state –
"to follow"

MINUTES

a) Approvals

On another matter I noticed that some minutes of previous meetings do not yet appear to have been approved/agreed by the Council/relevant Committee. See comments elsewhere on this issue.

These are as follows: _

Town Council 14th October 2021

Town Council 9th November 2021

Finance Committee 28th September 2021

Finance Committee 25th January 2022

It is essential that these minutes and others listed elsewhere are taken back to the relevant Council/Committees for approval (using the type of procedure set out **AGENDA ii) Minutes** above (on Page 11) in order to avoid any comments that certain actions might have been taken without the necessary confirmation – if such comments can in fact be made.

NB I have only listed the Town Council and Finance Committee minutes as I have not checked any others

b) Other matters noted in the Minutes

Finance Committee

(i) FC.05.03/21

RESOLVED – Should read “That the recommendations.....

(ii) FC.07/21

The final sentence should read “All grants and donations are currently made under

Town Council

(iii) TC. 33/21

I say more about the Council approving the Minutes of another Committee under
a) above

(iv) TC. 39/21

Rather than having a Notice of Motion each time to call a Meeting the Council could agree the dates of Meetings for the year ahead at its Annual (General) Meeting.

(v) TC.85.01a/2021

The typical band D property should read £52.10 per annum not per month.

(vi) FC30.5/21

The cheque Nos shown are incorrect as they should be 2165 - 2173 and not 2065 - 2073 as stated on the schedule attached to the Minutes

FOOD FESTIVAL 2021

An update of 2021 Food Festival was provided by Jill Wood from Durham County Council at a Meeting of the Town Council held on Tuesday 9th November 2021. TC 77.0/21 – TC 77.1/21.

I understand that the Festival was regarded as a success generating a substantial amount to the local economy and whilst does not break even the Council was satisfied that its contribution of £10,000 in underwriting, with other funders, is a most worthwhile.

EVENTS

I was advised that some events had been recommenced since the Covid pandemic was beginning to ease, including the Food Festival, the Horticultural Show, the Christmas Lights but not, so far, the Awards Programme nor any Mayoral Activities.

It was hoped however that a full programme of events would be back to normal this year.

ALLOTMENTS

I was advised that there is currently only two allotments available on the Council's sites and that the Waiting List is quite short.

I understand that the Council will shortly be carrying a comprehensive review of its allotments and looking to amend the period of occupation to seasonal arrangement maturing on the final day of the growing season (31st October).

Such an arrangement would allow the Council a reasonable period of time to offer, where appropriate, new tenancies for the next growing season,

Should any existing tenant not wish to take up a new tenancy, within a reasonable timescale, the Council would then be in a position to offer the relevant allotment to a new person in time for them to prepare the site for the new growing season.

I also noted that some drainage works still need to be carried out on one area of allotments (Tindale Crescent). The estimated cost of this work has been ring fenced within the Council's budget.

Whilst I have previously mentioned the possibility of the Council transferring the management of the Woodhouse site to an Allotment Association I was advised that this has not yet received any support for this idea from the allotment holders.

THE SKATEPARK FLOODLIGHTS

I understand that the Council owns these lights and that the skatepark is well used.

ANNUAL REVIEWS

Review of the Effectiveness of Internal Controls

Reviewed and approved at a Council Meeting held on 22nd March 2022 (Minute No TC. 107.4/2021).

Review of Risk Assessment

Reviewed and approved at a Council Meeting held on 22nd March 2022 (Minute TC. 107.2/2021)

Review of Audit Planning

Reviewed and approved at a Council Meeting held on 22nd March 2022 (Minute No TC. 107.3/2021).

Review of Asset Register

Reviewed and approved at a Council Meeting held on 22nd June 2022 (Minute No TC. 46.1/21).

I was advised that included in the updates were some additional pcs and the new offices.

Code of Conduct

Adopted at a Council Meeting held on 22nd March 2022 (Minute No TC. 107.1/2021)

OTHER MATTERS

Members Training

I noted that some staff had attended training sessions and following the elections in 2021 some new Councillors had attended induction training sessions.

I would suggest that Councillors do take the opportunity to attend any suitable training sessions on offer as if nothing else it would be a useful feature to mention on any applications to upgrade the status of the Council.

Staff Pay Scales

A major restructuring review took place during the year and various reports submitted to the Human Resources Committee (HR 05.00/2021 Report of the Town Clerk – Job Evaluation and Staffing refers) and subsequently to the Town Council.

The restructure has now taken place.

In accordance with best practice the Council should review the staff salaries annually in accordance with any NALC agreement.

ADDITIONAL QUESTIONS ON THE INTERNAL AUDIT REPORT SECTION ON THE AGAR FORM 2021/22

Two questions now included requesting the Internal Auditor to confirm that various notices had been displayed by the Council following the audit.

I was able to confirm this with the Clerk and examined one such notice on the Council's website.

A NOTE ON THE 2022/23 BUDGET PROCESS

Approval of budget and Precept for the year ending 31st March 2023

A detailed report setting out the budget for 2022-23 was approved by the Town Council at its meeting held on 11 January 2022 – (Minute TC.85.01b/2021 - https://bishopauckland-tc.gov.uk/wp-content/uploads/minutes-agendas-newsletters/MinutesTC_2022-01-11.pdf)

In summary:

The Council Tax base for Bishop Auckland has Increased for 2022/23 by 25.0 compared to 2021/22. This results in a increase of £1201.50 of additional income to the Council.

The Local Council Tax Reduction Scheme Grant available to Bishop Auckland has also reduced for 2021-22 by £101.00.

As a result of the decision reached concerning the budget and other factors mentioned the Council was able to retain the Council Tax Band D amount at £52.10 per annum. (Minute TC.85.01a/2021 - https://bishopauckland-tc.gov.uk/wp-content/uploads/minutes-agendas-newsletters/MinutesTC_2022-01-11.pdf)

I understand that since receiving their Council Tax demands no resident has queried the amount raised by the Town Council.

One matter which needs to be kept under review is the annual reduction in the Local Council Tax Reduction Scheme (LCTRS) grant which was reduced from £8,775 to £8,654 in 2022/23.

I was advised that the Durham County Council deadline for Precept demand was 21st January 2022 and that the Town Council submitted its demand by that date.

RECOMMENDATIONS

CATEGORIES **ESSENTIAL **DESIRABLE****

1) Deposits

To consider transferring some funds to an alternative Bank with FSCS cover (not one related to one of Council's existing Banks) (subject to the appropriate notices being given) to reduce the balances in any account held by the Council to below the £85,000 limit, particularly at the beginning of the financial year.

2) VAT

- a) To state in future reports to the Council the net payment + any vat to paid for all transactions.
- b) To revert to the quarterly refund claim period with HMRC

3) Estimates/Quotations/Formal Tenders

If the Council is minded to deal directly with a contractor for works costing more than £1000 ex vat then it must be clearly stated in the minutes the basis upon which it has been decided to waive the relevant clause in its Financial Regulations.

There must be good reasons stated for this to be the case and I would expect that, if used, it would be for small works only and in exceptional cases.

4) Agenda

In accordance with the Council's Financial Regulations all Agenda to include a copy of the payments to be approved/authorised with the Agenda excepting those which might be regarded as confidential (ie staff wages/HMRC tax etc returns)

5) Approval of Minutes

To note my comments and review the procedure for Minutes to be approved as per my comments under this heading on Page 11 of this Report.

6) Other matters noted in the Minutes

See under this heading on Page 13 - to report the corrections to the Council/Committee concerned.

7) Trees

To continue with the commissioning of annual surveys (unless the Council's Tree Surgeon recommends otherwise).

To contact the Weardale Railway Company re the overhanging branches next to the Pollards allotments.

8) Members Training

Councillors should endeavour to attend suitable training sessions.

9) The New Offices

When considering any leases for the surplus accommodation in its new offices the Council should consider having separate meters installed in the offices and that the lessees should be responsible for their own general rates rather than be included in a general service charge which might work against the Council if it does not itself pay such rates.

THE RESPONSES TO THE ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN 2020/21 PART 3

THE ANNUAL INTERNAL AUDIT REPORT

Following a detailed discussion with the Clerk, and having reviewed a range of documents and other records, I came to the conclusion that I could respond **YES** to each of the main objectives identified by the external Auditor excepting for Internal Control Objective B where, for the reasons stated earlier in this report, I have to state **NO**

In the Annual Internal Audit Report 2021/22 the Internal Auditor has to state the implications and action being taken to address any weakness in control identified.

Comment on NO against Internal control Objective B

*The main issue here relates to the problems faced by the Council during the Covid pandemic and the lack of a full complement of staff. During this period several issues were identified which I have outlined in some detail under the heading **AGENDA i) Financial statements** on Page 9 of this Report.*

Following my concerns in this respect, and the comments set out in this Report, I would hope that matters will improve and the website will be improved and updated accordingly.

That said I would hope that by the date of next year's audit further improvements have been made to the Council's financial affairs and other matters, as outlined in this report.

QUALIFICATIONS ON THE AUDIT

My report is based on a limited review of the Council's accounts and is not a full audit and should not be taken as approving the Council's accounts 2021/22.

The purpose of this report is to be satisfied that the Council has adequate systems in place to meet the numerous control objectives sought by the External Auditor and to recommend possible improvements to the Council's existing systems.

Finally I would thank the Clerk and Admin Assistant for their help in completing my audit.

M. G. Ackroyd
Internal Auditor
23rd May 2022