

Annual Audit 2020-2021

PKF Littlejohn LLP have now completed their Limited Assurance Review and their report, certificate and the AGAR Parts 1 & 2 on which it was based are attached as Appendix 1 to this report.

The reported noted, that in their opinion

"the information in Sections 1 and 2 of the AGAR was in accordance with Proper Practices and no other matters had come to their attention giving cause for concern that relevant legislation and regulatory requirements had been met".

and that the Council has complied with the Accounts and Audit Regulations 2015 in the publication of a Notice of Conclusion of Audit.

The report also noted, under the section "*Other matters not affecting our opinion which we draw to the attention of the authority*":

- The AGAR was not accurately completed before submission for review. The AGAR had to be sent back for amendment.
This was the change to payments to reflect new advice on what should be included under salaries which was corrected and re-submitted; and
- Information received from the smaller authority indicates that it does not have a formal policy in respect of the valuation of fixed assets. Our understanding is that certain classes of assets are valued at insurance value and others at original cost which is an acceptable method in accordance with the Practitioners' Guide. However, we recommend that the authority agrees a formal policy regarding the valuation of each class of asset and this is noted on the fixed asset register to ensure consistency and transparency.
The Clerk has sought advice from the Suffolk Association of Locals Councils (SALC) and the Society of Local Council Clerks (SLCC) and a draft policy on asset valuation is attached at Appendix B to this report.

It should be noted that the fee for the Limited Assurance Review for 2020-21 was £300 plus VAT, an increase on the previous year (£240 plus VAT) of 25% which the parish council had not been notified of in advance. No additional fees or charges have been levied.

Recommendation:

That the parish council adopt the draft policy on Asset valuation attached as Appendix B to this report to inform future valuations of parish assets.

We acknowledge as the members of:

Wickhambrook 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 2021, that:

	Agreed		
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>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.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>responded to matters brought to its attention by internal and external audit.</i>
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

*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:

03/06/2021

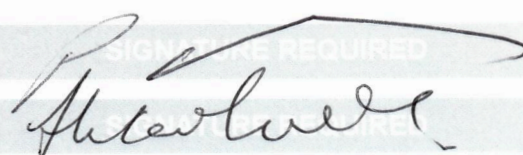
and recorded as minute reference:

E021.06.4 REFERENCE

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

Chairman

Clerk

SIGNATURE REQUIRED


wickhambrook.org ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

	Year ending		Notes and guidance
	31 March 2020 £	31 March 2021 £	
1. Balances brought forward	51,420	55,087	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	33,955	35,610	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	9,588	10,007	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 <small>Paul couzens (Aug 11, 2021 20:01 GMT+1)</small>	7,996 8,437	9,705	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 <small>Paul couzens (Aug 11, 2021 20:01 GMT+1)</small>	31,880 31,439	47,636	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	55,087	43,363	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	55,087	43,363	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	193,108	316,758	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	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions.
		X	

I certify that for the year ended 31 March 2021 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

Date

03.06.2021.

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

03.06.2021

as recorded in minute reference:

E021.06.5

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

Section 3 – External Auditor Report and Certificate 2020/21

In respect of

Wickhambrook Parish Council– SF0413

1 Respective responsibilities of the body and the auditor

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 2021: and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work **does not** constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and **does not** provide the same level of assurance that such an audit would do.

2 External auditor report 2020/21

On the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR 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.

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

The AGAR was not accurately completed before submission for review. The AGAR had to be sent back for amendment.

Information received from the smaller authority indicates that it does not have a formal policy in respect of the valuation of fixed assets. Our understanding is that certain classes of assets are valued at insurance value and others at original cost which is an acceptable method in accordance with the Practitioners' Guide. However, we recommend that the authority agrees a formal policy regarding the valuation of each class of asset and this is noted on the fixed asset register to ensure consistency and transparency.

3 External auditor certificate 2020/21

We 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 2021.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

PKF Littlejohn LLP

Date

13/09/2021

* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

Wickhambrook Parish Council

Asset Register Policy**1 Background**

- 1.1 Local councils must maintain an asset register to ensure fixed assets are appropriately safeguarded. This includes items of a capital nature where values tend to be high and which have a useful life of more than one year (Governance and Accountability for Local Councils: A Practitioner's Guide (England) 2014, para. 3.66). The Council's Financial Regulations, section 13 refers to the custody of Assets, Properties and Estates.
- 2 Scope of asset register
- 2.1 In order to ensure transparency and reasonableness, the following items are included in the Council's asset register, whether purchased, gifted or otherwise acquired, together with their holding location:
- land and buildings held freehold or on long term lease in the name of the Council
 - community assets
 - vehicles, plant and machinery
 - assets considered to be portable, attractive or of community significance
 - other assets estimated or known to have a minimum purchase or resale value of £100
 - long term investments, shares and loans made by the Council
 - assets held on trust (e.g. monies held on behalf of the Chairman's charity)
- 2.2 The values indicated in the asset register will inform the 'total fixed assets' section of the Annual Return with the exception of assets held on trust.
- 2.3 The following items fall outside the definition for inclusion and are therefore excluded from the Council's asset register:
- land and buildings held on short term lease or rented
 - land and buildings maintained or serviced, but not owned by the Council
 - assets rented by or loaned to the Council
 - stock items intended for resale
 - stationery and other consumable items
 - boundaries of land owned (e.g. fences, hedges and gates)
 - floor or land surfaces and drainage
 - plants and trees
 - assets with a purchase or resale value of less than £100 (other than items listed as for inclusion in the asset register)
 - repairs
 - cash, short term investments and other current assets
 - intangible assets (e.g. trademarks, internet domain names, contingent assets, broadcast rights)
 - 'negative' assets (e.g. provisions, borrowings, creditors and contingent liabilities)
- 2.4 A separate section of the asset register will contain a schedule of disposals.

Wickhambrook Parish Council

3 Valuation of assets

- 3.1 Once recorded on the asset register, the value of assets must not change from year to year until disposal. Concepts of depreciation and impairment adjustments are not appropriate for local councils (Governance and Accountability for Local Councils: A Practitioner's Guide (England) 2014, para. 3.69).
- 3.2 Assets must be valued by one of the following means based on available information:
- ideally, apply the purchase price (net of VAT if VAT has been reclaimed);
 - otherwise, apply the purchase price (gross of VAT if VAT has not been reclaimed or where the VAT status of the purchase is unclear)
- 3.3 Where it is not possible to trace the purchase price of the asset the insurance (rebuild) valuation should be applied. This applies specifically to:
- Chapel of Rest; and
 - War Memorial

As a last resort, a nominal value of £1 may be applied. This should also be used for assets gifted to the Council.

- 3.4 There is no guidance where land or buildings have been subject to substantial renovation and improvement to such an extent that the new market value bears no relation to the original purchase cost. In order to avoid renovation and improvement work being separately recorded on the asset register and in these exceptional circumstances only, a market value supplied by a qualified surveyor may be entered.

4 Procedure for updating the asset register

- 4.1 The start point is the asset register that has been agreed for the end of the previous financial year. The financial ledger should be reviewed for all purchases made during the year. A discussion should be held with all Council officers to identify any assets that have been gifted to the Council. Any new assets which fall in the categories stated at 2.1 above should be added to the asset register, with their values recorded at the purchase price (net of VAT if VAT is being reclaimed) or at £1 if gifted to the Council.
- 4.2 The financial ledger should also be reviewed for all asset sales made during the year. A discussion should be held with all Council officers to identify any assets that have been lost, disposed of or gifted by the Council. Any assets which fall in the categories stated at 2.1 above should be removed from the asset register and recorded in the schedule of disposals. The asset register should record any assets loaned by the Council, including the person or organisation borrowing the asset, its location and the date when the loan period ends.
- 4.3 A 'stock take' of asset register items should occur to ensure that all asset register items can be physically verified. Any assets which cannot be located should be removed from the asset register and recorded in the schedule of disposals.
- 4.4 The asset register, schedule of disposals and this policy will be reviewed annually and approved by the Council at the same time as the approval of the Annual Return.