

# SADBERGE PARISH COUNCIL

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## **COMMENTARY ON THE ACCOUNTS AND ANNUAL RETURN** **FOR THE YEAR ENDED 31-MAR-2008**

### **Bank reconciliation**

Please see note 7 to the accounts.

### **Variation in the Precept**

The table below gives the precepts and grants for the eight years from 2000-01 to 2008-09.

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
<b>Precept</b>	£1,500	£1,500	£2,000	£1,600	£2,000	£1,500	£1,500	£1,500
<b>Grant</b>	£1,156	£1,180	£1,215	£1,251	£1,276	£1,314	£1,353	£1,387

The grant from Darlington Borough Council has shown a small but steady year-on-year increase, basically to cover inflation.

The precept has been more variable. Sadberge Parish Council's total budget not very large, and a single significant item in the budget for a given year --- such as, for example, the replacement of the railings around part of the village green --- can make a comparatively large percentage difference to the Parish Council's funding requirement for that year. Since the grant is effectively constant, any variation in the funding requirement tends to make an even larger percentage change to the precept.

The precept for 2007-08 was the same as the previous year, and the Council has set the same precept again for 2008-09. However, the 2007-08 precept shown in the Annual Return is distorted by the fact that the precept for 2008-09 was paid early on the last day of the 2007-08 financial year.

### **Change in Total Other Receipts**

The Other Receipts tend to include a number of one-off receipts.

The Other Receipts for 2007-08 was higher than in 2006-07. However, the Other Receipts figure for 2007-08 was distorted by the fact that the 2008-09 grant from Darlington Borough Council was paid early on the last day of the 2007-08 financial year. Stripping out this anomaly, the comparison is as follows:-

Total other receipts in 2006-07	£2,414
Total other receipts in 2007-08	£2,481

Although these numbers are very similar, the make-up of the Other Receipts was different. The 2006-07 figure includes a one-off VAT claim of £695, whereas the 2007-08 figure includes a larger prize for the Calor Village of the Year competition and increased income associated with the Village Festival.

### **Decrease in Other Payments**

Other Payments decreased from £3,743 (2006-07) to £3,046 (2007-08). The change was again due to one-off payments.

In 2006-07 the Council's expenses included (a) £2,343.86 of costs associated with preparation of the Parish Plan, (b) £352.50 for pruning trees on the village green, and (c) £142.44 for a reception to honour a local resident who had been awarded an MBE.

In 2007-08 the Council's expenses included £1,336.23 of costs associated with the Village Festival. The Council also increased its annual grant towards the cost of maintaining the St. Andrew's churchyard from £350.00 to £475.00

### **Balance Carried Forward**

The balance carried forward is larger than budgeted. This is mainly due to the early payment of the precept and the grant from Darlington Borough Council.

Excluding these early payments, the balance carried forward is £3,424. This is still higher than the budgeted figure of £1,644 mainly because:-

- The Council received a prize of £500 for Sadberge's success in the Calor Tees Valley Village of the Year competition. This had (obviously!) not been included in the budget for the year.
- The cost of the Clerk's salary was £120 lower than budgeted due to credits from the HMRC for filing the annual PAYE return on-line.
- The maintenance costs were £512 lower than budget.
- The Christmas tree was paid for by a local resident. (Budget: £250)
- There were no training costs during 2007-08. (Budget: £100)

### **Risk Assessment**

The Council reviewed its risk assessment on 14<sup>th</sup> June 2007 and agreed an updated version of risk assessment on 3<sup>rd</sup> July 2007. A copy of the risk assessment is enclosed.

On 3<sup>rd</sup> July 2007, Councillors carried out an inspection tour of the Council's land and property (using an inspection checklist prepared by the Clerk) and action was subsequently taken to address a number of issues that were identified during the tour. See the enclosed copy of the completed checklist.

### **Review of the Effectiveness of the Internal Audit System**

The Council reviewed its system of internal audit on 24<sup>th</sup> July 2007 and agreed that the arrangements were satisfactory.

The Council carried out another review of its internal audit system on 3<sup>rd</sup> June 2008 and agreed that a number of changes need to be made in order to comply with proper practices as defined in *Governance and Accountability for Local Councils – A Practitioners' Guide 2008 (England)*. In particular:-

- The internal audit needs to be a review of the Council's systems of financial and other controls rather than just an audit of the Council's accounts.
- The powers under which the Council makes spending decisions need to be recorded in the minutes of the Council's meetings.

The changed focus of the internal audit is reflected in the Internal Audit Terms of Reference, which were issued on 3<sup>rd</sup> June 2008. A copy of the terms of reference is enclosed.

**Asset & Investment Register**

In the past, the Council has not had a formal register of its assets and investments, although the checklist for the annual inspection of the Council's land and property fulfils some of the role of such a register.

In his report to the Council for 2007 - 08, the Internal Auditor recommended that the Council should maintain an asset and investment register and maintain a record of checks to such assets and investments on a regular basis.

At its meeting on 8<sup>th</sup> July 2008 the Council reviewed the Internal Auditor's report and asked the Clerk to prepare an Asset and Investment Register for approval by the Council at a future meeting.

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11<sup>th</sup> August 2008