

## **Englishcombe Parish Council**

*Internal Audit Report 2020-21*

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## **Background**

The Accounts and Audit Regulations introduced from 1<sup>st</sup> April 2001, as amended periodically, require all Town and Parish Councils to implement an independent Internal Audit (IA) examination of their accounting records and systems of internal control and for the conclusions to be reported each year in the Annual Governance and Accountability Return (AGAR).

We were approached by the Council's Chairman in early October 2021 with a request to provide the IA service for 2020-21. This report, consequently, sets out the work undertaken during the course of our review for the year: we thank the Chairman for his assistance in providing documentation to facilitate the progress of our review.

## **Internal Audit Approach**

In undertaking the review, we have had regard to the materiality of transactions and their susceptibility to potential mis-recording or misrepresentation in the year-end Statement of Accounts as set out in Section 2 of the year's AGAR and summarised with total receipts and payments recorded in the Certificate of Exemption that needs completion and formal adoption by the Council prior to its submission to the external auditors. Our programme of cover is designed to afford appropriate assurance that the Council's financial systems are robust and operate in a manner to ensure effective probity of transactions and to afford a reasonable probability of identifying any material errors or possible abuse of the Council's own and the national statutory regulatory framework.

## **Overall Conclusion**

We have concluded that, based on the programme of work undertaken, the Council has maintained suitable internal control arrangements during the year, although we have identified a number of areas where we consider action is required to further strengthen controls, ensure documentation is maintained and provided for our future reviews in a more appropriate manner whilst ensuring compliance with best practice and statutory regulatory requirements. Detail of the issues identified and resultant recommendations for improved recording and control is set out in the body of the following report with resultant recommendations summarised in the appended Action Plan for ease of reference by members.

We ask that members and the Clerk consider the recommendations made and, wherever practicable, take appropriate action to implement them: we also ask that in due course we be provided with a formal response to each recommendation indicating the intended course(s) of action, together with the adopted copies of the AGAR Sections 1 & 2 and Exemption Certificate.

We have duly signed off the IA Certificate in the year's AGAR providing a copy for the Council's necessary further action. We also take this opportunity to remind the Clerk of the requirements of the guidance notes in the preface to the year's AGAR in relation to the documentation that should be displayed on the Council's website (Accounts and Audit Regulations 2015 and Transparency Code for Smaller Councils 2015).

# Detailed Report

## Maintenance of Accounting Records & Bank Reconciliations

Our objective in this area of review is to ensure that the accounting records are being maintained accurately and currently and that no anomalous entries appear in cashbooks or financial ledgers. The financial records have been maintained during the course of the financial year by the former clerk, who left at the end of March 2021, in spreadsheet format with separate spreadsheets for receipts and payments.

Two HSBC bank accounts are in place (Current and Money Manager) to record the financial transactions of the Council with a third HSBC account for the Millstream Project. This last account is managed by the Council through a small group of councillors retaining a small working balance funded periodically by donations and paying occasional expenses that are not funded directly by the Council's main Current Account, although certain amounts have been paid for directly by the Council during the year.

On the face of it, it would appear that this account and associated transactions should form part and parcel of the Council's main financial transactions and be reported and incorporated in the year's financial details in the AGAR: we have not been provided with a copy of the underpinning constitution of the management committee and have, consequently, been unable to determine its exact status and standing. We therefore suggest that legal advice be sought from ALCA and / or the external auditors as to the correct standing of this committee and whether transactions should feature as part of the AGAR's financial detail each year.

We have, as part of our review process: -

- Checked that the spreadsheet cashbooks afford appropriate analysis of receipts and payments to facilitate preparation and disclosure of the financial data at Section 2 of the AGAR, also for the Exemption Certificate as currently total receipts and payments individually fall below the £25,000 threshold which allows the Council to exempt itself from the requirement for an external audit review;
- Noted that due to the manner in which they are prepared and presented, the "cashbooks" do not provide either a periodic or rolling balance for reconciliation to the bank accounts;
- Despite the absence of a recorded cashbook balance during the year, verified the accurate carry forward of the closing 2020-21 account balances;
- Checked detail of the year's cashbook transactions to the supporting bank statements, noting that two receipts in March 2021 had not been recorded in the receipts cashbook resulting in the understatement of year-end receipts in the prepared annual Statement of Accounts by £125.08;
- Examined detail of the year-end bank reconciliation, as prepared, noting that one cheque drawn in January and another in March 2021 remained uncleared at the bank at the year-end; and
- Ensured the accurate disclosure of the year-end balance in the AGAR at Section 2, Box 8 to that in the cashbook, subject to the above understatement of the year's receipts and potential implications of the exclusion of the Millstream account transactions.

Due to the manner in which the records have been prepared it is not readily possible to demonstrate a meaningful reconciliation of the cashbooks to the combined bank balances at any stage of the year: the format having been applied does not comply with standard accounting practice / reconciliation format. The bank reconciliation should be produced in two parts, the first starting

with the year's opening "**cashbook**" balance as recorded in the prior year's AGAR at Section 2 Box 8: to this should be added the cumulative receipts in the year to the date of each reconciliation less the cumulative payments to that date: this should equate to the period-end cashbook balance. The second part of the reconciliation should record the two account bank balances and their total value plus any uncleared, but recorded in the cashbook receipts, less any cheques drawn prior to the reconciliation date that have also not cleared the bank at that date. We have provided the Chairman with a suitable format of reconciliation that should be prepared periodically during the year (at least quarterly in accordance with the adopted Financial Regulations [FRs] - Para 2.2 refers): these reconciliations, together with the supporting bank statements should also be subjected to independent evidenced (i.e., be signed and dated) member review: the reviewer should neither be the Chairman nor a cheque signatory - FRs para 2.2 similarly refers).

To also help ensure the accuracy of transactions during the year and due to their relatively low volume, we have transferred data into our own quarterly cashbook format, which provides a quarter-end cashbook balance and, with entry of the quarter-end bank balances, also generates an appropriate bank reconciliation. We have provided the Chairman with a copy of our amended format cashbook, together with a similar proforma cashbook set up for 2021-22, which we suggest be applied.

As indicated above, we have identified the omission of two receipts in March 2021 from the cashbooks as provided, also noting the lack of analysis of certain payments at the year-end. Consequently, the detailed Statement of Account, as prepared for the year, understates receipts by £125.08 with the AGAR Section 2, Box 6 receipts and Boxes 7 & 8 year-end balance values duly understated: the receipts value to be reported in the year's Exemption Certificate will also require amendment.

### ***Conclusions and recommendations***

***Significant improvements are required in the manner in which financial transactions are being recorded to ensure that all transactions are recorded accurately, that an appropriate "cashbook" is maintained affording easy opportunity for regular reconciliation to the bank account balances in accordance with the requirements of the adopted FRs.***

- R1. *Care should be taken to ensure that cashbooks are entered accurately and completely, also ensuring that they provide an appropriate mechanism for the regular reconciliation to bank statements (the adopted Financial Regulations (FRs Para 2.2 refers).*
- R2. *Periodic, ideally quarterly, bank reconciliations should be prepared and subjected to independent scrutiny, approval and sign-off (FR Para 2.2 refers).*
- R3. *The AGAR Section 2 values should, if the AGAR detail has already been prepared / recorded, be amended to read as per the values at Appendix A to this report: similarly, the Exemption Certificate should record values of £9,351 and £9,952 for the year's total receipts and payments.*
- R4. *The legal position regarding the Millstream Committee and its financial transactions in relation to the possible need for their disclosure in the Council's AGAR should be clarified through ALCA and / or the external auditor.*

## **Review of Corporate Governance**

Our objective here is to ensure that the Council has robust corporate governance documentation and procedures in place; that Council meetings are conducted in accordance with the adopted

Standing Orders (SOs) and that, as far as we may reasonably be expected to ascertain as we do not attend meetings, no actions of a potentially unlawful nature have been or are being considered for implementation.

We have examined the Council's minutes for the financial year to determine whether any issues exist that may have an adverse effect, through litigation or other causes, on the Council's future financial stability and are pleased to note that both SOs and FRs are in place and are broadly in line with the latest NALC model documents, with suitable amendment to take account of local circumstances. We are also pleased to note that they include reference to the need for compliance with the Public Contract Regulations 2015, although they appear to have different values for formal tender action (£500 in SOs para 18.c. and £25,000 or £3,000 in FRs para 11.1.h. refer). We consider that, even with the generally low value of annual expenditure, a tender limit of £500 is potentially too low to attract contractors and suggest that a more reasonable value for formal tender action be set at £3,000.

We wish to thank the Chairman for completing our Governance Questionnaire, which helps us form a judgement on the soundness of the Council's overall governance arrangements.

Finally, in this area, we have examined the Council's website noting that it does not appear to be fully compliant with the disclosure requirements of the Transparency Code for Smaller Authorities 2015. Specifically, none of the 2020 minutes nor those for January and April 2021 have been posted, nor has detail of payments in excess of £100 during 2020-21: similarly, the asset register is not posted. We also note that it refers to the clerk appointed in 2021-22 as the contact: as he has now left the Council's employment the contact detail should be amended accordingly.

We note that the 2021-22 budget and precept were agreed and adopted at the January 2021 Council meeting, although reference is only made to a 10% increase in the latter. The approving minutes should formally record the value of the adopted annual precept.

Whilst we appreciate the difficulties encountered as a result of the Covid pandemic and staffing issues, the Council has, as indicated in the first section of this report, not complied with the statutory reporting arrangements in that it has, as yet, not completed or adopted the AGAR and Exemption Certificate for 2020-21, although we understand that the external auditors have granted an extension in the statutory deadline. Every effort should be made in future years to ensure compliance with the statutory deadline for adopting the AGAR and, if appropriate, the Exemption Certificate by 30<sup>th</sup> June.

### ***Conclusions and recommendations***

***As indicated above, the SOs and FRs should record a consistent value for formal tender action, also ensuring compliance with all relevant statutory disclosure requirements in accordance with the Transparency Code on its website.***

- R5. A consistent value for formal tender action should be recorded in both Standing Orders and Financial Regulations.*
- R6. The minutes approving the annual precept should identify the formal value adopted by the Council, rather than just a percentage increase: consequently, the adopted value of the 2021-22 precept should be formally minuted retrospectively at the next Council meeting.*
- R7. The Council must ensure that it complies with all disclosure requirements set out in the 2015 Transparency Code for Smaller Authorities and the Accounts and Audit Regulations 2015, detail of the latter being clearly set out in the preface of the AGAR.*

## Review of Expenditure and VAT

Our aim here is to ensure that: -

- Council resources are released in accordance with the Council's approved procedures and budgets;
- All payments are subject to appropriate approval in accordance with the Council's approved procedures;
- Payments are supported by appropriate documentation, either in the form of an original trade invoice or other appropriate form of document confirming the payment as due and/or an acknowledgement of receipt, where no other form of invoice is available;
- All discounts due on goods and services supplied are identified and appropriate action taken to secure the discount; and
- VAT has been appropriately identified for periodic recovery.

Having received the files of documentation from the Chairman, we have examined the content endeavouring to ensure that all payments are appropriately supported by an appropriate trade invoice and / or in the case of the clerk's and / or members expenses a formal expense reclaim, together with underlying invoices / till receipts. Due to the manner in which the documents have been filed, neither consistently in the lever arch files provided nor in specific consecutive order of payment, we have been unable to ensure that all payments are appropriately supported.

We are, however, pleased to note that a number of payments actually record the cheque number and, in some cases payment date: however, contrary to best practice, none of the supporting documentation affords any indication that members have actually seen the invoices when signing cheques, although we understand that they are available at meetings when payments are approved and cheques are signed.

In examining the documents, as available, we noted that the former clerk had made purchases using a personal credit card frequently sharing / recharging the cost between the three councils (we assume) for which she acted as clerk. In several, the reclaims were supported by appropriate trade invoices bearing a valid VAT Registration number and also identifying the VAT element of the amount reclaimed. VAT in such circumstances (i.e., where either the VAT cost or a valid VAT registration number is identifiable on the payment voucher) may be reclaimed, although ideally the invoices should be made out to the Council rather than an individual. Similarly, some reclaims by members for repairs to mowers, etc, most probably included elements of VAT which could again be reclaimable. Whilst the amounts of VAT involved may not be significant, we remind the Council that it is holding and expending public funds and the Council has a duty to ensure that all recoverable sums are identified and reclaimed accordingly. Finally, in this area we noted that the clerk's expense reclaims frequently included the cost of postage stamps for which no supporting till receipts appeared to have been provided and included on the files.

Due to the absence of full documentation identifying recoverable VAT, we have not recorded detail in the amended version of the cashbook provided to the Chairman and suggest that all invoice detail be examined with the VAT element duly recorded in the cashbook provided remembering to reduce the other analysis of the payment accordingly.

A more effective methodology should be applied to the filing of invoices / documentation supporting each and every payment. Additionally, members should demonstrate the effective discharge of their fiduciary responsibilities signing / initialling and dating the invoices at the same time as they sign cheques. In line with best practice, most of our clients have acquired a suitably

designed rubber stamp to be affixed to each invoice / payment document, including the following information: -

- Clerk's signature confirming receipt of goods and / or services, together with the arithmetic accuracy of the invoices;
- Cheque number and date of payment: where payments are made by Standing Order or Direct Debit, we also suggest that they be allocated separate sequential numbers (e.g., SO1, SO2, etc);
- Signatures / initials of two members on the invoice approving the payment and also signing cheques;
- Where payments are to be made to a cheque signatory, the invoices should also be signed-off by another non-signatory approving the payment.

We also urge that invoices be filed in chronological order of payment to act as a check that all are held and appropriately supported and are available for audit inspection.

We note that a VAT reclaim for 2019-20 was prepared and repaid by HMRC in April 2020: as far as we are aware no reclaim for 2020-21 has been prepared and submitted as yet.

### ***Conclusions and recommendations***

***As indicated above, we suggest that improved controls and formal evidencing of members' involvement in the approval of expenditure be implemented, together with a more logical approach to the filing of purchase invoices, etc. Care should also be taken to ensure that all VAT expended is identified in the cashbook for annual recovery.***

- R8. *In line with best practice, where no formal invoice is available, a proforma document or copy of any grant / donation letter issued should be signed as authorised by the Council Chairman and be retained with the file of invoices paid. Where the Chairman is the payee, another councillor should sign the invoice confirming payment approval.*
- R9. *The Council should consider the acquisition of a suitably designed (as detailed in the body of the report) rubber certification stamp to be affixed to every invoice / payment document with each duly "signed off" by the Clerk and two cheque signatories.*
- R10. *Care should be taken to ensure that all invoices are ideally made out in the name of the Council, not an individual, and, where appropriate, bear a VAT registration number, so that recoverable VAT may be reclaimed appropriately on all vatable supplies.*
- R11. *The 2020-21 supporting payment documentation should be scrutinised to ensure that all recoverable VAT is identified (as indicated in the body of the report): the value of recoverable VAT should be entered in the appropriate column of the revised cashbook provided with the other element of the payment reduced accordingly to record the net value of the payment.*

## **Assessment and Management of Risk**

Local councils are required to put in place appropriate arrangements to assess and manage all potential risks, financial and other, to which they may be exposed, also ensuring that appropriate insurance cover is in place. The Governance and Accountability Manual (G&AM) – "The Practitioner's Guide" requires all councils to develop an appropriate register of assessed risks and to formally review and adopt the register at least once annually.

We are pleased to note the preparation and adoption by the Council of a risk register at the Council meeting on 15<sup>th</sup> June 2020. Having examined the adopted document, we consider it very “thin” referring only to a few financial elements. The Council’s formal risk register should give due cognisance to the potential governance risks facing the Council in the event, albeit of limited likelihood, of fraudulent activity, either in house or by an external source, that may affect the Council’s financial situation or give rise to “political” embarrassment. We have provided the Chairman with a more comprehensive document in use by a number of our clients, which is tailored to meet their own specific circumstances and suggest that a more comprehensive document be prepared and adopted by the Council in similar vein to the provided document.

We note that the Council is insured through Zurich as part of a 5-year agreement expiring in 2025 and have examined the current insurance schedule: with Employer’s and Public Liability cover both in place at £10 million, together with Fidelity Guarantee cover at £25,000 we consider the level of cover appropriate for the Council’s present requirements.

### ***Conclusions and recommendation***

***Whilst we are pleased to acknowledge the existence of a formal risk register, we consider that it requires enhancement to cover all potential financial and governance / politically sensitive risks that the Council may be exposed to.***

*R12. The Council should develop a more comprehensive register of the potential financial and governance risks to which it may be exposed.*

## **Budgetary Control and Reserves**

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

We note that, following due deliberation, the Council finalised its budget and precept deliberations for 2021-22 formally adopting the latter at the meeting on 11<sup>th</sup> January 2021: the approving minute should record the actual value of the precept receivable from B&NES and we suggest that retrospective approval of that value be minuted at the next full Council meeting.

We are pleased to note that members are provided with periodic detail of payments for approval and bank reconciliations during the financial year, together with periodic, generally quarterly, performance against the approved budget.

The Council’s reserves at the financial year-end have remained relatively static with a minor reduction of some £500 to £12,400. This balance equates to approximately 12 months’ revenue spending at the 2020-21 level excluding the ring fenced CIL moneys and is considered more than appropriate for the Council’s ongoing revenue spending requirements.

### ***Conclusions and recommendation***

***Whilst no significant concerns exist in this area, the actual value of the adopted annual precept must be minuted formally.***



*R13. The actual value of the 2021-22 approved precept should be minuted retrospectively at the next Council meeting: the value of future years' precepts should also be minuted appropriately in the minutes of the approving meeting.*

## **Review of Income**

*The Council receives income from very limited sources in addition to the precept, primarily by way of grants, limited bank interest and recoverable VAT. We have agreed detail of income received to bank statements and, where available, other supporting documentation and are pleased to record that no issues arise in this area this year.*

## **Petty Cash Account**

*The Council does not operate a petty cash account. Any incidental expenses incurred by the Clerk are reclaimed and recovered through the normal trader payment process.*

## **Review of Staff Salaries**

In examining the Council's payroll function, we aim to confirm that extant legislation is being appropriately observed as regards adherence to the Employee Rights Act 1998 and the requirements of HMRC legislation as regards the deduction and payment over of income tax and NI deductions and employer contributions.

We have reviewed and agreed the salary paid to the Clerk monthly during the financial year noting that she was paid on the nationally agreed NJC scale applying in 2020-21 for 5 hours weekly also noting Council's approval for implementation of the 2020-21 national pay award backdated to 1<sup>st</sup> April 2020 with the arrears paid in September and the new salary from October 2020.

We note that in previous years the annual cost of the "sweeper's" contract has been reported in the AGAR at Section 2, Box 4 as a staff cost. As this individual is paid by monthly standing order in accordance with the terms of the signed contract and is not a direct employee of the Council paid through the payroll, the associated annual cost should have been reported at Box 6 on the AGAR, rather than at Box 4. Consequently, the box 4 2020-21 AGAR value should only reflect the Clerk's salary (£3,522) with the prior year (i.e., 2019-20 Box 4 value reduced appropriately and Box 6 increased correspondingly, to correctly reflect the contract cost of the sweeper: the AGAR should also be annotated as "restated" on the two 2019-20 values.

### ***Conclusions and recommendation***

***As indicated above, the AGAR Boxes 4 & 6 values for 2019-20 should be reported in the 2020-21 AGAR to reflect the correct value of the sweeper's total monthly contract payments for the year, with only the Clerk's salary recorded at Box 4 in both years.***

*R14. The contracted annual cost of the sweeper for both 2019-20 and 2020-21 should be reported at Box 6 of the AGAR, not Box 4 as he is not a direct employee of the Council paid through the Council's payroll.*

*R15. The staff cost value in Boxes 4 & 6 in the 2020-21 AGAR Section 2 for 2019-20 should be amended to record the sweeper's annual contract cost at Box 6, not Box 4: the amended 2019-20 values should be annotated as "restated" in the 2020-21 AGAR.*

## Asset Registers / Inventories

The Practitioner's Guide requires all councils to maintain a record of its stock of owned assets. We note that the 2019-20 AGAR records an asset value of £5,349. We have not been provided with a copy of the Council's formal register of assets and have, consequently, been unable to validate that value, whilst noting that no new assets have been acquired during 2020-21.

We note that the Zurich insurance schedule records a number of assets with a combined value of approximately £9,300. The Practitioner's Guide requires that the value of assets is reported consistently in the AGAR year-on-year with no adjustment for either depreciation or movement in insured / replacement value. Consequently, the value to be reported at Box 9 of the 2020-21 AGAR should remain unchanged from the above value.

Whilst appreciating the difficulties encountered by the Council as a result of both the Covid pandemic and change in clerks over the past few months, a formal register of assets should be in place and we suggest that, if not traceable, a new register be developed by members identifying as far as is reasonably possible the following information:

- Date of acquisition
- Siting of asset
- Serial or registration number, where applicable
- Purchase price, net of VAT
- Insured value, where applicable to assist in costing replacements
- Date of disposal
- Sales receipt, if applicable

Several of our clients have also started to develop photographic registers of their assets, specifically in respect of street furniture and play equipment, which they have found of assistance in progressing any insurance claims in the event of any wilful or accidental damage having occurred to the property.

### ***Conclusions and recommendations***

***As above, the Council must ensure that a formal register of its stock of assets is in place and is maintained currently recording the relevant detail as recorded above. We also consider it best practice for a photographic register of street furniture, etc to be developed to assist any potential insurance claim or police investigation.***

*R16. If an existing register cannot be found, urgent action should be taken to develop a formal and comprehensive register of the Council's asset stock as required by the Practitioner's Guide with detail formally displayed on the Council's website in accordance with the disclosure requirement of the Transparency Code 2015.*

*R17. Consideration should also be given to the development of a photographic register of the Council's assets, particularly street furniture, play equipment, etc to assist in the progression of any insurance claim or police investigation should such action be necessary.*

## Investments and Loans

***The Council has no long-term investments, nor does it have any loans in place repayable either by or to it.***

## Statement of Accounts and AGAR

Section 2 of the AGAR now forms the Council's formal Statement of Accounts subject to external audit review and certification. As the Council's turnover in 2020-21 was again below £25,000, the Council is eligible to and will be claiming exemption from the external audit process.

We have reviewed the detail of the financial values to be reported in the 2020-21 AGAR at Section 2 based on our revised cashbook which, as reported above will require amendment for 2019-20 in relation to Boxes 4 & 6.

We have provided the clerk with the correct detail to be shown in the Exemption Certificate and 2020-21 AGAR Section 2 in respect of both 2019-20 and 2020-21 detail.

### *Conclusions and recommendation*

*Based on the conclusions drawn from our review process this year, we have duly signed off the IA Certificate in the year's AGAR appropriately based on the conclusions drawn in the previous sections of this report: due to the absence of appropriate supporting documentation and incorrect recording of transactions in the cashbooks as provided for our review, we have had to assign negative responses at several Boxes.*

*Consequent on the above, we take this opportunity to remind the Council of the disclosure requirements of the Transparency Code and the guidance notes in the preface to the year's AGAR in relation to the documentation that should be displayed on the Council's website once the AGAR has been adopted formally, together with the Exemption Certificate and need to ensure compliance with the timing requirements for publication of the Notice of Public Rights to examine the Council's documentation for the financial year.*

Rec. No.	Recommendation	Response
<b>Review of Accounting Arrangements and Bank Reconciliations</b>		
R1	Care should be taken to ensure that cashbooks are entered accurately and completely, also ensuring that they provide an appropriate mechanism for the regular reconciliation to bank statements (the adopted Financial Regulations (FRs Para 2.2 refers).	
R2	Periodic, ideally quarterly, bank reconciliations should be prepared and subjected to independent scrutiny, approval and sign -off (FR Para 2.2 refers).	
R3	The AGAR Section 2 values should, if the AGAR detail has already been prepared / recorded, be amended to read as per the values at Appendix A to this report: similarly, the Exemption Certificate should record values of £9,351 and £9,952 for the year's total receipts and payments.	
R4	The legal position regarding the Millstream Committee and its financial transactions in relation to the possible need for their disclosure in the Council's AGAR should be clarified through ALCA and / or the external auditor.	
<b>Review of Corporate Governance</b>		
R5	A consistent value for formal tender action should be recorded in both Standing Orders and Financial Regulations.	
R6	The minutes approving the annual precept should identify the formal value adopted by the Council, rather than just a percentage increase: consequently, the adopted value of the 2021-22 precept should be formally minuted retrospectively at the next Council meeting.	
R7	The Council must ensure that it complies with all disclosure requirements set out in the 2015 Transparency Code for Smaller Authorities and the Accounts and Audit Regulations 2015, detail of the latter being clearly set out un the preface of the AGAR.	
<b>Review of Expenditure and VAT</b>		
R8	In line with best practice, where no formal invoice is available, a proforma document or copy of any grant / donation letter issued should be signed as authorised by the Council Chairman and be retained with the file of invoices paid. Where the Chairman is the payee, another councillor should sign the invoice confirming payment approval.	
R9	The Council should consider the acquisition of a suitably designed (as detailed in the body of the report) rubber certification stamp to be affixed to every invoice / payment document with each duly "signed off" by the Clerk and two cheque signatories.	

Rec. No.	Recommendation	Response
<b>Review of Expenditure and VAT (Continued)</b>		
R10	Care should be taken to ensure that all invoices are ideally made out in the name of the Council, not an individual, and, where appropriate, bear a VAT registration number, so that recoverable VAT may be reclaimed appropriately on all vatable supplies.	
R11	The 2020-21 supporting payment documentation should be scrutinised to ensure that all recoverable VAT is identified (as indicated in the body of the report): the value of recoverable VAT should be entered in the appropriate column of the revised cashbook provided with the other element of the payment reduced accordingly to record the net value of the payment.	
<b>Assessment and Management of Risk</b>		
R12	The Council should develop a more comprehensive register of the potential financial and governance risks to which it may be exposed.	
<b>Budgetary Control and Reserves</b>		
R13	The actual value of the 2021-22 approved precept should be minuted retrospectively at the next Council meeting: the value of future years' precepts should also be minuted appropriately in the minutes of the approving meeting.	
<b>Review of Staff Salaries</b>		
R14	The contracted annual cost of the sweeper for both 2019-20 and 2020-21 should be reported at Box 6 of the AGAR, not Box 4 as he is not a direct employee of the Council paid through the Council's payroll.	
R15	The staff cost value in Boxes 4 & 6 in the 2020-21 AGAR Section 2 for 2019-20 should be amended to record the sweeper's annual contract cost at Box 6, not Box 4: the amended 2019-20 values should be annotated as "restated" in the 2020-21 AGAR.	
<b>Fixed Asset Register</b>		
R16	If an existing register cannot be found, urgent action should be taken to develop a formal and comprehensive register of the Council's asset stock as required by the Practitioner's Guide with detail formally displayed on the Council's website in accordance with the disclosure requirement of the Transparency Code 2015.	

Rec. No.	Recommendation	Response
<b>Fixed Asset Register (Continued)</b>		
R17	Consideration should also be given to the development of a photographic register of the Council's assets, particularly street furniture, play equipment, etc to assist in the progression of any insurance claim or police investigation should such action be necessary.	

Englishcombe Parish Council		Appendix A					
Annual Return information		These cells are restated					
		2018-19	2019-20	2020-21			
1	Balances brought forward	9,085	10,544	13,028			
2	(+) Annual Precept	6,566	6,566	7,879			
3	(+) Total aother receipts	3,582	6,272	1,472			
4	(-) Staff costs	-5,773	-3,351	-3,522			
5	(-) Loan interest/ capital repayments	0	0	0			
6	(-) Total other payments	-2,916	-7,003	-6,430			
7	(=) Balances carried forward	10,544	13,028	12,427			
8	Total cash & Investments	10,544	13,028	12,427			
9	Total Fixed Assets	5,349	5,349	5349 ???	<i>Value to be checked, but unlikely to change</i>		
10	Total Borrowings	0	0	0			