Annual Governance and Accountability Return 2021/22 Form 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities*:

- **where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or**
- **where the higher of gross income or gross expenditure was £25,000 or less but that:**
  - **are unable to certify themselves as exempt (fee payable); or**
  - **have requested a limited assurance review (fee payable)**

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return 2021/22

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Form 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with *Proper Practices.*
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
   - The **Annual Internal Audit Report must** be completed by the authority's internal auditor.
   - **Sections 1 and 2 must** be completed and approved by the authority.
   - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published on the authority website/webpage **before 1 July 2022.**
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both) **no later than 30 June 2022.** Reminder letters will incur a charge of £40 +VAT:
   - the Annual Governance and Accountability Return Sections 1 and 2, together with
   - a bank reconciliation as at 31 March 2022
   - an explanation of any significant year on year variances in the accounting statements
   - notification of the commencement date of the period for the exercise of public rights
   - Annual Internal Audit Report 2021/22

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the limited assurance review and is able to give an opinion, the Annual Governance and Accountability **Section1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Before 1 July 2022 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2021/22**, approved and signed, page 4
- **Section 2 - Accounting Statements 2021/22**, approved and signed, page 5

Not later than 30 September 2022 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 and 2 of AGAR** including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

**for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.*

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return (AGAR) 2021/22

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this AGAR. *Proper Practices* are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the AGAR is complete (no highlighted boxes left empty), and is properly signed and dated. If the AGAR contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.
- Use the checklist provided below to review the AGAR for completeness before returning it to the external auditor by email or post (not both) no later than 30 June 2022.
- The Annual Governance Statement (Section 1) must be approved on the same day or before the Accounting Statements (Section 2) and evidenced by the agenda or minute references.
- The Responsible Financial Officer (RFO) must certify the accounts (Section 2) before they are presented to the authority for approval. The authority must in this order; consider, approve and sign the accounts.
- The RFO is required to commence the public rights period as soon as practical after the date of the AGAR approval.
- Do not send the external auditor any information not specifically requested. However, **you must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant authority owned generic email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the AGAR covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements **(Section 2, page 5)**. An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2021) equals the balance brought forward in the current year (Box 1 of 2022).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights of 30 consecutive working days which **must** include the first ten working days of July.
- The authority **must** publish on the authority website/webpage the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2022.**

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?	✓	
	Has all additional information requested, including **the dates set for the period for the exercise of public rights**, been provided for the external auditor?	✓	
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?	✓	
Section 1	For any statement to which the response is 'no', has an explanation been published?	✓	
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?	✓	
	Has an explanation of significant variations been published where required?	✓	
	Has the bank reconciliation as at **31 March 2022** been reconciled to Box 8?	✓	
	Has an explanation of any difference between Box 7 and Box 8 been provided?	✓	
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? **NB:** do not send trust accounting statements unless requested.	✓	

Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices*, can be downloaded from **www.nalc.gov.uk or from **www.ada.org.uk**

Annual Internal Audit Report 2021/22

COLNE ENGAINE PARISH COUNCIL

Colne-engaine.org.uk

During the financial year ended 31 March 2022, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2021/22 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓ NONE
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. *(If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")*			✓
L. The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements	✓		
M. The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations *(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).*		✓	
N. The authority has complied with the publication requirements for 2020/21 AGAR *(see AGAR Page 1 Guidance Notes).*	✓		

O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken: 09/05/22

Name of person who carried out the internal audit: JAN STOBART, FCCA

Signature of person who carried out the internal audit: J. Stobart

Date: 09/05/2022

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed). NO EVIDENCE OF A NOTICE OF PUBLIC RIGHTS

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2021/22

We acknowledge as the members of:

COLNE ENGAINE PARISH COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2022, that:

	Agreed		
	Yes	No*	'Yes' means that this authority:
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		*prepared its accounting statements in accordance with the Accounts and Audit Regulations.*
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		*made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.*
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		*has only done what it has the legal power to do and has complied with Proper Practices in doing so.*
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		*during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.*
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		*considered and documented the financial and other risks it faces and dealt with them properly.*
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		*arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.*
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		*responded to matters brought to its attention by internal and external audit.*
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		*disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.*

	Yes	No	N/A	
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.			✓	*has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.*

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

12/05/2022

and recorded as minute reference:

22/28

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

Clerk G Walkinshaw

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Section 2 – Accounting Statements 2021/22 for

COLNE ENGAINE PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2021 £	31 March 2022 £	*Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.*
1. Balances brought forward	33,097	42,542	*Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.*
2. (+) Precept or Rates and Levies	24,798	24,302	*Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.*
3. (+) Total other receipts	8,199	5,133	*Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.*
4. (-) Staff costs	12,543	12,226	*Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.*
5. (-) Loan interest/capital repayments	0	0	*Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).*
6. (-) All other payments	11,009	14,176	*Total expenditure or payments as recorded in the cash-book less staff costs (line 4) and loan interest/capital repayments (line 5).*
7. (=) Balances carried forward	42,542	45,575	*Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).*

8. Total value of cash and short term investments	42,542	45,575	*The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – **To agree with bank reconciliation.***
9. Total fixed assets plus long term investments and assets	150,442	149,952	*The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.*
10. Total borrowings			*The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).*

	Yes	No	N/A	
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)				*The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.*
			N/A	*N.B. The figures in the accounting statements above do not include any Trust transactions.*

I certify that for the year ended 31 March 2022 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

E Walkinshaw

Date 12/05/22

I confirm that these Accounting Statements were approved by this authority on this date:

12/05/22

as recorded in minute reference:

22/28.

Signed by Chairman of the meeting where the Accounting Statements were approved

Section 3 – External Auditor's Report and Certificate 2021/22

In respect of COLNE ENGAINE PARISH COUNCIL

1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit,** it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/ .

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2022; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor's limited assurance opinion 2021/22

(Except for the matters reported below)* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the authority:

(continue on a separate sheet if required)

3 External auditor certificate 2021/22

We certify/do not certify* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2022.

*We do not certify completion because:

External Auditor Name

External Auditor Signature Date

Contact details

Name COLNE ENGAINE PARISH COUNCIL of smaller authority:

County Area (local councils and parish meetings only):

Please complete this form and send it back to us with the AGAR or exemption certificate

	Clerk/RFO (Main contact)	Chair
Name	Grahame Walkingshaw	Lucy Orrow
Address	80 Chapel Road West Bergholt Essex, CO6 3HL	6 CROSSWAYS COLNE ENGAINE CO6 2JA
Daytime telephone number	01206 240 772	
Mobile telephone number	N/A	01787 224 786
Email address	clerk@colne-engaine.org.uk	lucy@colne-engaine.org.uk

CONFIRMATION OF THE DATES OF THE PERIOD FOR THE EXERCISE OF PUBLIC RIGHTS

Name of smaller authority: Colne Engaine Parish Council

County Area (local councils and parish meetings only): _____

On behalf of the smaller authority, I confirm that the dates set for the period for the exercise of public rights are as follows:

Commencing on Monday 13th June

and ending on Friday 22nd July

(Please enter the dates set by the smaller authority as appropriate which must be 30 working days (i.e. Monday – Friday only, and not Bank Holidays) inclusive and must include the first 10 working days of July 2022 (i.e. Friday 1 July – Thursday 14 July).

We have suggested the following dates: Monday 13 June – Friday 22 July 2022. The latest possible dates that comply with the statutory requirements are Friday 1 July – Thursday11 August 2022.)

Signed: G Walkinsshaw

Role: RFO - Colne Engaine Parish Council.

This form is only for use by smaller authorities subject to a review:

Please submit this form to PKF Littlejohn LLP with the AGAR Form 3 and other requested documentation – this form is not for publication on your website.

Explanation of variances – pro forma

Name of smaller authority: Coine Engaine Parish Council

County area (local councils and parish meetings only):

Insert figures from Section 2 of the AGAR in all Blue highlighted boxes

Next, please provide full explanations, including numerical values, for the following that will be flagged in the green boxes where relevant:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- **New from 2020/21 onwards:** variances of £100,000 or more require explanation regardless of the % variation year on year;
- a breakdown of approved reserves on the next tab if the total reserves (Box 7) figure is more than twice the annual precept/rates & levies value (Box 2).

	2020/21 £	2021/22 £	Variance £	Variance %	Explanation Required?	Automatic responses trigger below based on figures input, DO NOT OVERWRITE THESE BOXES	Explanation from smaller authority (must include narrative and supporting figures)
1 Balances Brought Forward	33,097	42,542				Explanation of % variance from PY opening balance not required - Balance brought forward agrees	
2 Precept or Rates and Levies	24,798	24,302	-496	2.00%	NO		
3 Total Other Receipts	8,199	5,133	-3,066	37.39%	YES	Higher VAT Refund £6036 08/07	
4 Staff Costs	12,543	12,226	-317	2.53%	NO		
5 Loan Interest/Capital Repayment	0	0	0	0.00%	NO		
6 All Other Payments	11,009	14,176	3,167	28.77%	YES	Playground Repairs £3,000 03/22 & 12/21	
7 Balances Carried Forward	42,542	45,575			NO	VARIANCE EXPLANATION NOT REQUIRED	
8 Total Cash and Short Term Investments	42,542	45,575				VARIANCE EXPLANATION NOT REQUIRED	
9 Total Fixed Assets plus Other Long Term Investments and Ass	150,442	149,952	-490	0.33%	NO		
10 Total Borrowings			0	0.00%	NO		

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable

COLNE ENGAINE PARISH COUNCIL
INTERNAL AUDIT 2021/22

A Proper Bookkeeping

- Is the cash book maintained and up to date?
  Yes. RBS Rialtas system was used by the previous clerk and kept up to date to December 2021. There were some discrepancies so the new clerk has recreated the cash book for the year in excel. The spreadsheet contains 4 worksheets: PC Book Receipts, PC Book Payments, Running Sheet and Summary Sheet. The receipts and payments worksheets have columns for types of transactions and monthly totals. These monthly totals are retyped into the Running worksheet which has transaction types down the left and side and a column for each month and the totals checked back to the Book Payments and Book Receipts. The intention for the Summary worksheet is to pick up the year-to-date totals from the Running Sheet and compare these with the budget. The Summary sheet is not populated for 2021/22
- Is the cash book arithmetic correct?
  Yes.
- Is the cash book regularly balanced?
  Yes.

B Financial Regulations

- Has the council formally adopted standing orders and financial regulations?
  Yes. SO reviewed and adopted at meeting 27 May 2021 (minute 12). FR reviewed at a couple of meetings (27 May, 10 June) and finally adopted a meeting on 9 December (minute 9)
- Has the council adopted other policies?
  Other policy documents reviewed at meeting 27 May 2021 (minutes 8, 15, and 18 to 20). Policies are not on the website
- Has a Responsible Financial Officer been appointed with specified duties?
  Previous clerk was also the RFO and the role was confirmed at the meeting on 27 May 2021 (minute 23). After the clerk resigned, Cllr Barnard was appointed as interim RFO (meeting 10 January 2022 minute 7). The new clerk started on 01/04/22 and the duties of RFO are specified in the contract.
- Have items or services above a de minimis amount been competitively purchased?
  Financial Regulations (4.1) specify clerk, in conjunction with chairman, can approve up to £500 and (4.5) clerk alone can approve up to £500 in case of extreme emergency. Financial Regulations (11.1 h) requires 3 estimates for amounts £100 to £4000 and 3 quotes for amounts £4000 to £25,000. Section 18 of SO has a threshold of £60,000 for tenders so the process for contracts with a value of between £25000 and £60000 is ambiguous. This should be considered when the SO and FR are next reviewed. During the year, quotes has been discussed for repairs to play equipment (mtg 8 July min 16 & mtg 9 Sep min 13), replacement of goal posts (mtg 11 Nov minute 15 & 9 Dec minute 10), installation of car charging points (mtg 10 March minute 2). Budgets for specific items have also been minuted (e.g., legal advice at mtg 27 April minute 4, signage at mtg 27 May minute 10, and pond maintenance at mtg 11 Nov minute 18). A separate working group was set up in March 2022 (minute 9) to look at quotes for legal advice in relation to the lease with the football club.

- Are payments in the cash book supported by invoices, authorised and minuted?
  Yes. Financial item in the Minutes refers to the 'Payments schedule' to be approved. The Payments Schedule accompanies the minutes but is not incorporated within them. These 'Financials' are published on the website up to July 2021 but not beyond. For transparency, it would be better for the approved payments to be embodied in the minutes, and for payments made by DD to also be included. The item in the minutes does record the names of the councillors who agree to authorise the payments which is good. The Payments schedules April to July are Bank reconciliations from the Rialtus system showing payments for approval as 'uncleared' entries, presumably set up on the system but not yet authorised. An online reference number, payee name and total amount payable is shown. This payments schedule did not include payments made by DD so was incomplete in terms of total outgoings. However, the list of regular contractual payees was approved at the meeting on 27 May (minute 22). The new clerk has retrospectively created an Accounts for Payment list for each month and filed with the relevant source documents for purposes of the audit. There are initials on some of the source documents but the levels of scrutiny under the previous system is unclear.
- Has VAT on payments been identified, recorded and reclaimed?
  VAT is recorded in a separate column on the new excel spreadsheet. The refund is reclaimed annually: total for 2020/21 of £1223.99 was received 13 May 2021. The total VAT on payments for 2021/22 of £1652.16 has been reclaimed in 2022/23.
- Is s137 expenditure separately recorded and within statutory limits?
  The council does not appear to have made any payments under s137. No grants have been paid and the items recorded as miscellaneous are mostly staff expenses claims and admin costs.

C Risk Management

- Does a scan of the minutes identify any unusual activity?
  Works undertaken by football club and impact on lease (04/05/21 Min 4, 08/07/21 min 14), maintenance of Village Pond (08/07/21 min 12, 09/09/21 min 16), consider registering Assets of Community Value (14/10/21 min14, 11/11/21 min 16), EV charging points (11/11/21 min 13, 10/03/21 min 2).
- Do the minutes record the council carrying out a risk assessment?
  Yes. The Risk Assessment was reviewed at the meeting on 27 May 2021 and 10 June 2021, and approved at meeting 9 December 2021 (minute 9).
- Is insurance cover appropriate and adequate?
  The meeting on 27 May 2021 (minute 17) approved with Zurich Municipal. The policy schedule for 2021/22 is not available but the schedule for 2022/23 has cover for All risks Property Damage Cover, money, Public liability, official's indemnity, Employer's liability, libel & slander, fidelity guarantee, personal accident and legal expenses.
- Are internal financial controls documented and regularly reviewed?
  It is clear that councillors have had sight of financial documents throughout the year: the minutes record under Financial Matters the provision of bank statements, bank reconciliations, payments schedules, earmarked reserves and detailed actual v budget receipts and payments summaries. The minutes state which councillors are appointed to approve on line payments each month. However, there is little physical evidence of councillor scrutiny through initialling of source documents or signing of bank reconciliations and statements, nor minuted discussion of actual v budget figures. A decision was taken at the

meeting on 9 September 2021 to cancel the debit card (minute 10), presumably as this method of making payment had sole authority. The clerk operates the payroll so the only internal control is by scrutiny of timesheets. The minutes record a decision to transfer funds from the current account to the savings account (mtg 14Oct 2021 min 13) and the use of reserves to cover unbudgeted costs (mtg 10 Mar 2022 min 2) which shows an awareness of council finances. Internal controls could be strengthened as suggested in my covering letter.

- Are all risks identified and actions undertaken to mitigate risks?
  The Financial Risk Assessment has columns for subject, risks identified, H/M/L, Management control of risks and review/assess/revise. It is a comprehensive assessment of risks. The management control actions include personal data relating to the previous clerk which will need to be removed. More detail could be provided under loss of key staff and Payroll (e.g. councillor access to passwords for HMRC, website etc as well as documents on google drive) and Play equipment and recreation ground (specify the nature of existing safety checks e.g. weekly inspection by handyman). The review column is rather meaningless and could instead be used to record (where relevant) when the next action / implementation is due e.g., date the next play inspection is due; the next planned training etc. In that way the risk assessment becomes more of a live document and a planning tool for the year ahead to ensure that risks are mitigated. The clerk advises that the handyman does a weekly inspection of play area. Minutes indicate that some mitigating actions are being undertaken e.g., permissions to use council land subject to receipt of appropriate insurance, and other documentation (mtg 27 May mins 24 & 26, mtg 8 July min 11, mtg 9 Sep min 12), Annual play area inspection (mtg 8 July min 16).

D Budgetary Controls

- Has the council prepared an annual budget in support of its precept?
  At the meeting 10 January 2022 (minute 7f) a Precept for 2022/23 was set at £25397 based on a budgeted spend of £26875.
- Is actual expenditure against the budget reported to the council?
  Yes. The minutes show that councillors received detailed receipts and payments against budget each month from the Rialtus system.
- Are there any significant unexplained variances from budget?
  The Rialtos system showed budgeted receipts of £1380 plus precept of £25387 for 2021/22, and budgeted spend of £27517. Rialtos also had a column showing the percentage of actual against budget. It is not clear if any narrative accompanied the reports.

E Income Controls

- Does the council have sources of income other than precept and VAT refunds?
  Yes. Grants, Donations, BDC street scene contract, Receipts from Earls Colne re PCSO, Compensation from Anglia Water and bank interest.
- Is income properly recorded and promptly banked?
  There are a number of counter credits in the year where cheques have been banked. Most receipts in 2022/23 are expected to be by direct credit. Any cheques received will be paid into the post office.
- Does the precept recorded in the cash book agree to the district council's notification?
  Yes. Precept total £25387, received as £12694 and £12693 (April & Sep 2021) plus a Collection Fund surplus of £345 received with first instalment. (£13039 and £12693)

- Are security controls over cash adequate and effective
  No cash is handled by the parish council

F Petty Cash No Petty cash is held.

G Payroll

- Do salaries paid agree with those approved by the council?
  The previous clerk was paid for the hours worked at the hourly rate agreed by the council, although there does not appear to have been a signed contract of employment. At the meeting on 27th April 2021, the council agreed that the clerk could carry forward unused leave (minute 14). The previous clerk resigned in December 2021 and was paid for a notice period which ended in January 2022 (final payment made in Feb). The council discussed recruitment of a new clerk at their meetings on 10 January (minute 10 and 13) and 10 February (minute 10). A locum clerk was appointed for March 2022. From 1st April 2022 a new permanent clerk has been appointed for 30 hours per month on LC2, with agreement to pay up to 10 hours per month as overtime.
  The council also employs a Village Handyman on an hourly rate for somewhere around 20 hours a month.
- Are other payments to the clerk reasonable and approved by the council?
  The previous clerk claimed expenses for copying, mobile phone, mileage and other disbursements etc. The Handyman has also claimed for fuel and sundry materials. There does not appear to be a policy for reclaim of expenses and supporting documentation is not available for every month. Reimbursement of expenses has been paid in the same payment as salary and I am informed they will be separated in 2022/23.
- Has PAYE / NIC and pensions been properly operated by the council as an employer?
  Salaries appear to have been paid in arrears (based on previous month time sheets) on the day after each meeting date rather than on a regular monthly or 4 weekly cycle. HMRC Basic Tools is used. The Payments of PAYE/NI to HMRC appear to have been made every 2 or 3 months up to November 2021, the first payment in April 2021 related to the previous tax year. There was an issue in operating the HMRC software from month 3 (ending 5th July) onwards. This is explained in a note filed with the November payments, the month in which the issue appears to have been resolved. As a result, the payments made to HMRC in Sep and Nov do not match the Basic Tools records but do even out over the period. The new clerk has prepared summaries for each of the council staff members for 2021/22 to assist with the reconciliation. After including the Employers NI the amounts due to HMRC up to month ending 5th October 2021 can be reconciled. Emp NI for subsequent months are unknown as the records are held by the previous clerk. The amounts payable to HMRC in respect of 2021/22 will be explored in the next few months but is known to be at least £529.40 (in respect of PAYE). The previous clerk would have qualified for auto enrolment but appears to have opted out of a pension scheme.
- What controls exist over management of staff time and duties?
  Each meeting includes a personnel matters item for an update on staff activities, although this item contains very little information. The clerk and handyman kept monthly time sheets which were reviewed by the council in approving the salary payments. It is unclear if the handyman was supervised by the clerk or by councillors. Supervision and appraisals processes should be reviewed in 2022/23

H Assets

- Does the council keep an asset register of all material assets owned?
  Yes. Similar assets are group together e.g. there are single line entries for 26 Street lights, and 7 pieces of gym equipment etc. I assume there is underlying information about the location of these assets and further inventory details. There is no column for insurance value (replacement cost).
- Is the register regularly updated?
  It was approved at the meeting on 27 May 2021 (minute 16), at the time of insurance renewal. Opening AGAR value £150442. In 2021/22 there has been one purchase of goalposts costing £658 ex VAT. The cost of the laptop / scanner of £1148 has been removed as a disposal (new laptop was purchased in 2020). Closing AGAR figure is £149952
- Do asset insurance valuations agree with those in the asset register?
  The policy schedule for 2021/22 is not available but the schedule for 2022/23 shows the cover for All risks Property Damage which is presumably the same headings as for 2021/22. The sums insured on Part C All risks at renewal on 1st June 2022 are greater than the costs included in the Asset Register. However, there does not appear to have been an exercise to determine the replacement costs of assets in order to assess the cover required.

I Bank reconciliations

- Is there a bank rec for each account?
  Yes. 2 bank accounts at Barclays: Community account and Business Premium account. At the yearend there is a combined reconciliation for the 2 accounts.
- Is the bank rec carried out regularly on receipt of statements?
  Yes. A combined bank reconciliation has been prepared for every month.
- Are there any unexplained balancing entries in any reconciliation?
  No.

J Year End

- Are year end accounts prepared on the correct accounting basis (R & P / I & E)?
  Yes. R & P basis
- Do accounts agree with the cash book and working papers?
  Yes. The spreadsheet, kept throughout the year, builds the totals for preparation of the accounts.
- Is there an audit trail from underlying financial records to the accounts?
  Yes. Source documents are filed in month order with the schedule of payments to which they relate.
- Where appropriate, have debtors and creditors been properly recorded?
  R&P does not require these to be recorded. The debtor at the year-end is for VAT reclaim of £1652.16 and there is a creditor in respect of amounts due to HMRC (in the region of £540 for PAYE and Emp NI)

K Council Exempting itself from a limited assurance review

- Did the council meet the criteria?
  No. Gross expenditure in 2020/21 was over £25000.
- Did the council exempt itself from the review?
  No
- Was the exemption certified at a meeting? *n/a*
- Was the appropriate notice displayed? *n/a*

L Web page Publication

The authority publishes information on a website/webpage, up to date at the time of the internal audit, in accordance with the Transparency code for smaller authorities. *Parish Council Meetings – Colne Engaine (colne-engaine.org.uk)*
Information about approved payments from April to July 2021 was available on the website at the time of the internal audit. The new clerk will upload the payments schedules for the whole year before the AGAR is submitted to PKF.

M Public Rights in Summer 2021

The council agreed the dates for the period for the Exercise of Public Rights
There is no minuted reference to agreement of the period for exercise of public rights in 2021, and no physical document on the previous year end file, nor on the website. I can only conclude that a public rights notice was not prepared. There is nothing the council can do about this so long after the event.

N Publication of Annual Return 20/21

The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes).
audit-2021.pdf (colne-engaine.org.uk)

O Trustees

- If the council is a trustee, has it met its responsibilities?
  Not applicable. Colne Engaine PC is not a sole trustee

Jan Stobart
09/05/22