

# Annual Governance and Accountability Return 2019/20 Part 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 Part 3 of the Annual Governance and Accountability Return 2019/20

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Part 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 is completed by the authority's internal auditor.
  - Sections 1 and 2 are to 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 **before 1 July 2020**.
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 2020**. 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 2020
  - 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 2019/20

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 **Section 1, 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 a publicly accessible website:

Before 1 July 2020 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 2019/20**, approved and signed, page 4
- **Section 2 - Accounting Statements 2019/20**, approved and signed, page 5

Not later than 30 September 2020 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 Part 3 of the Annual Governance and Accountability Return 2019/20

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this Annual Governance and Accountability Return. *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 Annual Governance and Accountability Return is complete (no highlighted boxes left empty), and is properly signed and dated. Where amendments are made by the authority to the AGAR after it has been approved by the authority and before it has been reviewed by the external auditor, the Chairman and RFO should initial the amendments and if necessary republish the amended AGAR and recommence the period for the exercise of public rights. 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 if possible before approving the annual governance statement and the accounts.
- Use the checklist provided below to review the Annual Governance and Accountability Return for completeness before returning it to the external auditor by email or post (not both) no later than 30 June 2020.
- 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 email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the Annual Governance and Accountability Return 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 2019) equals the balance brought forward in the current year (Box 1 of 2020).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the period for the exercise of public rights. From the commencement date for a single period of 30 consecutive working days, the approved accounts and accounting records can be inspected. Whatever period the RFO sets it **must** include a common inspection period – during which the accounts and accounting records of all smaller authorities must be available for public inspection – of the first ten working days of July.
- The authority **must** publish 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 2020**.

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 from last year to this year been published?	✓	
	Has the bank reconciliation as at 31 March 2020 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.	N/A	

\*Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices, can be downloaded from [www.nalc.gov.uk](http://www.nalc.gov.uk) or from [www.ada.org.uk](http://www.ada.org.uk)

# Annual Internal Audit Report 2019/20


## NEW HOLLAND PARISH COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation during the financial year ended 31 March 2020.

The internal audit for 2019/20 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	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	<input checked="" type="checkbox"/>		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<input checked="" type="checkbox"/>		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	<input checked="" type="checkbox"/>		
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.	<input checked="" type="checkbox"/>		
H. Asset and investments registers were complete and accurate and properly maintained.	<input checked="" type="checkbox"/>		
I. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="checkbox"/>		
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.	<input checked="" type="checkbox"/>		
K. IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick "not covered")			<input checked="" type="checkbox"/>
L. The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.	<input checked="" type="checkbox"/>		
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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: 01/05/20 to 02/05/20  
 Name of person who carried out the internal audit: Sr. Dixon, Public Services Audit  
 Signature of person who carried out the internal audit:  Date: 02/05/20

\*If the response is 'no' you must include a note to state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*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 2019/20

We acknowledge as the members of:

**NEW TOWNLAND PARISH COUNCIL**

our responsibility for ensuring that there is a sound system of internal controls, 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 2020, that:

1. The Board and its committees arrangements for effective financial management during the year, and for the preparation of the Accounting Statements	✓		prepared Accounting Statements in accordance with the Accounts and Audit Regulations.
2. The maintenance of adequate records of financial affairs including financial documents, records and books, and arrangements and systems for their retention	✓		made proper arrangements and records responsibility for safeguarding the public money and resources in its charge
3. We have all reasonable steps to ensure compliance with laws, regulations and proper financial practices and to ensure that such steps have a positive effect on the ability of the authority to conduct its business in compliance with the law	✓		has only done what it has the legal power to do and has complied with legal obligations in doing so
4. The proposed proper accounts for the year to the knowledge of each officer in accordance with the requirements of the Accounts and Audit Regulations	✓		found the preparation of accounts presented the agreed and the correct and not questioned about the authority's accounts
5. We carried out an assessment of the risks facing the authority and have appropriate steps in place to manage those risks, including the introduction of internal controls and other financial practices where appropriate	✓		assessed 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 control of the accounting records and financial systems	✓		arranged for a competent person, independent of the financial records and procedures, to give an objective view on whether internal controls meet the needs of the authority
7. We have appropriate policies in place to manage the risks of conflicts of interest and to ensure that such policies are effective	✓		responsible officers through to its members by internal and external staff
8. We considered whether any significant matters or arrangements, events or transactions during the year and have a financial impact on the authority and where appropriate have included them in the Accounting Statements	✓		has kept monitoring 2019/2020 about its financial affairs during the year including events taking place after the year end if relevant
9. We have adequate and effective controls including arrangements for the review of the year ending figures on the part of the authority, responsibility for the financial records, including financial reporting and, if required, independent arrangements to audit	✓		has had all of its responsibilities where as a duty manager it is a team manager of a local authority

Please provide explanations to the evidence cited on a separate sheet for each item, describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement

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

20/05/2020

and resolved as follows:

2005/14 h.

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

Chairman *[Signature]*

Clerk *[Signature]*

Other information required by the Transparency Code (not part of Annual Governance Statement) Authority web address:

[www.newtownlandparishcouncil.gov.uk](http://www.newtownlandparishcouncil.gov.uk)

Section 2 - Accounting Statements 2019/20 for

NEW HOLLAND PARISH COUNCIL

1	Balance brought forward	16,655	17,588	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Note 1 of previous year.
2	Receipt of Grants and Loans	11,000	21,155	Total amount of receipt for the 2019 rates and levies received or receivable at the year. Exclude any grants retained.
3	Total other receipts	12,453	26,256	Total receipts of property as recorded in the (self-built) land the receipt or receivable received (line 2). Include any grants received.
4	Staff costs	7,330	7,544	Total expenditure or payments made to and on behalf of all employees, include grants retained and wages employees to contractors, employees payments to contractors, gratuity and sick leave payments.
5	Capital interest/capital payments			Total expenditure or payments of capital and interest made during the year on the authority's borrowings if any.
6	All other payments	23,640	33,361	Total expenditure or payments as recorded in the (self-built) less staff costs (line 4) and other interest/capital payments (line 5).
7	Balance carried forward	17,588	21,086	Total balances and reserves at the end of the year. Must equal (11/2) - (11/2).
8	Total value of Cash and short term investments	17,588	21,086	The sum of all current and liquid fund accounts, bank balances and short term investments held as at 31 March. To agree with bank reconciliation.
9	Total fixed assets (land long term investments and assets)	11,104	11,585	The value of all the property the authority owns - include all fixed assets and long term investments as at 31 March.
10	Total borrowings			The outstanding capital balances as at 31 March of all loans from third parties including 1991/12.
11	For Local Councils only: Depreciation note on fixed assets (excluding charitable)			The Council as a body corporate acts as trustee for the land and is responsible for managing fixed assets of land. <input checked="" type="checkbox"/> 11. The figures in the accompanying statements above do not include any fixed transfer fees.

I certify that for the year ended 31 March 2020 the Accounting Statements of this Council Government and Accountability Return have been prepared in full as receipts and payments received and expenditure made following the guidance on Governance and Accountability for Local Authorities in the Financial Guide to Higher Framework and present fairly the financial position of the authority.

Signed by Responsible Financial Officer (being)   
 presented to the authority for approval.

*[Signature]*   
 20/05/2020

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

20/05/2020

as recorded in minute reference

2005/141

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

*[Signature]*

### Section 3 – External Auditor Report and Certificate 2019/20

In respect of NEW HOLLAND PARISH COUNCIL

#### 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 2020; 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 2019/20

(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 2019/20

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 2020.

\*We do not certify completion because:

External Auditor Name

External Auditor Signature

Date

\*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](http://www.nao.org.uk))