

Our Ref  
Your Ref PW/JC/TBSC/2008/09

Grant Thornton UK LLP  
Byron House  
Cowley Road  
Cambridge Business Park  
CAMBRIDGE  
CB4 0WZ

12 October 2009

Dear Sirs

**Financial Statements for the Year Ended 31 March 2009**

We confirm to the best of our knowledge and belief that the following representations are made on the basis of appropriate enquiries of other members, related parties, controlling bodies, management and staff of Bishop's Stortford Town Council ('the authority'), with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you in respect of your audit of the above financial statements, in accordance with the terms of your audit plan for 2008/09.

- i We acknowledge our responsibility for ensuring that financial statements are prepared which present fairly the financial position of the authority and for making accurate representations to you.
- ii As far as we are aware:
  - there is no relevant audit information ( including that related to post balance sheet events) of which you are unaware; and
  - we have taken all steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that you are aware of that information.
- iii All the accounting records of the authority have been made available to you for the purpose of your audit and all the transactions undertaken by the authority have been properly recorded in the accounting records and reflected in the financial statements.
- iv All other records and related information, including minutes of all management and Committee meetings, have been made available to you.
- v We acknowledge our responsibilities for making the accounting estimates included in the financial statements. Where it was necessary to choose between estimation techniques that comply with the 2008 local government Statement of Recommended Practice, we selected the estimation technique considered to be the most appropriate to the authority's particular circumstances for the purpose of giving a presents fairly view. Those estimates, whose basis are clearly disclosed in our financial statements, reflect our judgement based on our knowledge and experience about past and current events and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
  - i to reduce debtors to their estimated collectable amounts;

- ii. for any impairment losses or other write downs identified in relation to tangible fixed assets.
- vi The financial statements are free of material misstatements, including omissions.
- vii We confirm that the value of land and buildings are not materially different to the values in the financial statements.
- viii We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error and fraud.
- ix We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- x We have disclosed to you our knowledge of fraud or suspected fraud affecting the entity involving:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements;
- xi We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
- xii Except as stated in the accounts:
  - there are no unrecorded liabilities, actual or contingent
  - none of the assets of the authority have been assigned, pledged or mortgaged
  - there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- xiii There were no transactions, arrangements or agreements to provide credit facilities, (including loans, quasi-loans or credit transactions and guarantees to provide security for such matters), involving directors or officers that should be disclosed in the financial statements.
- xiv All related parties have been identified to you and there were no transactions with related parties nor details of controlling interests which should be disclosed in the financial statements, that are not all ready disclosed in the notes to the accounts.
- xv There are no claims, legal proceedings or other matters which may lead to a loss falling on the authority or which could result in the creation of an unrecorded asset, that should be disclosed in the financial statements except as disclosed in the notes to the accounts.
- xvi The authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- xvii We are not aware of any instances of actual or possible non-compliance with laws and regulations which might affect the view given by the financial statements.
- xviii We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

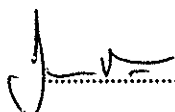
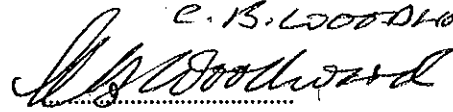
- xix No inventory is stated at an amount in excess of net realisable value.
- xx No significant events having an effect on the financial position of the authority have taken place since the balance sheet date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto except as disclosed in the financial statements.
- xxi We believe that the authority's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the authority's needs. We believe that as at 12 October 2009 no further disclosures relating to the authority's ability to continue as a going concern need to be made in the financial statements.
- xxii We have not adjusted the misstatement brought to our attention as Appendix D in the Annual Report to those charged with governance, as it is immaterial to the results of the Authority and financial position at the year-end.

The financial statements have been fully explained to and discussed with us.

#### Approval

The approval of this letter of representation was minuted by the Finance and General Purposes Committee at its meeting on 12 October 2009.

Signed on behalf of Bishop's Stortford Town Council.

Name		Name	 E. B. WOODWARD
Position	CHIEF EXECUTIVE	Position	Town Mayor
Date	12/10/09	Date	12/10/09

**Bishop's Stortford Town Council**

**Statement of Accounts**

**for the year ended 31st March 2009**

Bishop's Stortford Town Council

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for the Year ended 31st March 2009

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# Bishop's Stortford Town Council

## Council Information

### **Mayor**

Cllr R Taylor

### **Councillors**

Cllr J Barfoot

Cllr K Barnes

Cllr A Burlton

Cllr Mrs J Demonti

Cllr P Demonti

Cllr R Gilbert

Cllr A Graham

Cllr Mrs D Hollebon

Cllr C Horner

Cllr G Jones - with effect from 15 January 2009

Cllr D Peek

Cllr Mrs N Symonds - with effect from 12 February 2009

Cllr K Warnell

Cllr M Wood

Cllr Miss C Woodman

Cllr C Woodward (Deputy Mayor)

Cllr J Wyllie

### **Clerk to the Council**

Mr John Ingham

### **Auditors**

Grant Thornton (UK) LLP

## Bishop's Stortford Town Council

### Explanatory Foreword

#### for the Year ended 31st March 2009

The Council's unaudited statements of accounts for the year ended 31 March 2009 are set out on the following pages.

They consist of the following statements:

#### **The Income and Expenditure Account**

The council's revenue account, covering income and expenditure on all services.

#### **Statement of Movement on the General Fund Balance**

This shows the effect of the years income receivable and expenditure incurred on the councils' operations on their General Fund Balance. (Sometime known as the Working Balance).

#### **Statement of Total Recognised Gains and Losses**

Not all gains and losses experienced by the council are reflected in the Income and Expenditure Account; for example gains on the revaluation of fixed assets.

#### **The Balance Sheet**

This sets out the financial position of the council at 31st March 2009, i.e. it's assets and liabilities at that date.

#### **The Cash Flow Statement**

This summarises inflows and outflows of cash arising from revenue and capital transactions with third parties.

#### **Notes to the Accounts**

These provide further information on the amounts included in the financial statements.

This foreword provides a brief explanation of the financial aspects of the council's activities and draws attention to the main characteristics of the financial position, including the year's budget, as summarised below.

Unlike the District and County Councils, Bishop's Stortford Town Council does not receive any revenue support from Government nor does it get any funding from local businesses through the non-domestic rates. Each year the Town Council calculates the money it needs to provide its' services. Income received from fees and charges is deducted to show the amount needed for expenditure requirements and services for the year ahead. This sum called the precept, is the amount (£1,152,350) which is collected by the District Council on behalf of Bishop's Stortford Town Council as a proportion of Council Tax paid by Bishop's Stortford residents.

The Town Council as a body corporate is the sole Trustee of the Rhodes Birthplace Trust and has paid revenue grants to the trust totalling £320,000 during the year. The council has raised a loan of £150,000 from the Public Works Loan Board repayable over 15 years, this has funded the long term loan made to the Rhodes Birthplace Trust. The terms of this loan are the same as those of the loan from the Public Works Loan Board. The balance due on this loan at 31st March 2009 was £123,371.

Assets to the value of £277,104 were acquired during the year, these include Ground Floor Offices at the Old Monastery for £270,000 this was funded by new loan funds of £270,000.

The council does not have a fixed borrowing facilities and raises finance, if necessary, on a project by project basis.

**Bishop's Stortford Town Council**

**Explanatory Foreword**

**for the Year ended 31st March 2009**

**Budget Comparison for the year ended 31 March 2009**

The following shows a comparison of the budget and outturn figures for 2008/2009

	Budget £	Actual £
Net Expenditure		
<b>CULTURAL ENVIRONMENTAL &amp; PLANNING SERVICES</b>		
<b>Cultural &amp; Related Services</b>		
Recreation and Sport		
Markwell Pavilion	10,520	7,145
Community Centre Support	426,382	406,202
Open Spaces		
Parks and Open Spaces	138,779	106,587
Allotments	32,170	17,729
Tourism		
Tourist Information Centre	48,190	40,441
Carnival	12,000	9,688
<b>Environmental Services</b>		
Cemetery and Burials	218,502	144,730
Public Toilets	19,088	18,737
<b>CENTRAL SERVICES</b>		
<b>Corporate and Democratic Core</b>		
Democratic Representation and Management	70,100	51,318
Corporate Management	97,987	94,699
<b>OTHER SERVICES</b>		
Grants		7,462
Other Services to the Public	44,730	38,317
<b>HIGHWAYS ROADS AND TRANSPORT</b>		
Public Amenities	67,763	48,156
<b>NET COST OF SERVICES</b>	<u>1,186,211</u>	<u>991,211</u>
Statutory and Non-statutory adjustments	(19,466)	(19,466)
Interest and Investment Income	(18,100)	(32,788)
Interest Paid	17,000	19,362
Sale of Assets		
Net operating expenditure	<u>1,165,645</u>	<u>958,319</u>
Net contribution to/(from) reserves	(13,295)	194,031
<b>Precept on District Council</b>	<u><u>1,152,350</u></u>	<u><u>1,152,350</u></u>

The net underspend on services is reflected in an increased contribution to reserves and capital expenditure provision.

**Further Information**

Further information about the accounts is available from The Old Monastery, Windhill, Bishop's Stortford, Herts CM23 2ND. This is part of the council's policy of providing full information about its affairs. Interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the press and on the notice board outside the council offices.



Bishop's Stortford Town Council

Statement of Responsibilities for the Statement of Accounts

31st March 2009

**The Council's Responsibilities**

The Council is required:

to make arrangements for the proper administration of its financial affairs

to secure that one of its officers (R.F.O.) has the responsibility for the administration of those affairs. At this council, that officer is the Town Clerk.

to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

to approve the statement of accounts

**The Responsible Financial Officer's Responsibilities**

The R.F.O. is responsible for the preparation of the council's statement of accounts with the 'Code of Practice on Local Authority Accounting in the United Kingdom' (the SORP), so far as is applicable to this council, to present fairly the financial position of the council at 31st March 2009 and its income and expenditure for the year then ended.

In preparing the statements of accounts, the R.F.O. has:

selected suitable accounting policies and then applied them consistently

made judgements and estimates that were reasonable and prudent, and

complied with the code.

The R.F.O. has also:

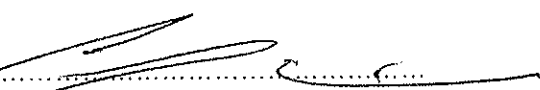
Kept proper accounting records which were up to date, and

taken reasonable steps for the prevention and detection of fraud and other irregularities.

**Responsible Financial Officer's Certificate**

I hereby certify that the statements of accounts for the year ended 31st March 2009 required by the Accounts and Audit Regulations 2003 are set out in the following pages.

I further certify that the statement of accounts present fairly the financial position of Bishop's Stortford Town Council at 31st March 2009, and its income and expenditure for the year ended 31st March 2009

Signed:   
Town Clerk

Date: 22/6/09

**Bishop's Stortford Town Council**

**Income and Expenditure Account**

**for the year ended 31st March 2009**

Previous Year		Notes	2009 £ Gross Expenditure	2009 £ Income	2009 £ Net Expenditure
	<b>Services</b>				
	<b>CULTURAL ENVIRONMENTAL &amp; PLANNING SERVICES</b>				
	<b>Cultural &amp; Related Services</b>				
	<b>Recreation and Sport</b>				
5,537	Markwell Pavilion		16,840	9,695	7,145
413,826	Community Centre Support		426,383	20,181	406,202
	<b>Open Spaces</b>				
93,621	Parks and Open Spaces		140,728	34,141	106,587
15,231	Allotments		23,783	6,054	17,729
	<b>Tourism</b>				
38,611	Tourist Information Centre		56,914	16,473	40,441
8,993	Carnival		24,114	14,426	9,688
	<b>Environmental Services</b>				
149,662	Cemetery and Burials		178,350	33,620	144,730
24,858	Public Toilets		33,737	15,000	18,737
	<b>CENTRAL SERVICES</b>				
	<b>Corporate and Democratic Core</b>				
78,359	Democratic Representation and Management		51,318		51,318
148,537	Corporate Management		94,699		94,699
	<b>OTHER SERVICES</b>				
14,050	Grants		7,462		7,462
38,711	Other Services to the Public		56,704	18,387	38,317
	<b>HIGHWAYS ROADS AND TRANSPORT</b>				
37,961	Public Amenities		85,668	37,512	48,156
1,067,957	<b>NET COST OF SERVICES</b>		<u>1,196,700</u>	<u>205,489</u>	991,211
10,844	Interest Paid				19,362
(37,825)	Interest Received	2			(32,788)
(230,000)	Gains on Sale of Fixed Assets				
810,976	<b>AMOUNT TO BE MET FROM PRECEPT</b>				<u>977,785</u>
(1,139,076)	Precept on District Council				(1,152,350)
<u>(328,100)</u>	<b>(SURPLUS) FOR YEAR</b>				<u>(174,565)</u>

**Bishops Stortford Town Council**

**Statement of Movement on the General Fund Balance**

**for the year ended 31st March 2009**

<b><u>Previous Year</u></b>		<b><u>2009</u></b>
(328,100)	Surplus for the year on the Income and Expenditure Account	(174,565)
	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year.	(19,466)
227,703		
<u>(100,397)</u>	Increase in General Fund Balance for the Year	<u>(194,031)</u>
(289,919)	General Fund Balance Brought Forward	(390,316)
<u>(390,316)</u>	General Fund Balance Carried Forward	<u>(584,347)</u>

**Note of reconciling items for the Statement of Movement on the General Fund Balance**

**Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance**

(71,318)	Depreciation charges	12	(69,815)	
5,000	Government Grants Deferred	19	<u>5,000</u>	(64,815)
<u>(66,318)</u>				

**Amounts not included in the Income and Expenditure Account but required when determining the Movement on the General Fund Balance**

19,527	Provision for repayment of debt		34,445	
44,494	Capital expenditure charged in the year to the General Fund Balance		<u>7,104</u>	41,549
<u>64,021</u>				

**Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance**

230,000	Net transfer to or (from) earmarked reserves			3,800
	Net additional amount required to be credited to the General Fund balance for the year			<u>(19,466)</u>
<u>227,703</u>				<u></u>

**Bishops Stortford Town Council**  
**Statement of Total Recognised Gains and Losses**

**For the year ended 31st March 2009**

Previous Year £		Notes	2009 £
(88,246)	Surplus on income and Expenditure Account for the Year		(174,565)
	Deficit or deficit arising on the revaluation of Fixed Assets	10	0
<u>(88,246)</u>	Total recognised gains for the year		<u>(174,565)</u>

# Bishop's Stortford Town Council

## Balance Sheet

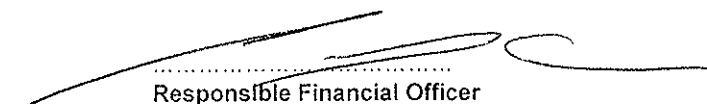
as at 31st March 2009

Previous Year £		Notes	2009 £	2009 £
	<b>Fixed Assets</b>			
	Tangible fixed assets	10		
	<i>Operational Assets:</i>			
1,380,071	Land and Buildings		1,619,978	
160,193	Vehicles, Plant and Equipment		137,301	
48,634	Infrastructure Assets		38,907	
99,831	Community Assets		99,831	
1,688,729				1,896,017
	<b>Long Term Assets</b>			
983	Investments		983	
131,408	Long Term Debtors		123,372	
132,391				124,355
	<b>Current Assets</b>			
5,860	Stock		4,860	
44,800	Debtors	15	68,823	
491,084	Cash at Bank and In-hand		697,477	
541,744			771,160	
	<b>Current Liabilities</b>			
34,445	Borrowing repayable within one year	17	42,674	
80,411	Creditors and accrued expenses	16	103,960	
114,856			146,634	
426,887	<b>Net Current Assets</b>			624,526
2,248,007	<b>Total Assets Less Current Liabilities</b>			2,644,898
	<b>Long Term Liabilities</b>			
358,420	Borrowing repayable in excess of 12 months	17	585,746	
64,000	Government Grants - deferred		59,000	
422,420				644,746
1,825,587				2,000,152
	<b>Capital and Reserves</b>			
-	Asset Revaluation Reserve	19		-
1,363,271	Asset Management Account	20		1,340,005
10,000	Useable Capital Receipt	18		10,000
62,000	Specific Reserves	21		65,800
390,316	General Reserve			584,347
1,825,587				2,000,152

These accounts have been approved by the Council.

  
Mayor

Date: 22/6/09

  
Responsible Financial Officer

Date: 22/6/09

Bishop's Stortford Town Council

Cash Flow Statement

for the year ended 31st March 2009

<u>Previous Year</u>		<u>Notes</u>	<u>2009 £</u>	<u>2009 £</u>
	<b>REVENUE ACTIVITIES</b>			
	<i>Cash outflows</i>			
(449,479)	Paid to and on behalf of employees		(495,998)	
(647,901)	Other operating payments		(615,521)	
(17,115)	Agency services		(21,826)	
(1,114,495)				(1,133,345)
	<i>Cash inflows</i>			
1,139,076	Precept on District Council		1,152,350	
104,603	Cash received for services		192,475	
13,000	Agency receipts		15,000	
1,256,679				1,359,825
142,184	<b>Net Cash Inflow from Revenue Activities</b>	24		226,480
	<b>SERVICING OF FINANCE</b>			
	<i>Cash outflows</i>			
(10,844)	Interest paid		(19,361)	
	<i>Cash inflows</i>			
37,825	Interest received		32,788	
26,981	<b>Net Cash Inflow from Servicing of Finance</b>			13,427
	<b>CAPITAL ACTIVITIES</b>			
	<i>Cash outflows</i>			
(332,495)	Purchase of fixed assets		(277,104)	
	<i>Cash inflows</i>			
10000	Sale of fixed assets		-	
45000	Capital Grant Received			
(277,495)	<b>Net Cash Outflow from Capital Activities</b>			(277,104)
(108,330)	<b>Net Cash Inflow (Outflow) before Financing</b>			(37,197)
	<b>FINANCING AND LIQUID RESOURCES</b>			
	<i>Cash Inflows</i>			
243,000	New loans Raised			270,000
	<i>Cash outflows</i>			
(19,526)	Loan repayments made			(26,410)
223,474	<b>Net cash flow from financing</b>			243,590
115,144	<b>Increase in cash</b>	25		206,393

# Bishop's Stortford Town Council

## Notes to the Accounts

31st March 2009

### 1 Principal Accounting Policies

#### **General Principles**

The statement of accounts summarises the Council's transactions for the 2008/2009 financial year and its position at the year-end 31st March 2009. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom-A Statement of Recommended Practice 2008* [the SORP]. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

#### ***Accruals of Income and Expenditure***

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Fees, charges and rents due from customers are accounted for as income at the date the Council receives payment for the relevant goods or service.

Supplies are recorded as expenditure when suppliers invoices are received - any supplies received and not consumed at the year end are carried to the balance sheet as stocks.

Interest payable on borrowings is accounted for in the year to which it relates, on a basis that reflects the overall effect of the loan.

Where income and expenditure has been recognised but cash not received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet.

Income and expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure.

#### ***Government Grants and Contributions (Revenue)***

Whether paid on account, by instalment or in arrears, Government grants and third party contributions and donations are recognised as income at the date the Council receives the payment. Revenue grants are matched in revenue accounts with the service expenditure to which they relate.

#### ***Pensions***

The pension costs that are charged to the Council's accounts in respect of its employees are equal to the contributions paid to the funded pension scheme for these employees.

These contributions are determined by the fund's actuary on a triennial basis and are set to meet 100% of the liabilities of the pension fund, in accordance with relevant government regulations.

The next actuarial valuation is due at 31st March 2010 and any change in contribution rates as a result of that valuation will take effect from 1st April 2011

## Bishop's Stortford Town Council

### Notes to the Accounts

31st March 2009

#### **VAT**

Income and Expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

#### ***Overhead and Support Services***

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the SORP 2008 section K1. The full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation.

These two cost categories are accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of Services.

#### ***Tangible Fixed Assets***

Tangible fixed assets are assets that have physical substance and are held for use in the provision of service or for administrative purposes on a continuing basis.

**Recognition:** expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

**Measurement:** assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement basis:

Operational Land and Buildings are subject to five year revaluations, in the interval between revaluations buildings are depreciated over their useful life, land is not depreciated.

Non-operational Land and Buildings subject to five year revaluations.

Vehicles and Equipment at cost less depreciation.

Community Assets are carried at cost and are not depreciated.

Operational and Non-operational Land and Buildings included in the Balance Sheet at market value are revalued where there have been material changes in the value but at a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account. The Revaluation Reserve contains revaluation gains since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.



## Bishop's Stortford Town Council

### Notes to the Accounts

31st March 2009

**Impairment:** The value of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reduction of value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for when it is clear it is attributable to the consumption of economic benefits, the loss is charged to the relevant service revenue account. Otherwise, written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve with any excess charges to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the revaluation reserve for that asset an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

**Disposals:** when an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the current value of the asset at the time of the disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £5,000 received from disposals are credit to the Useable Capital Receipts reserve, which can only then be used for new capital investment or set aside to reduce the Council's borrowing requirement.

The written off value of disposals is not a charge against precept as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Statement of Movement on the General Fund Balance.

**Depreciation:** depreciation is provided for on all assets with a determinable finite life, by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following basis:

Buildings - over the anticipated remaining useful lives on a straight line basis

Land and non-operational assets are not depreciated

Vehicles, plant, equipment and furniture over 4 to 10 years on straight line basis

Play equipment over 10 years on a straight line basis

Community Assets are not depreciated.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on the asset and the depreciation which would have been chargeable based on their current cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

**Grants and contributions:** where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Deferred Grants Account. The balance is then written down to revenue to offset depreciation charges made for the relevant asset to the relevant service heading, in line with the depreciation policy applied to them.

## Bishop's Stortford Town Council

### Notes to the Accounts

31st March 2009

**Charges to Revenue for Fixed Assets:** Service revenue accounts are debited with the following amounts to record the real cost of holding the fixed asset during the year:

- Depreciation attributable to the asset used by the relevant service.
- Impairment losses attributable to clear consumption of economic benefit.

The depreciation charges made to the service revenue accounts are reversed out of the Income and Expenditure Account by way of an adjusting transaction in the Statement of Movement on the General Fund Balance and the Capital Adjustment Account.

#### **Leases**

**Operating Leases:** These are agreements for the long term hire of equipment of which the council can never take ownership. Rentals payable are charged to the relevant service revenue account on a straight line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

#### **Stocks**

Stocks held at the Tourist Information Centre are valued at cost.

#### **Reserves**

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from the reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the net cost of services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance Statement so there is no net charge against Council Tax for expenditure. Certain reserves are kept to manage the accounting processes for fixed assets and represent useable resources for the council. These reserves are explained in notes 19 to 21.

#### **Investment Policy**

All funds are invested in Lloyds TSB Treasury Accounts which offers instant access. Interest is credited to the General Fund.

## Bishop's Stortford Town Council

### Notes to the Accounts

31st March 2009

2	Interest and Investment Income	2009 £	2008 £
	Interest Income - General Funds	26,964	31,651
	Loan Interest Received	5,824	6,174
		<u>32,788</u>	<u>37,825</u>

### 3 Agency Work

During the year the Council undertook the following agency work on behalf of other authorities

	2009 £	2008 £
<b>Commissioning Authority and Nature of Work</b>		
East Herts D C - Public Conveniences	<u>15,000</u>	<u>13,000</u>

A final claim for reimbursement to 31st March 2008 has been made.

### 4 Publicity

Section 5 of the Local Government Act 1986 requires the council to disclose expenditure on publicity. Details are shown under the following broad categories:

	2009 £	2008 £
Other Advertising	1,574	2,682
Advertising Tourist Information Centre	165	15
Advertising Town Centre Management	763	-
	<u>2,502</u>	<u>2,697</u>

### 5 S.137 Expenditure

Section 137 of the Local Government Act 1972 (as amended) enables the council to spend up to the product of £5.84 (2008 £5.64) per head on the electoral roll in any one year for the benefit of people in its area on activities or projects not specifically authorised by other powers.

	2009 £	2008 £
The total amount available for this purpose was	<u>162,638</u>	<u>142,348</u>
Expenditure was incurred for the following purposes:		
Grants to Voluntary Bodies	<u>3,960</u>	<u>2,200</u>

It should be noted that grants to bodies such as the Citizens Advice Bureau are made under other specific legal powers and so are not included in the above figures.

### 6 Audit Fees

Fees payable with regard to services carried out by the council's auditors external Grant Thornton UK LLP in the year were £8,500 to PKF for the 2006/2007 Audit £2,500 (2008 £2,500 for the 2006/2007 Audit). The increase in audit fees is because the council is no longer covered by the lighter touch audit regime. Due to the increase in it's total budget it is now subject to a full audit and has to prepare it's accounts under a different set of regulations.

## Bishop's Stortford Town Council

### Notes to the Accounts

31st March 2009

#### **7 Employees**

The average weekly number of employees during the year was as follows:

	2009 Number	2008 Number
Full-time	10	10
Part-time	17	17
Temporary	5	5
	<u>32</u>	<u>32</u>

Number of employees whose remuneration excluding employers pension contributions was over £50,000 in bands of £10,000 was:

Band	Number of Employees 08/09	Number of Employees 07/08
£50,000 to £59,999	1	-

#### **8 Related Party Transactions**

The council paid grants totalling £320,000 (2008 £334,000) to the Rhodes Birthplace Trust, in which the council as a Body Corporate is the sole trustee. It has also granted the Trust a long term loan repayable over 15 Years. The balance outstanding at 31st March 2009 was £123,372 (2008 £131,407).

The council is a trustee of the following Trusts:- The Silver Leys Trust, The St Micheals Mead Community Centre Trust, The Minibus Charity, Bishops Park Community Centre Trust and The Havers Community Centre Trust.

The council is responsible for the day to day management of the trusts and charges the following management fees:

	2009 £	2008 £
The Silver Leys Trust	4,000	4,000
The St Michaels Mead Community Centre Trust	4,000	4,000
The Minibus Charity	-	-
The Bishops Park Community Centre Trust	4,000	4,000
The Havers Community Centre Trust	4,000	4,000

#### **9 Pension Costs**

The Council participates in the Hertfordshire County Council Pension Fund. The Hertfordshire County Council Pension Fund is a defined benefit scheme, but the council is unable to identify its share of the underlying assets and liabilities because each employee scheme pays a common contribution rate.

The cost to the council for the year ended 31st March 2009 was £62,117 (2008 - £50,719). There were no outstanding contributions at the balance sheet date.

The most recent actuarial valuation was carried out at 31st March 2007, and the council's contribution rate is confirmed at being 305.00% of employees' contributions with effect from 1st April 2008 (year ended 31st March 2009 - 308.00%). Year ended 31st March 2010-332%.

A new accounting standard, Financial Reporting Standard 17: "Retirement Benefits" has been introduced. For schemes such as Hertfordshire County Council Pension Fund, paragraph 9(b) of FRS 17 requires the council to account for pension costs on the basis of contributions actually payable to the scheme during the year.

# Bishop's Stortford Town Council

## Notes to the Accounts

### 10 Tangible Fixed Assets

	<u>31st March 2009</u>				
	Operational Freehold Land and Buildings	Vehicles and Equipment	Infra- structure Assets	Community Assets	Total
Cost or Valuation	£	£	£		£
At 1st April 2008	1,431,350	351,147	97,269	99,831	1,979,597
Additions	260,000	17,104	-	-	277,104
Revaluations	-	-	-	-	-
Disposal	-	-	-	-	-
	<u>1,691,350</u>	<u>368,251</u>	<u>97,269</u>	<u>99,831</u>	<u>2,256,701</u>
<b>Depreciation</b>					
At 31st March 2008	(51,279)	(190,955)	(48,634)	-	(290,868)
Charged for the year	(20,093)	(39,995)	(9,727)	-	(69,815)
Eliminated on Disposals	-	-	-	-	-
	<u>(71,372)</u>	<u>(230,950)</u>	<u>(58,361)</u>	<u>-</u>	<u>(360,683)</u>
<b>Net Book Value</b>					
At 31st March 2009	1,619,978	137,301	38,908	99,831	1,896,018
At 31st March 2008	1,380,071	160,192	48,635	99,831	1,688,729

Although classified as capital expenditure, certain minor equipment purchases are not included above as they are not material in overall value.

### Fixed Asset Valuation

The freehold and leasehold properties which comprise the council's property have been valued as at 19th January 2006 by external independent valuers, Messers Mullucks Wells, Chartered Surveyors. Valuations have been made on the basis set out in the Statement of Accounting Policies (Note 1), except that not all properties were inspected. This was neither practical nor considered by the valuer to be necessary for the purpose of the valuation. Plant and machinery that form fixtures to the building are included in the valuation of the building.

### 11 Commitments under Operating Leases

Vehicles, Plant and Equipment - the Council uses photocopying equipment financed under the terms of an operating lease. The amount paid under this arrangement in 2008 was £2,902 (2007 £2902). This amount has been charged to the relevant service heading in the Income and Expenditure Account.

### Financial Commitments under Operating Leases

	2009	2008
	£	£
Obligations expiring within one year	-	725
Obligations expiring within two and five year	-	-
Obligations expiring after five years	-	-
	<u>0</u>	<u>725</u>

## Bishop's Stortford Town Council

### Notes to the Accounts

31st March 2009

#### 12 Financing of Capital Expenditure

2009	2008
£	£

The following capital expenditure during the year:

Fixed Assets purchased	277,104	552,494
	<u>277,104</u>	<u>552,494</u>

was financed by:

Useable Capital Receipt	-	220,000
Capital Grants	-	45,000
New Loans Raised	270,000	243,000
Precept and Revenue Income	7,104	44,494
	<u>277,104</u>	<u>552,494</u>

#### 13 Information on Assets Held

Fixed assets owned by the council include the following:

##### **Operational Land and Buildings**

- Council Offices - The Monastery
- Markwell Pavilion
- Public Toilets
- Cemeteries - 2
- Community Centres - 4

##### **Vehicles and Equipment**

- Light Vans - 4
- Dumper Truck
- Play Equipment
- Sundry Office Equipment
- Sundry grounds maintenance equipment

##### **Infrastructure Assets**

- Bus shelters
- Other street furniture

##### **Community Assets**

- Allotments - 6 sites
- Recreation grounds and playing fields
- Children's play areas
- Council Artefacts

# Bishop's Stortford Town Council

## Notes to the Accounts

31st March 2009

14 Investments	Investments Other than Loans	Total
	2009 £	2008 £
Cost and Net Book Value	983	983
At 31st March 2009	983	983
<b>15 Debtors</b>		
	2009 £	2008 £
Debtors	31,863	29,227
V A T Recoverable	5,451	13,150
Sundry Debtors	500	500
Prepayments and Accrued Income	31,009	1,923
	68,823	44,800
<b>16 Creditors and accrued expenses</b>		
	2009 £	2008 £
Loans repayable within one year	42,674	34,445
Creditors	76,284	33,173
Payroll Taxes and Social Security	-	8,884
Retentions Due	-	2,729
Other Creditors	27,676	35,625
	146,634	114,856
<b>17 Long Term Liabilities</b>		
	2009 £	2008 £
Public Works Loan Board	628,420	392,865
	628,420	392,865
The above loans are repayable as follows:		
Within one year	42,674	34,445
From one to two years	38,331	30,798
From two to five years	116,901	66,043
From five to ten years	229,147	133,366
Over ten years	201,367	128,213
Total Loan Commitment	628,420	392,865
Less : Repayable within one year	(42,674)	(34,445)
	585,746	358,420
<b>18 Useable Capital Receipts</b>		
	2009 £	2008 £
Added during Year	-	10,000

The useable Capital Receipts represents capital receipts available to finance qualifying expenditure in fut

# Bishop's Stortford Town Council

## Notes to the Accounts

31st March 2009

19 Asset Revaluation Reserve	2009 £	2008 £
Balance at 1st April 2008	-	-
Less: Transfer to Capital Adjustment Account	-	-
Disposal of fixed assets	-	-
Depreciation eliminated on disposals	-	-
	<u>-</u>	<u>-</u>

The system of accounting for Local Councils requires the establishment of an Asset Revaluation Reserve. The Balance on this reserve contains revaluation gains recognised since 1st April 2007.

20 Capital Adjustment Account	2009 £	2008 £
Balance as at 1st April 2008	1,363,271	1,145,568
Revaluation of Assets Acquired prior to 1st April 2007	-	220,000
Financing capital expenditure in the year		
- using revenue balances	7,104	44,494
Grants Applied for the year	5,000	5,000
Reversal of depreciation	(69,815)	(71,318)
	<u>1,305,560</u>	<u>1,343,744</u>
Loan Repayments	34,445	19,527
Balance at 31st March 2009	<u>1,340,005</u>	<u>1,363,271</u>

The Capital Adjustment Account represents revenue and capital resources applied to finance capital expenditure or for the repayment of external loans. It also includes the reversal of depreciation to ensure it does not impact on the amount to be met from precept and the balance from the Fixed Asset Restatement Account abolished in the 2007 regualtions. It does not represent a reserve which the council can use to support future expenditure.

21 Earmarked Reserves	Balance at 1/4/2008 £	Contribution to reserve £	Contribution from reserve £	Balance at 31/3/2009 £
Other Earmarked Reserves	62,000	3,800	-	65,800
Total Earmarked Reserves	<u>62,000</u>	<u>3,800</u>	<u>-</u>	<u>65,800</u>

The Earmarked Reserves are credited with amounts set aside from revenue to fund specific known commitments/projects of the council.

## 22 Capital Commitments

The council had no capital commitments at 31st March 2009 not otherwise provided in these accounts



**Bishop's Stortford Town Council**

**Notes to the Accounts**

**31st March 2009**

**23 Contingent Liabilities**

The council is not aware of any contingent liabilities at the date of these accounts.

<b>24 Reconciliation of Revenue Cash Flow</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Surplus for the year	174,565	328,100
Add\ (Deduct)		
Interest paid	19,362	10,844
Statutory/non statutory adjustments	64,815	(163,682)
Interest and Investment Income	(32,788)	(37,825)
(Increase)/Decrease in stock held	1,000	(172)
(Increase)/Decrease in debtors	(24,023)	(24,395)
Increase in creditors	23,549	29,314
<b>Revenue activities net cash flow</b>	<b>226,480</b>	<b>142,184</b>

<b>25 Movement in Cash</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Balances at 1st April</b>		
Cash at bank	491,084	375,940
	<u>491,084</u>	<u>375,940</u>
<b>Balances at 31st March</b>		
Cash with accounting officers	697,477	491,084
Cash at bank	697,477	491,084
	<u>206,393</u>	<u>115,144</u>
<b>Net cash inflow</b>		

<b>26 Reconciliation of Net Funds/Debt</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Increase in cash in the year	206,393	115,144
New loans advanced in year	(270,000)	(243,000)
Cash outflow from repayment of debt	34,445	27,213
Net cashflow arising from changes in debt	(235,555)	(215,787)
Movement in net funds in the year	(29,162)	(100,643)
Cash at Bank and In-hand	491,084	375,940
Total borrowings	(392,865)	(177,078)
<b>Net Net Debt at 1st April</b>	<b>98,219</b>	<b>198,862</b>
Cash at Bank and In-hand	697,477	491,084
Total borrowings	(628,420)	(392,865)
<b>Net Debt at 31st March</b>	<b>69,057</b>	<b>98,219</b>

# Bishops Stortford Town Council

## Notes to the Accounts

31st March 2009

### 27 Summary of Movement on Reserves

Reserve	Note	Balance 1 April 2008	Net Movement In Year	Balance 31 March 2009	Purpose of Reserve
Asset Revaluation Reserve	19	-	-	-	Store of gains on revaluation of fixed assets from 1.4.2007.
Asset Management Account	20	1,363,271	(23,266)	1,340,005	Store of capital resources set aside to meet past expenditure.
Useable Capital Receipts	18	10,000	-	10,000	Proceeds of fixed asset sales available to meet future capital investment.
Specific Reserve	21	62,000	3,800	65,800	Resources set aside to meet future projects.
General Fund		390,316	194,031	584,347	Resources available to meet future costs for services.
		<u>1,825,587</u>	<u>174,565</u>	<u>2,000,152</u>	

The council as sole trustees for seven trust funds. The funds do not represent assets of the council, and they have not been included in the balance sheet

### 28 Funds for which Bishop's Stortford Town Council acts as sole trustee

	Income	Expenditure	Assets	Liabilities
The Rhodes Birthplace Trust	842,934	747,590	4,063,432	206,157
The Brazier Trust	27,699	28,255	52,265	17,505

## Bishops Stortford Town Council

### Notes to the Accounts

31st March 2009

#### 29 Post Balance Sheet Events

The council is not aware of any material Post Balance Sheet Events.

#### 30 Financial Liabilities and Assets

Financial Liabilities and Assets represented by loans and receivables are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flow that will take place over the remaining term using the following assumptions:

PWLB long term borrowings by reference to the to the 'premature repayment' set of rates in force at 31st March 2008 as calculated by the Public Works Loan Board.

Creditors and debtors and other receivables are taken to be the invoiced or billed amount.

The Fair Value caculated on liabilites is as follows:

	<b>31st March 2009</b>	
	Carrying Amount	Fair Value
	£	£
Creditors	76,284	76,284
Other creditors and accruals	26,676	-
Public Loan Board	628,420	685,233

The council has limited exposure to a variety of financial risks. These include:

Credit risk - the possibility that third parties might fail to pay amounts due to the authority;

Liquidity risk - the possibility that the authority might not have fund available to meet its commitments;

Market risk - the possibility income would be affected by a change in interest rate.

#### **Credit Risks Arising from Financial Instruments**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures with the council's customers. It is the council's policy that deposits are only made with banks who have the highest rated credit score. Income from business activities including, commercial lettings, cemetery and allotments operations represent approximately 11% of the council's income. Therefore any losses arising from these activities are not considered to be a material threat to the councils financial resources.

## Bishops Stortford Town Council

### Notes to the Accounts

31st March 2009

Amounts at 31st March  
2009

Historical  
Experience of

The following summarises the council's potential maximum exposure to credit risk:

	Carrying Amount	Fair Value	Default
	£		
Deposits with Banks	697,477	697,477	0%
Due from Customers	31,863	31,863	0%
Other Receivables	5,951	5,951	0%
Prepayments and accrued income	31,009	31,009	0%
Long Term Loans	123,372	123,372	0%

The council allows up to thirty days credit to customers, of the £31,863 balance £285 is more than three months past its due date.

**Liquidity Risk:** The council has access to borrowings from the Public Works Loan Board following approval by the Secretary of State. The maturity of long term financial liabilities is analysed in Note 17. All other creditors are payable within one year.

**Market Risk:** The council's loans are at fixed rates and therefore not affected by interest rate movements.

**Price Risk:** The council does not invest in equity shares.

## BISHOP'S STORTFORD TOWN COUNCIL

### ANNUAL GOVERNANCE STATEMENT

#### **1. Scope of Responsibility**

- 1.1 Bishop's Stortford Town 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.
- 1.2 The Council is exempt from the duty under the Local Government Act, 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.3 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk. The Statement of Recommended Practice (SORP) 2008 allows Councils to produce a wider ranging statement than the statement on internal control to include Governance.
- 1.4 This Statement explains how the Council has complied with the requirements of Regulation 4 of the Accounts and Audit Regulations, 2006 in relation to the publication of an Annual Governance Statement.

#### **2. The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the systems and processes for the direction and control of the council and its activities through which it accounts to and engages with the community. It enables the Council to monitor the achievements of its objectives and to consider whether those objectives have led to the delivery of the appropriate cost effective services.
- 2.2 The governance framework has been in place at the Council for the year ended 31 March 2008 and up to the date of approval of this new statement.
- 2.3 The publication of this new annual governance Statement confirms that Bishop's Stortford Town Council has undertaken a review of governance arrangements in order to satisfy themselves that all appropriate processes and procedures are in place.

#### **3. Purpose of the System of Internal Control**

- 3.1 The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives but aims to identify and prioritise risks and the likelihood of them being realised and the impact thereof and to manage them efficiently, effectively and economically.
- 3.2 A system of internal control has been in place at Bishop's Stortford Town Council for the year ended 31<sup>st</sup> March 2009. The new Statement is required both to update the internal control measures and also to comply with the duty imposed by Regulation 4 of the Accounts and Audit Regulations, 2006 which requires the Council to establish proper practices for the annual publication of a Governance Statement.

#### 4. The Governance Environment

##### 4.1 Governance mechanisms are in place for the following purposes:-

- Focusing on the purpose of the Council and establishing and monitoring the achievement of the Council's objectives and assessing performance
- Facilitating policy and decision making
- Ensuring compliance with established policies, procedures, laws and regulations
- Embedding risk management as an activity of the Council, including how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to the Council and their duties
- Ensuring economic, effective and efficient use of resources
- Seeking to ensure that continuous improvement occurs in the way the Council exercises its functions
- Ensuring Value for Money - the Council is constantly seeking to ensure that its resources are used economically, effectively and efficiently
- Utilises staff and management innovations and the findings of external agencies and inspections to help drive improvements
- Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- Continuing improvement in the way in which its functions are exercised having regard to a combination of economy efficiency and effectiveness as required when seeking to achieve best value
- Arrangements are in place to research citizen's views and consult on policies and proposals of the Council. These include an Annual Town Meeting and weekly councillor surgeries. The Council also consults via its quarterly newsletter and holds public meetings where appropriate.
- Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour. The behaviour of councillors in particular is regulated through a Code of Conduct (approved by Parliament). In addition, the District Council has the duty of maintaining high standards of conduct in public office through its Monitoring Officer and Standards Committee roles, and arranging training on ethical matters for parish councils.
- Ensuring employees comply with Council policies on conduct and behaviour, including bullying and harassment; drugs and alcohol and dignity at work. The Council issues a Staff Handbook to each member of staff.
- Ensuring policy and decision making are facilitated by a clear framework of delegation set out in the Council's Standing Orders. This provides for delegation to officers but within a policy framework laid down by the Council, and with the more significant decisions being taken by Committees.
- Dealing with comments and complaints relating to service provision by progressing work on the setting up of a Complaints register. The results will be reported to Committee to ensure service improvements can be identified by the Council's complaints and comments procedure.
- Ensuring the financial management of the Authority and reporting on financial management and in particular integrating the following financial management principles within the system of internal control:
  - Compliance with Standing Orders for Contracts
  - Compliance with budgetary procedure requirements
  - Segregation of financial responsibilities
  - Management supervision
  - Accountability of staff as budget holders
  - Development and maintenance of systems by Managers
  - Monitoring of budgets for over and underspends.

- Regular periodic reviews and financial reports
- Regular reports showing actual expenditure and income against forecasts for reporting on and reviewing financial performance
- Clearly defined budget setting and capital expenditure guidelines
- Regular monitoring of reserves/balances
- Compliance with formal project management disciplines
- Compliance with risk management procedures
- A robust approach to insurance and claims management.

#### 4.2 Risk Management and Internal Audit:

One of the key aspects of the internal control environment is the management of risk. The Council has an established Financial Risk Management Framework. Every report to members must carry a risk assessment and financial effects paragraph. The Council has adopted a reserves policy which is designed to ensure that its reserves are adequate to meet its ongoing commitments, respond to any need for emergency or unplanned expenditure and to discharge obligations to staff and suppliers.

The Internal Auditor reports to the Town Clerk, in his capacity as Responsible Finance Officer.

The Council has a robust health and safety policy, which includes the carrying out of risk assessments and provides an ongoing training programme in conjunction with a Health & Safety Consultancy to ensure continuous improvement of its practices and procedures.

The Council also retains the services of an externally appointed internal auditor who works to an agreed annual programme, which is regularly reported to the Finance and General Purposes Committee.

The Council takes fraud, corruption and maladministration seriously and has a whistle blowing policy contained within its Anti Fraud and Anti Corruption Policy.

### 5. Review of Effectiveness

- 5.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.
- 5.2 The review of effectiveness is guided by the work of the Town Clerk, and appointed Managers. The Town Clerk has responsibility for reviewing the effectiveness of the development and maintenance of the governance environment. The Council is also equally guided by the work of their independent Internal Auditor and comments made by their external auditors who are Grant Thornton (UK) LLP and any other review agency or inspectorate in their annual audit letters and other reports.
- 5.3 The process agreed by the Council which is applied in maintaining and reviewing the effectiveness of governance arrangements, including the system of internal control includes:-
  - Reporting to each meeting of the Finance and General Purpose Committee on financial transactions allowing scrutiny of the payments of creditors.
  - The Finance and General Purposes Committee receives the internal and external audit reports.
  - Reporting on any issues relating to best value to ensure use of resources in an economical, effective and efficient way.
  - Approval through the relevant Standing Committees of budget plans, the subsequent collation of comments for policy guidance at the Town Council meeting on the setting of the budget and any Precept requirements for the following year.

- Responsibility through the Finance and General Purposes Committee for receiving regular reports on work in progress and to be programmed for the future on internal audit and external audit functions.
- Where any recommendations are made either by the Internal Auditor or the external auditor suggesting improvements to the effectiveness of the systems of governance and internal control, a plan of action will be agreed with the relevant Officer within a reasonable period to address weaknesses and to ensure agreed action is undertaken.

5.5 Having implemented risk management as part of their corporate governance arrangements the Council will continue during 2009/10 to develop these risk management arrangements to ensure they are sufficiently embedded and effective.

5.6 The Council will also co-operate during 2009/10 with any internal or external audit work and will address any weaknesses and also consider implementation of any recommendations which may affect improvements within these areas of activity.

5.7 The Council is planning to implement a detailed training policy for both members and staff to ensure continuing professional development.

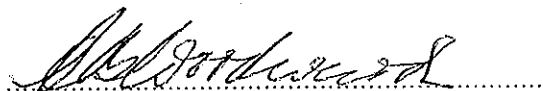
## 6. Significant Governance Issues

6.1 There have been no identified governance issues that are considered significant enough to be disclosed with the Annual Governance Statement.

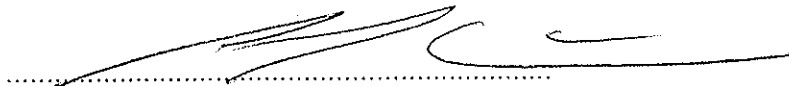
## 7. Approval of Statement

7.1 This statement was recommended for approval at a meeting of the Council's Finance and General Purposes Committee held on 8 June, 2008, and approved by the full Council on 22 June 2008, when authority was granted for the Mayor and Town Clerk to sign.

Town Mayor



Town Clerk



On behalf of Bishop's Stortford Town Council



## **Independent auditor's report to the Members of Bishop's Stortford Town Council**

### **Opinion on the financial statements**

We have audited the Authority accounting statements and related notes of Bishop's Stortford Town Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Bishop's Stortford Town Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

### ***Respective responsibilities of the Responsible Financial Officer and auditor***

The Responsible Financial Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 the financial position of the Authority and its income and expenditure for the year.

We review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

We read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounting statements. Our responsibilities do not extend to any other information.

### ***Basis of audit opinion***

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and

of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

### ***Opinion***

In our opinion the Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

### **Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

#### ***Authority's Responsibilities***

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

#### ***Auditor's Responsibilities***

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent us from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### ***Conclusion***

We have undertaken our audit in accordance with the Code of Audit Practice. In so doing, we were unable to obtain sufficient appropriate evidence that Bishop's Stortford Town Council had a risk management strategy approved by the Authority and that business continuity arrangements were not adequate.

Having regard to relevant criteria specified by the Audit Commission for other local government bodies, published by the Audit Commission in May 2008 and updated in February 2009, and the supporting guidance, we are satisfied that, in all significant respects, Bishop's Stortford Town Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009 except that it did not put in place adequate arrangements to manage its risks and maintain a sound system of internal control.

## Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Paul Dossett

Paul Dossett  
Senior Statutory Auditor  
for and behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants

Cambridge

October 12 2009



# Bishop's Stortford Town Council

Audit of Accounts 2008/09

Annual report to those Charged with Governance 2008/09

October 2009

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# 1 Executive Summary

**ISAUK 260 requires communication of:**

- relationships that have a bearing on the independence of the audit firm and the objectivity of the engagement team
- nature and scope of the audit work
- the form of reports expected

## 1.1 Purpose of report

This report has been prepared for the benefit of discussion between Grant Thornton UK LLP and the Finance and General Purposes Committee of Bishop's Stortford Town Council ('the Authority'). The purpose of this report is to highlight the key issues arising from the audit of the Authority's statement of accounts for the year ending 31 March 2009.

The document is used to report to management to meet the mandatory requirements of International Standard on Auditing (UK & Ireland) (ISAUK) 260, and to report audit findings to "those charged with governance", designated as the Finance and General Purposes Committee.

The Authority is responsible for the preparation of a statement of accounts which records its financial position as at 31 March 2009 and its income and expenditure for the year then ended. We as auditors are responsible for undertaking an audit and reporting whether, in our opinion, the Authority's statement of accounts represents a 'presents fairly' view of the financial position.

Under the Audit Commission's Code of Audit Practice ('the Code') we are also required to reach a formal conclusion on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion'). The pieces of work that have informed our VFM conclusion, and our detailed findings, are set out in this report.

## 1.2 Status of audit

We were presented with the draft statement of accounts on 3 July 2009. We have performed our final accounts audit in accordance with the Audit Commission's Code of Audit Practice and applicable auditing standards.

At the time of writing this report our finalisation procedures have to be completed per section 2.2.

The appointed day for electors to ask the auditor questions on the accounts this year was 11 September 2009. No electors asked questions on the 2008/09 accounts.

## 1.3 Overall conclusions

The Authority has prepared accounts that are free from material misstatements which are supported by satisfactory working papers.

The key highlights from the audit are:

- There was an unadjusted error of £2k relating to an overstatement of an accrual following subsequent receipt of invoice.
- The disclosure of the ageing of the loan creditor was amended.
- The Annual Governance Statement was requested to be revised following the conclusions of our Use of Resources audit.
- Interest has been accounted for on a cash basis, rather than on an accruals basis. The interest charge was recalculated and noted that the difference between the two was not significant when assessing the charge against the precept.

The only impact on the Income and Expenditure account surplus would have been the £2k relating to the accrual had been adjusted. This would have increased the General Fund balance by £2k.

#### *Statement of accounts opinion*

We anticipate providing an unqualified opinion on the Authority's statement of accounts on 12 October 2009.

#### *Value for Money conclusion*

In providing our opinion on the statement of accounts, we are required to reach a conclusion on the adequacy of the Authority's arrangements for ensuring economy, efficiency and effectiveness in its use of resources ('the Value for Money conclusion').

Our Value for Money conclusion is informed by our work on Use of Resources. In order for us to provide an unqualified conclusion, the Authority needs to achieve a pass for each Key Line of Enquiry ('KLOE') that has been specified for review by the Audit Commission.

We have reviewed the Authority's arrangements against the criteria specified for financial planning, understanding costs, financial reporting and internal control. We assessed the Authority's arrangements as being at least adequate in the first three key lines of enquiry. However, we noted the following weaknesses in the Authority's internal control arrangements:

- There is no formal risk management policy or strategy in place, despite the Authority's own financial regulations requiring a risk management strategy to be in place.
- It is unclear how corporate risks are appropriately reviewed and scrutinised at member level.
- The Authority does not regularly back up computerised data off site. Ideally, this should be done on at least a weekly basis. Currently, this is every other month which leads to a risk of data loss should there be a serious incident at the Authority.
- No formal whistleblowing or counter fraud policies in place.

Therefore, we propose to give an 'except for' Use of Resources conclusion in that the Authority did not put in place adequate arrangements to manage its risks and maintain a sound system of internal control.



The key actions for the Authority to take are:

- Members to approve policies on risk management and whistleblowing to improve and formalise the arrangements in these areas, and
- A system be put in place to increase the frequency of backing up data off site. This could be relatively cheaply and effectively achieved by providing a link between the networks at the Authority's offices and the Tourist Information Centre.

Further information on the outcome of our Use of Resources audit is contained in Section Two.

#### **1.4 Way forward**

We will continue to work with the Authority to ensure that outstanding finalisation issues are completed in time for the accounts opinion to be formally signed on 12 October 2009.

#### **1.5 Acknowledgements**

We would like to record our appreciation for the positive co-operation and assistance provided to us by the finance department and other staff at the Authority during the course of our audit.

Grant Thornton UK LLP

2 October 2009

## 2 Detailed findings

### 2.1 Introduction

This section provides a summary of our findings arising from the audit of the statement of accounts. This includes matters arising from our evaluation of key controls and comment on the Authority's overall financial position.

### 2.2 Status of the audit

We carried out our audit in accordance with our audit plan. Our audit is substantially complete.

The following finalisation procedures are outstanding:

- review of the final version of the statement of accounts, including the Annual Governance Statement;
- obtaining and reviewing the Authority's letter of management representation; and
- updating our post balance sheet events review, to the date of signing the accounts.

### 2.3 Audit opinion

#### *Statement of accounts Opinion*

We expect to issue an unqualified audit opinion on the Authority's statement of accounts, subject to the approval of the statement of accounts by the Finance and General Purposes Committee on 12 October 2009 and completion of our finalisation procedures.

A number of issues arose during the course of the audit which, whilst not considered material to the reported financial performance, should be considered by the Finance and General Purposes Committee. These are set out in sections 2.4 to 2.6 below.

#### *Value for Money Conclusion*

Our Value for Money conclusion is informed by our work on Use of Resources. In order for us to provide an unqualified conclusion, the Authority needs to achieve a pass for each Key Line of Enquiry ('KLOE') that has been specified for review by the Audit Commission.

**Assessed KLOE:**

1.1 - Does the organisation plan its finances effectively to deliver its strategic

priorities and secure sound financial health?

1.2 - Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?

1.3 - Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?

2.4 - Does the organisation manage its risks and maintain a sound system of internal control?

The Key Line of Enquiries specified by the Audit Commission are highlighted in the text box left.

We have reviewed the Authority's arrangements against the criteria specified for financial planning, understanding costs, financial reporting and internal control. We assessed the Authority's arrangements as being at least adequate in the first three key lines of enquiry. However, we noted the following weaknesses in the Authority's internal control arrangements:

- There is no formal risk management policy or strategy in place, despite the Authority's own financial regulations requiring a risk management strategy to be in place.
- It is unclear how risks are managed at a member level. There is no current process for review and scrutiny of corporate risks.
- The Authority does not regularly back up off site. Ideally, this should be done on at least a weekly basis. Currently, this is every other month which leads to a risk of data loss should there be a serious incident at the Authority.
- No formal whistleblowing or counter fraud policies in place.

Therefore, we propose to give an 'except for' Use of Resources conclusion in that the Authority did not put in place adequate arrangements to manage its risks and maintain a sound system of internal control.

The key actions for the Authority to take to avoid this qualification next year are:

- Members to approve policies on risk management and whistleblowing to improve and formalise the arrangements in these areas, and
- A system be put in place to increase the frequency of backing up data off site. This could be relatively cheaply and effectively achieved by providing a link between the networks at the Authority offices and the Tourist Information Centre.

Other ways in which the Authority can improve its arrangements are:

- When revising the Town Plan the Authority should ensure that the objectives included within the plan meet the SMART criteria and are linked to the Authority's budget.
- The arrangements for Treasury Management and setting the level of reserves could be enhanced by having a formal policy in place which is scrutinised by and then approved by members.
- Reports to members could more clearly articulate consideration of risks, legal and financial implications as well as consideration of fraud where relevant.
- Key performance indicators should be developed to measure the outcomes of the Authority's objectives, priorities and initiatives.

Recommendations arising from our work have been included in the action plan in Appendix B.

## **2.4 Matters arising from the statement of accounts audit**

We have undertaken sufficient work on key financial controls for the purpose of designing our programme of work for the statement of accounts audit. Our evaluation of the Authority's key financial control systems did not identify any control issues presenting a material risk to the accuracy of the statement of accounts.

We have reviewed the work of Internal Audit and concluded that the scope and conduct of the testing was appropriate for us to rely on in understanding key financial systems of the Authority. We have therefore taken assurance from the work of internal audit to support our responsibilities in documenting and understanding material systems used to prepare the statement of accounts. There were no significant issues that would impact on our planned audit strategy.

We performed a high level review of the general IT control environment as part of the overall review of the internal control system and concluded that there were no material weaknesses within the IT arrangements that would adversely impact our audit of the accounts, although our earlier comments on the backing up of data mean that although the financial statements have not been impacted in 2008/09 there is a risk of future impact on accounting statement if data backup arrangements are not strengthened.

The Authority provided good quality working papers for the audit and responded promptly to audit queries.

## **2.5 Adjusted misstatements**

There were no misstatements identified by the management team during the course of the audit.

Our audit identified the following adjustment which has been processed by management:

- The disclosure of the ageing of the loan creditor was amended.

The adjusted misstatement is scheduled at Appendix C. There is no impact on the Income and Expenditure account surplus or on the charge against the precept.

## **2.6 Unadjusted misstatements**

There was one unadjusted error. This was for £2k relating to an overstatement of an accrual following subsequent receipt of invoice. This unadjusted error is included in Appendix D.

If this was adjusted for then the impact would have been to increase the surplus in the Income and Expenditure account and to reduce the charge against the precept by £2k.

## **2.7 Financial performance**

The Authority has reported a surplus on the Income and Expenditure account of £175,000 (2007/08 £328,000). The reduction in surplus is mainly due to a gain on disposal recorded in 2007/08 not applying to the 2008/09 financial year.

The Authority under spent against the budget by £207,000. Included within this over spend are a number of positive and negative variances against the budget, the most significant of which are included in the table below:

**Table 1: Most significant variances against budget**

Budget area	Performance against budget
Cemetary and burials	£74k favourable
Community centre support	£20k favourable
Parks and open spaces	£32k favourable
Public amenities	£20k favourable

This under spend against the budget has led to an increase in contribution to reserves.

The Authority did not have any investments in Icelandic banks at the time of collapse of these banks.

## **2.8 Annual Governance Statement ('AGS')**

We have examined the Authority's arrangements and process for compiling the AGS. In addition, we read the AGS and consider whether the statement is in accordance with our knowledge of the Authority. Our audit identified one proposed adjustment to reflect the findings of our Use of Resources audit detailed in section 2.3.

## **2.9 Next Steps**

The Finance and General Purposes Committee is required to approve the annual accounts of the Authority for the year ended 2008/09.

Finally, we would like to draw to the attention of those charged with governance further significant changes that will happen to the statement of accounts in future years. The most significant of which is the full implementation of International Financial Reporting Standards ("IFRS") in 2010/11. Although this may seem a long way off, it is important that authorities start planning now, as there will be significant changes to the accounts. Our experience in other sectors shows that audited bodies that are well planned for the transition to IFRS have fewer amendments to their accounts and are less likely to be charged additional audit fees, than those who are not well prepared. We would be happy to share our experiences of working with CIPFA in this area, as well as involving our Financial Reporting Advisory Group who are specialists in planning for IFRS.

## A Reporting requirements of ISA 260

The principal purpose of the ISA 260 report is:

- To reach a mutual understanding of the scope of the audit and the respective responsibilities of the auditor and those charged with governance.
- To share information to assist both the auditor and those charged with governance fulfil their respective responsibilities.
- To provide to those charged with governance constructive observations arising from the audit process.

### Matters Reported under ISA 260

Area	Key Messages
Independence	<p>We are able to confirm our independence and objectivity as auditors and draw attention to the following points:</p> <ul style="list-style-type: none"> <li>• We are independently appointed by the Audit Commission.</li> <li>• The firm has been assessed by the Audit Commission as complying with its required quality standards.</li> <li>• The appointed auditor and client service manager are subject to rotation every 5 years</li> <li>• We comply with the Auditing Practices Board's Ethical Standards.</li> <li>• We have not charged fees for additional services in excess of the main audit fee (£9k excluding VAT).</li> </ul>

Area	Key Messages
Audit Approach	<p>Our approach to the audit was set out in our 2008/09 audit plan and our audit strategy document for the year ending 31 March 2009. We have planned our audit in accordance with auditing standards and the Audit Commission's Code of Audit Practice. Other key factors to highlight include:</p> <ul style="list-style-type: none"> <li>• We consider the materiality of items in the statement of accounts in determining the audit approach and in determining the impact of any errors.</li> <li>• We have been able to place appropriate reliance on the key accounting systems operating at the Authority for final accounts audit purposes.</li> <li>• In 2008/09 we have been able to place reliance on the work of internal audit in respect of understanding and documenting key accounting systems.</li> </ul>
Accounting Policies	<p>We consider that the Authority has adopted appropriate accounting policies in the areas covered by our testing. Accounting policies were in accordance with the 2008 Local Government Statement of Recommended Practice.</p> <p>The Audit Committee should confirm that it is satisfied that the accounting policies adopted are the most appropriate, as required by FRS 18.</p> <p>We have considered the Authority's financial plans and consider it appropriate to account on a going concern basis.</p>
Material Risks	<p>We have requested from the Authority a letter of management representations, to state that there are no additional material risks and exposures as at the date of the audit report, which should be reflected in the statement of accounts.</p> <p>We will also perform our own audit procedures to ensure that all significant risks and exposures to the Authority have been recognised in the accounts as at the date of the audit report.</p>

Area	Key Messages
Audit Adjustments	<p>We have discussed with management a number of adjustments to the accounts primarily to improve the fair presentation of the statement of accounts as well as the clarity and presentation of disclosure notes.</p> <p>These adjustments are set out in section 2.5 and summarised in Appendix C.</p>
Unadjusted Errors	<p>There is one unadjusted error that is set out in section 2.6 and summarised in Appendix D.</p> <p>We request that the Finance and General Purposes Committee concur with management that this error not be adjusted for.</p>
Other Matters	No other matters have been noted.



## B Action Plan

Para Ref	Matter Arising	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
2.3	There are no formal policies on risk management or whistleblowing.	Formal policies on risk management and whistleblowing should be approved by members	Medium		
2.3	Off site back up of data is not taken on a regular basis, leading to a risk of significant data loss in the event of a serious incident.	A system be put in place to increase the frequency of backing up data off site. This could be relatively cheaply and effectively achieved by providing a link between the networks at the Authority offices and the Tourist Information Centre.	High		
2.3	Improvements could be made in the way in which the Authority measures achievement of non-statutory function activities.	When revising the Town Plan the Authority should ensure that the objectives included within the plan meet the SMART criteria and are linked to the Authority's budget.	Medium		
2.3	The arrangements for Treasury Management and setting the level of reserves could be enhanced by having a formal policy in place.	Formal policies on Treasury management and reserves should be approved by members.	Medium		

Para Ref	Matter Arising	Recommendation	Priority	Management Response	Officer Responsible and Implementation Date
2.3	Reports to members could more clearly articulate consideration of risks, legal and financial implications as well as consideration of fraud where relevant.	A template for reporting to members should be developed. This template should incorporate risk, legal, financial and counter fraud implications.	Medium		
2.3	Improvements could be made in the way in which the Authority measures achievement of its initiatives.	Key performance indicators should be developed to measure the outcomes of the Authority's initiatives.	Medium		

All the recommendations above should have a minimal cost impact.

## C Adjustments to the statement of accounts

The following table presents all significant adjustments made to the accounts arising from the audit process which have been processed and agreed with the Chief Finance Officer.

### Adjustment Type

- Misstatement - A change to the value of a balance presented in the statement of accounts.
- Classification - The movement of a balance from one location in the accounts to another.
- Disclosure - A change to the way in which a balance is disclosed or presented in an explanatory note.

Adjustment type	Accounts balance	Impact on statement of accounts
Disclosure	Ageing of loan creditor	There was no impact on the income and expenditure surplus or the charge against the precept.
Disclosure	All	A number of disclosure adjustments have been agreed to improve clarity and presentation of the accounts which do not affect the reported financial position.

## D Unadjusted errors

The following table presents all significant adjustments made to the accounts arising from the audit process which have not been agreed with management.

### Adjustment Type

- **Misstatement** - A change to the value of a balance presented in the statement of accounts.
- **Classification** - The movement of a balance from one location in the accounts to another.
- **Disclosure** - A change to the way in which a balance is disclosed or presented in an explanatory note.

Adjustment type	Accounts balance	Impact on statement of accounts
Misstatement	Accruals and Net Cost of Services	This adjustment would have increased the surplus for the year by £2k and reduced accruals by the same amount.



# Grant Thornton

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