Report to Lydiard Millicent Parish Council

21st July 2021

1. Background

Lydiard Millicent Parish Council has sought support from the Society of Local Council Clerks in verifying their yearend accounts. A locum has been appointed to carry out approximately 14 hours work to meet the scope of works.

2. Scope of work

a. To confirm that the figures detailed in the annual return are supported by the underlying accounting records.
b. To provide the council with an income and expenditure report by budget heading.
c. To prepare the documents needed to submit to the external auditor.
d. To provide the council with analysis of the key variances between the 2019/20 and 2020/21 accounts.
e. Other matters arising.

3. Confirm figures in the annual return are supported by the underlying accounting records.

The council uses the Alpha accounting package from Rialtas Business Solutions, this package is widely used within the sector and is a robust accounting tool. The support team from Rialtas have assisted in bringing the accounting records up to date.

The figures in the original AGAR supplied to the council were supported by the underlying accounting records. However closer inspection of the accounts identified that a small number of transactions that appeared on the bank reconciliation were not "true" reconciling items, these totalled £761.91 and have now been corrected a revised AGAR is appended to this report (Appendix 1) and has been supplied to the internal auditor along with a revised bank reconciliation.

The software is up to date as of 31st March 2021. The financial year has been closed and entries for the 2021/22 financial year can now be made to bring the software up to date.

In the future it would be sensible for a member of the council to review the bank reconciliation on at least a quarterly basis and for this to be presented to council for approval so that the council can satisfy themselves that accounting records have been maintained correctly. This is one of the most important internal controls that the council should undertake.

4. To provide the council with an income and expenditure report by budget heading.

The income and expenditure report is attached. (Appendix 2)Moving forward it would be prudent for the council to review this report on at least a quarterly basis. This would support the council in understanding the progress against budget and highlight any areas where expected income has not been received or expenditure exceeds budget.

5. To prepare the documents needed to submit to the external auditor.

Full details and examples of the documents needing to be submitted can be found at [2020/21 submission requirements | PKF Littlejohn (pkf-l.com)]

Briefly the council must provide:

a. The report of the internal auditor
b. AGAR sections 1 and 2
c. Bank Reconciliation
d. An explanation of differences between the current and previous financial year (summarised in appendix 3)
e. An explanation of the difference between box 7 and 8 on the AGAR Section 2 accounting statements for Lydiard Millicent the difference is equal to the outstanding VAT reclaim and this is further detailed below.

6. Other matters

a. VAT

During the course of preparing this report it has become apparent that the council has not submitted a VAT return during the course of 2019/20 or 2020/21. This has led to £18,064.54 being held in the councils VAT control account.

Local Authorities can reclaim the VAT that has been paid in pursuit of "non-business" activities e.g., the provision of play equipment, mowing open spaces, speed signs and so on.

Local authorities may also reclaim VAT on "exempt" business activities subject to certain limitations in that no more than £7,500 of VAT for exempt activities may be reclaimed in a financial year. (Further information can be found in the attached legal topic note)

The council should be satisfied that their reclaim meets the set criteria before submitting a claim. But it would be extremely unusual for a Parish Council not to be able to reclaim the entirety of the £18,064.54 outstanding and therefore I would recommend that the council approve the submission of the VAT return as soon as possible so that the funds can be put to use for the community. (VAT returns have been prepared and can be sent to HMRC)

b. RESERVES

The council now holds over £100,000 in reserves and the council should be aware that where a council holds more than twice the precept in reserve without the monies be earmarked for a specific purpose the auditor will question this and expect a council to address this.

Suitable reasons for holding high reserves would include creating a reserve to save for the refurbishment of a village hall, purchase of play equipment, land or buildings.

The council will need to review the ear-marked reserves already held and ensure that they are being held for planned and deliverable projects.

c. INTERNAL CONTROLS

The council may wish to formalise their internal control processes to ensure that there is a regular review of bank reconciliations, budget reports and so on. A simple checklist such as that shown in appendix 4 may assist the council.

Report prepared by Kate Houlihan BA (Hons) PSLCC CiLCA.

Section 2 – Accounting Statements 2020/21 for

Lydiard Millicent Parish Council

	Year ending		Notes and guidance
	31 March 2020 £	31 March 2021 £	*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	113,473	115,243	*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	52,800	54,800	*Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.*
3. (+) Total other receipts	26,366	10,044	*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	12,098	18,129	*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	65,298	42,792	*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	115,243	119,166	*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	116,154	101,102	*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	257,386	264,883	*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).*

	Yes	No	
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.B. The figures in the accounting statements above do not include any Trust transactions.*

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

SIGNATURE REQUIRED

Date DD/MM/YY

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

DD/MM/YY

as recorded in minute reference:

MINUTE REFERENCE

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

SIGNATURE REQUIRED

Lydiard Millicent Parish Council

Detailed Income & Expenditure by Budget Heading 31/03/2021

Cost Centre Report

		Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent	Transfer to/from EMR
101	General Administration							
1000	Precept	54,800	54,800	0			100.0%	
1011	Grants of Right	0	600	600			0.0%	
1012	Interments	0	1,500	1,500			0.0%	
1013	Memorials	0	500	500			0.0%	
1015	Interest	150	150	0			99.9%	
1020	Other	(94)	0	94			0.0%	
	General Administration :- Income	**54,856**	**57,550**	**2,694**			**95.3%**	**0**
4056	Bank Service Charges	228	60	(168)		(168)	380.0%	
	General Administration :- Direct Expenditure	**228**	**60**	**(168)**	**0**	**(168)**	**380.0%**	**0**
4000	Staff Salary / HMRC	18,129	16,000	(2,129)		(2,129)	113.3%	
4001	Mileage	0	100	100		100	0.0%	
4006	Telephones / Broadband	944	730	(214)		(214)	129.3%	
4010	Training / Conferences	0	850	850		850	0.0%	
4011	Subscriptions	786	1,000	214		214	78.6%	
4012	Books & Journals	0	150	150		150	0.0%	
4022	Equipment	0	1,000	1,000		1,000	0.0%	
4032	Printing	39	50	11		11	78.0%	
4034	Postage	0	70	70		70	0.0%	
4035	Stationery	107	500	393		393	21.3%	
4052	Insurance	989	1,000	11		11	98.9%	
4053	Web Hosting & Domain Name	0	655	655		655	0.0%	
4055	Professional fees	1,379	3,000	1,621		1,621	46.0%	
4064	Software	649	0	(649)		(649)	0.0%	
4070	INSPECTIONS	0	500	500		500	0.0%	
4124	Small Equipment / Renewals	134	100	(34)		(34)	134.4%	
	General Administration :- Indirect Expenditure	**23,157**	**25,705**	**2,548**	**0**	**2,548**	**90.1%**	**0**
	Net Income over Expenditure	**31,470**	**31,785**	**315**				
102	Grants							
4136	Grants & Donations	0	300	300		300	0.0%	
	Grants :- Indirect Expenditure	**0**	**300**	**300**	**0**	**300**	**0.0%**	**0**
	Net Expenditure	**0**	**(300)**	**(300)**				
104	Democratic Activites							
4000	Staff Salary / HMRC	0	12,000	12,000		12,000	0.0%	
4001	Mileage	0	100	100		100	0.0%	
4006	Telephones / Broadband	0	864	864		864	0.0%	

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Detailed Income & Expenditure by Budget Heading 31/03/2021

Cost Centre Report

		Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent	Transfer to/from EMR
4010	Training / Conferences	25	400	375		375	6.3%	
4020	Chairman = Expenses	25	200	175		175	12.5%	
4022	Equipment	68	0	(68)		(68)	0.0%	
4026	Election Fees	0	5,000	5,000		5,000	0.0%	
4030	Hall Hire	115	400	285		285	28.8%	
4032	Printing	0	125	125		125	0.0%	
4051	Audit Fees	395	760	365		365	52.0%	
4053	Web Hosting & Domain Name	0	300	300		300	0.0%	
4055	Professional fees	1,129	0	(1,129)		(1,129)	0.0%	
4071	Registrations / Licences	40	0	(40)		(40)	0.0%	
4105	Parish Maintenance	616	0	(616)		(616)	0.0%	
	Democratic Activites :- Indirect Expenditure	**2,413**	**20,149**	**17,736**	**0**	**17,736**	**12.0%**	**0**
	Net Expenditure	**(2,413)**	**(20,149)**	**(17,736)**				
201	Cemetery							
1011	Grants of Right	900	600	(300)			150.0%	
1012	Interments	2,475	1,400	(1,075)			176.8%	
1013	Memorials	250	300	50			83.3%	
	Cemetery :- Income	**3,625**	**2,300**	**(1,325)**			**157.6%**	**0**
4002	Business Rates etc	86	0	(86)		(86)	0.0%	
4070	INSPECTIONS	0	4,000	4,000		4,000	0.0%	
4101	Grass Cutting	1,367	1,750	383		383	78.1%	
4105	Parish Maintenance	100	2,800	2,700		2,700	3.6%	
4109	Street Furniture - New	0	1,000	1,000		1,000	0.0%	
4111	Tree / Hedge Works	0	250	250		250	0.0%	
	Cemetery :- Indirect Expenditure	**1,553**	**9,800**	**8,247**	**0**	**8,247**	**15.8%**	**0**
	Net Income over Expenditure	**2,072**	**(7,500)**	**(9,572)**				
301	Recreation Field & JCH							
1007	Hire	16	700	684			2.3%	
1020	Other	12	0	(12)			0.0%	
	Recreation Field & JCH :- Income	**28**	**700**	**672**			**4.0%**	**0**
4002	Business Rates etc	1,785	1,600	(185)		(185)	111.6%	
4003	Water	1,234	160	(1,074)		(1,074)	771.1%	
4004	Electricity	257	400	143		143	64.2%	
4005	Gas	831	600	(231)		(231)	138.5%	
4022	Equipment	0	100	100		100	0.0%	
4036	Advertising	0	75	75		75	0.0%	

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Detailed Income & Expenditure by Budget Heading 31/03/2021

Cost Centre Report

		Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent	Transfer to/from EMR
4070	INSPECTIONS	56	200	144		144	27.8%	
4101	Grass Cutting	3,047	7,000	3,953		3,953	43.5%	
4105	Parish Maintenance	217	1,200	983		983	18.1%	
4111	Tree / Hedge Works	350	500	150		150	70.0%	
4120	JCH - CLEANING	4,439	2,000	(2,439)		(2,439)	221.9%	
4121	Janitorial Supplies	1,169	800	(369)		(369)	146.1%	
4122	Building Maintenance	338	1,200	862		862	28.2%	
4123	JCH - Major Works	0	6,500	6,500		6,500	0.0%	
4124	Small Equipment / Renewals	52	1,000	948		948	5.2%	
4131	Play Equipment - Maintenance	0	1,000	1,000		1,000	0.0%	
	Recreation Field & JCH :- Indirect Expenditure	**13,773**	**24,335**	**10,562**	**0**	**10,562**	**56.6%**	**0**
	Net Income over Expenditure	**(13,745)**	**(23,635)**	**(9,890)**				
303	Play Area							
4070	INSPECTIONS	0	150	150		150	0.0%	
4105	Parish Maintenance	153	0	(153)		(153)	0.0%	
4130	Play Equipment - New	0	15,000	15,000		15,000	0.0%	
4131	Play Equipment - Maintenance	4,438	0	(4,438)		(4,438)	0.0%	
	Play Area :- Indirect Expenditure	**4,591**	**15,150**	**10,559**	**0**	**10,559**	**30.3%**	**0**
	Net Expenditure	**(4,591)**	**(15,150)**	**(10,559)**				
304	Cricket							
1007	Hire	505	1,200	695			42.1%	
	Cricket :- Income	**505**	**1,200**	**695**			**42.1%**	**0**
4100	Equipment Hire	199	400	201		201	49.9%	
4101	Grass Cutting	564	350	(214)		(214)	161.1%	
4126	Pitch Marking	140	0	(140)		(140)	0.0%	
4312	Maintenance of Recreation fiel	1,197	0	(1,197)		(1,197)	0.0%	
	Cricket :- Indirect Expenditure	**2,101**	**750**	**(1,351)**	**0**	**(1,351)**	**280.1%**	**0**
	Net Income over Expenditure	**(1,596)**	**450**	**2,046**				
305	Football							
1007	Hire	2,540	3,500	960			72.6%	
	Football :- Income	**2,540**	**3,500**	**960**			**72.6%**	**0**
4126	Pitch Marking	660	2,200	1,540		1,540	30.0%	
	Football :- Indirect Expenditure	**660**	**2,200**	**1,540**	**0**	**1,540**	**30.0%**	**0**
	Net Income over Expenditure	**1,880**	**1,300**	**(580)**				

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Detailed Income & Expenditure by Budget Heading 31/03/2021

Cost Centre Report

		Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent	Transfer to/from EMR
401	Highways & OPEN SPACES							
4006	Telephones / Broadband	74	0	(74)		(74)	0.0%	
4101	Grass Cutting	1,367	2,000	633		633	68.3%	
4105	Parish Maintenance	1,138	8,000	6,862		6,862	14.2%	
4106	Floral Decorations	15	250	235		235	6.0%	
4107	Christmas Decorations	0	100	100		100	0.0%	
4109	Street Furniture - New	9,540	3,000	(6,540)		(6,540)	318.0%	
4111	Tree / Hedge Works	0	150	150		150	0.0%	
4136	Grants & Donations	0	3,000	3,000		3,000	0.0%	
	Highways & OPEN SPACES :- Indirect Expenditure	**12,134**	**16,500**	**4,366**	**0**	**4,366**	**73.5%**	**0**
	Net Expenditure	**(12,134)**	**(16,500)**	**(4,366)**				
501	Lydiard Plain							
1002	Rental	0	1,000	1,000			0.0%	
1003	Grants	3,290	2,500	(790)			131.6%	
	Lydiard Plain :- Income	**3,290**	**3,500**	**210**			**94.0%**	**0**
4055	Professional fees	310	350	40		40	88.6%	
	Lydiard Plain :- Indirect Expenditure	**310**	**350**	**40**	**0**	**40**	**88.6%**	**0**
	Net Income over Expenditure	**2,980**	**3,150**	**170**				
	Grand Totals:- Income	**64,844**	**68,750**	**3,906**			**94.3%**	
	Expenditure	**60,920**	**115,299**	**54,379**	**0**	**54,379**	**52.8%**	
	Net Income over Expenditure	**3,924**	**(46,549)**	**(50,473)**				
	Movement to/(from) Gen Reserve	**3,924**						

Working details for ANNUAL RETURN - Year ended 20 July 2021

		Last Year £	This Year £	Code	Centre	Code Description
1		79,973	81,743	310	0	General Reserves
1		33,500	33,500	315	0	Ear Marked reserves
1	Balances brought forward	113,473	115,243	Total balances & reserves at the beginning of the year as recorded in the Financial Records		
2		52,800	54,800	1000	101	Precept
2	Annual Precept	52,800	54,800	Total amount of Precept income received in the year		
3		4,576	0	1001	101	CIL Monies
3		1,000	0	1002	501	Rental
3		3,000	0	1003	401	Grants
3		6,491	3,290	1003	501	Grants
3		1,764	16	1007	301	Hire
3		900	505	1007	304	Hire
3		5,912	2,540	1007	305	Hire
3		450	900	1011	201	Grants of Right
3		1,250	2,475	1012	201	Interments
3		540	250	1013	201	Memorials
3		464	150	1015	101	Interest
3		12	-94	1020	101	Other
3		57	12	1020	301	Other
3		-50	0	4138	201	Refunds
3	Total other receipts	26,366	10,044	Total income or receipts as recorded in the cashbook minus the Precept		
4		188	18,129	4000	101	Staff Salary / HMRC
4		11,910	0	4000	104	Staff Salary / HMRC
4	Staff costs	12,098	18,129	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers) and pension contributions		
5	Loan interest/Capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on borrowings		
6		40	0	4001	104	Mileage
6		153	0	4002	101	Business Rates etc
6		0	86	4002	201	Business Rates etc
6		1,499	1,785	4002	301	Business Rates etc
6		2,367	1,234	4003	301	Water
6		734	257	4004	301	Electricity
6		464	831	4005	301	Gas
6		532	944	4006	101	Telephones / Broadband
6		201	0	4006	104	Telephones / Broadband
6		0	74	4006	401	Telephones / Broadband
6		30	0	4010	101	Training / Conferences
6		340	25	4010	104	Training / Conferences
6		570	786	4011	101	Subscriptions
6		158	0	4012	101	Books & Journals

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Working details for ANNUAL RETURN - Year ended 20 July 2021

	Last Year £	This Year £	Code	Centre	Code Description
6	103	25	4020	104	Chairman = Expenses
6	6	0	4021	104	Refreshments
6	0	68	4022	104	Equipment
6	18	0	4022	301	Equipment
6	292	115	4030	104	Hall Hire
6	11	39	4032	101	Printing
6	19	0	4032	104	Printing
6	29	0	4032	702	Printing
6	54	0	4034	101	Postage
6	172	107	4035	101	Stationery
6	7	0	4035	104	Stationery
6	3	0	4035	301	Stationery
6	685	395	4051	104	Audit Fees
6	962	989	4052	101	Insurance
6	601	0	4053	104	Web Hosting & Domain Name
6	2,504	1,379	4055	101	Professional fees
6	250	1,129	4055	104	Professional fees
6	310	310	4055	501	Professional fees
6	174	228	4056	101	Bank Service Charges
6	746	649	4064	101	Software
6	75	56	4070	301	INSPECTIONS
6	137	0	4070	303	INSPECTIONS
6	40	40	4071	104	Registrations / Licences
6	250	0	4071	401	Registrations / Licences
6	389	199	4100	304	Equipment Hire
6	1,625	1,367	4101	201	Grass Cutting
6	4,115	3,047	4101	301	Grass Cutting
6	315	564	4101	304	Grass Cutting
6	1,625	1,367	4101	401	Grass Cutting
6	0	616	4105	104	Parish Maintenance
6	1,708	100	4105	201	Parish Maintenance
6	450	217	4105	301	Parish Maintenance
6	540	153	4105	303	Parish Maintenance
6	1,353	0	4105	304	Parish Maintenance
6	1,579	1,138	4105	401	Parish Maintenance
6	63	15	4106	401	Floral Decorations
6	5	0	4107	401	Christmas Decorations
6	15,940	9,540	4109	401	Street Furniture - New
6	250	350	4111	301	Tree / Hedge Works
6	2,020	4,439	4120	301	JCH - CLEANING
6	319	1,169	4121	301	Janitorial Supplies
6	1,569	338	4122	301	Building Maintenance
6	40	134	4124	101	Small Equipment / Renewals
6	71	52	4124	301	Small Equipment / Renewals
6	65	0	4124	401	Small Equipment / Renewals
6	0	140	4126	304	Pitch Marking

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Working details for ANNUAL RETURN - Year ended 20 July 2021

		Last Year £	This Year £	Code	Centre	Code Description
6		2,122	660	4126	305	Pitch Marking
6		14,580	0	4130	303	Play Equipment - New
6		21	4,438	4131	303	Play Equipment - Maintenance
6		0	1,197	4312	304	Maintenance of Recreation fiel
6	Total other payments	65,298	42,792	Total expenditure or payments as recorded in the cashbook minus employment costs (Line 4) and loan / interest expenditure / payments (Line 5)		
7	Balances carried forwrd	115,243	119,166	Total balances and reserves at the end of the year. [Must equal (1+2+3)-(4+5+6)]		
8		3,670	4,543	200	0	Lloyds Bank A/C
8		75,605	75,755	201	0	The Public Sector Deposit Fund
8		35,951	19,947	202	0	Unity Bank
8		928	856	210	0	Clerks Imprest
8	Total Cash & Investments	116,154	101,102	The sum of all current and deposit bank accounts, cash holdings and investments held as at 31 March		
9		257,386	264,883	9	0	Total Fixed Assets
9	Total Fixed Assets	257,386	264,883	The recorded current book value at 31 March of all tangible fixed assets as recorded in the asset register		
10	Total Borrowings	0	0	The outstanding capital balances as at 31 March of all loans from third parties (usually PWLB)		

Internal Control Checklist

Control Test	Comments/Documents checked and initials
Up to date Register of Assets	
Review of risk and adequacy of the insurance cover	
Regular Bank reconciliation	
Payment supported by invoices and approval, authorised and minuted	
Receipts supported, reviewed and minuted	
Ensure Precept received	
Regular review of progress against budget	
Contract of Employment for staff	

Internal Control Checklist

VAT correctly accounted for	
S137 correctly accounted for	
Regular financial and budget reviews with Council	
Minutes properly numbered and filed	
Adoption of Code of conduct and Declaration of Acceptance of office complete	
Documents filed clearly and completely	

Date of Review of internal System ___________________________

Carried out by ___________________________

Signature

Clerk/RFO ___________________________

Signature

Presented to Council Date ___________________

Minute ___________________

Additional comments by Reviewer

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