

Annual Governance and Accountability Return 2018/19 Part 2

To be completed only by Local Councils, Internal Drainage Boards and other smaller authorities* where the higher of gross income or gross expenditure was £25,000 or less, that meet the qualifying criteria, and that wish to certify themselves as exempt from a limited assurance review

Guidance notes on completing Part 2 of the Annual Governance and Accountability Return 2018/19

1. Every smaller authority in England where the higher of gross income or gross expenditure was £25,000 or less must following the end of each financial year, complete Part 2 of the Annual Governance and Accountability Return in accordance with *Proper Practices*, unless the authority:
 - a) does not meet the qualifying criteria for exemption; or
 - b) does not wish to certify itself as exempt
2. Smaller authorities where the higher of gross annual income or gross annual expenditure does not exceed £25,000 and that meet the qualifying criteria as set out in the Certificate of Exemption are able to declare themselves exempt from sending the completed Annual Governance and Accountability Return to the external auditor for a limited assurance review provided the authority completes:
 - a) The Certificate of Exemption, page 3 and returns a copy of it to the external auditor either by email or by post (not both); and
 - b) The Annual Governance and Accountability Return (Part 2) which is made up of:
 - Annual Internal Audit Report (page 4) to be completed by the authority's internal auditor.
 - Section 1 – Annual Governance Statement (page 5) to be completed and approved by the authority.
 - Section 2 – Accounting Statements (page 6) to be completed and approved by the authority.

NOTE: Authorities certifying themselves as exempt SHOULD NOT send the completed Annual Governance and Accountability Return to the external auditor.
3. The authority must approve Section 1 Annual Governance Statement before approving Section 2 Accounting Statements and both must be approved and published on a website before 1 July 2019.

Publication Requirements

Smaller authorities must publish various documents on a public website as required by the Accounts and Audit Regulations 2015, the Local Audit (Smaller Authorities) Regulations 2015 and the Transparency Code for Smaller Authorities. These include:

- Certificate of Exemption, page 3
- Annual Internal Audit Report 2018/19, page 4
- Section 1 – Annual Governance Statement 2018/19, page 5
- Section 2 – Accounting Statements 2018/19, page 6
- Analysis of variances
- Bank reconciliation
- Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015.

Limited Assurance Review

Providing the authority certifies itself as exempt, and completes and publishes the Annual Governance and Accountability Return, there is no requirement for the authority to have a limited assurance review.

Any smaller authority may, however, request a limited assurance review. In these circumstances the authority should not certify itself as exempt, and not complete the Certificate of Exemption, but complete Part 3 of the Annual Governance and Accountability Return 2018/19 and return it to the external auditor for review together with the supporting documentation requested by the external auditor.

The cost to the smaller authority for the review will be £200 +VAT.

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.

Section 1 – Annual Governance Statement 2018/19

We acknowledge as the members of:

FRANKLEY 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 2019, 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.	✓		<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.	✓		<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.	✓		<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.	✓		<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.	✓		<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.	✓		<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.	✓		<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.	✓		<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.	Yes	No	N/A
			✓
			<i>has met all of its responsibilities where as a body corporate it is a sole managing trustee of a local trust or trusts.</i>

*For any statement to which the response is 'no', an explanation should be published

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

16/05/2019

and recorded as minute reference:

7-1

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

Chairman

J. L. Burnett

Clerk

N. Bailey

Explanation of variances – pro forma

Name of smaller authority **Frenley Parish Council**
 County area (local councils and boroughs) **Bromsgrove**

Insert figures from Section 2 of the AGAR in all Blue highlighted boxes
 text, 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);
- * 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).

	2017/18 £	2018/19 £	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	9,562	12,131	2,869	30.00%	YES	Explanation of % variance from PY opening balance not required - Balance brought forward does not agree, query this	The opening balance is higher in 2018/2019 as we received £2000 from BDC in 2017/2018 which we have not spent.
2 Precept or Rates and Levies	1,953	1,997	44	2.25%	NO		
3 Total Other Receipts	3,550	1,138	-2,412	67.94%	YES		In 2017/2018, the Parish received £2000 from BDC to be used for future highway works.
4 Staff Costs	0	0	0	0.00%	NO		
5 Loan Interest/Capital Repayment	0	0	0	0.00%	NO		
6 All Other Payments	2,811	2,521	-290	10.32%	NO		
7 Balances Carried Forward	12,254	13,045				VARIANCE EXPLANATION NOT REQUIRED EXPLANATION REQUIRED ON RESERVES TAB AS TO WHY CARRY FORWARD RESERVES ARE GREATER THAN TWICE INCOME FROM LOCAL TAXATION/LEVIES	
8 Total Cash and Short Term Investments	0	0			YES		We have checked with County Council as to whether we can hold more than twice the reserve. It is not considered a problem to hold such sums. It is not an issue to hold such sums.
9 Total Fixed Assets plus Other Long Term Investments and	7,554	7,554	0	0.00%	NO		
10 Total Borrowings	0	0	0	0.00%	NO	VARIANCE EXPLANATION NOT REQUIRED	

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable

Frankley Parish Council - Accounts Year 01/04/18 - 31/03/19

Date	Item	Income	Expenditure	Balance	Cheque	Cleared	Ref
31/03/2018	Opening Balance	10,431.25	0.00	10,431.25	BF		
05/04/2018	Bromsgrove DC - Precept and Council Tax Grant	998.50	0.00	11,429.75	BACS	Y	1
05/04/2018	Rain of Shine	0.00	177.00	11,252.75	100482	Y	A
06/04/2018	BDC Interest of £2000 Loan	5.00	0.00	11,257.75	BACS	Y	2
10/04/2018	Worcester CC - Reimburse Rain or Shine	177.00	0.00	11,434.75	BACS	Y	3
30/05/2018	ICO (Data Protection, paid by N Bailey on-line, chq to reimburse)	0.00	35.00	11,399.75	100483	Y	B
14/05/2018	Rain or Shine	0.00	150.00	11,249.75	100485	Y	C
23/05/2018	BH Insurance	0.00	324.67	10,925.08	100458	Y	D
30/05/2018	Rain or Shine	0.00	135.00	10,790.08	100487	Y	E
31/05/2018	CALC Membership	0.00	71.74	10,718.34	100484	Y	F
15/06/2018	British Gas Refund plus compensation	71.00	0.00	10,789.34	BACS	Y	4
26/06/2018	Worcester CC - Reimburse Rain or Shine	285.00	0.00	11,074.34	BACS	Y	5
29/06/2018	DM Payroll Services (Audit fee)	0.00	75.00	10,999.34	BACS	Y	G
17/07/2018	Rain or Shine	0.00	195.00	10,804.34	100489	Y	H
07/08/2018	Worcester CC - Reimburse Rain or Shine	195.00	0.00	10,999.34	BACS	Y	6
	Rain or Shine	0.00	165.00	10,834.34	100490	Y	I
03/10/2018	Bromsgrove DC - Precept	998.50	0.00	11,832.84		Y	7
12/10/2018	DM Payroll Services (DPO)	0.00	150.00	11,682.84	100491	Y	J
15/10/2018	Rain or Shine	0.00	150.00	11,532.84	100492	Y	K
02/11/2018	Worcester CC - Reimburse Rain or Shine	150.00	0.00	11,682.84	BACS	Y	8
30/11/2018	Worcester CC - Reimburse Rain or Shine	165.00	0.00	11,847.84	BACS	Y	9
02/01/2019	Rain or Shine (grit)	0.00	90.00	11,757.84	100493	Y	L
27/02/2019	Worcester CC - 2 x grit (salt)	0.00	280.00	11,477.84	100495	Y	M
08/03/2019	Worcester CC - Reimburse Rain or Shine (grit)	90.00	0.00	11,567.84	BACS	Y	10
20/03/2019	St Leonards Church Hall Hire	0.00	100.00	11,467.84	100494	Y	N
22/03/2019	ICO (Data Protection,)	0.00	40.00	11,427.84	100496	Y	O
25/03/2019	Rain or Shine (two invoices)	0.00	382.50	11,045.34	100497	Y	P
		13,566.25	2,520.91	11,045.34			
Loan reserves held by BDC		Income	Expenditure	Balance			
		3,135.00	2,520.91				
		2000					
Information tracking lengthsmen scheme		1802					
Total cost of lengthsmen scheme this year 2018-2019		£1,022.50					

VAT to be reclaimed from 2016/2017
11.29 CALC 2017, 11.95 CALC 2018

Section 2 – Accounting Statements 2018/19 for

FRANKLEY PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	9,562	12,431	<i>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.</i>
2. (+) Precept or Rates and Levies	1,953	1,997	<i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i>
3. (+) Total other receipts	3,550	1,138	<i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i>
4. (-) Staff costs	0	0	<i>Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.</i>
5. (-) Loan interest/capital repayments	0	0	<i>Total expenditure or payments of capital and interest, made during the year on the authority's borrowings (if any).</i>
6. (-) All other payments	2,811	2,521	<i>Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).</i>
7. (=) Balances carried forward	12,254	13,045	<i>Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).</i>
8. Total value of cash and short term investments	12,254	13,045	<i>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.</i>
9. Total fixed assets plus long term investments and assets	7,554	7,554	<i>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.</i>
10. Total borrowings	0	0	<i>The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).</i>
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	<i>The Council as a body corporate acts as sole trustee for and is responsible for managing Trust funds or assets.</i>
		✓	

I certify that for the year ended 31 March 2019 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

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

16/05/2019

as recorded in minute reference:

7-1

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

Annual Internal Audit Report 2018/19

FRANKLEY 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 2019.

The internal audit for 2018/19 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"/>	<input type="checkbox"/>	<input 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"/>	<input type="checkbox"/>	<input 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"/>	<input type="checkbox"/>	<input 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"/>	<input type="checkbox"/>	<input 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"/>	<input type="checkbox"/>	<input type="checkbox"/>
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	<input type="checkbox"/>	<input type="checkbox"/>	<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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
H. Asset and investments registers were complete and accurate and properly maintained.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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"/>	<input type="checkbox"/>	<input type="checkbox"/>
K. IF the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt. ("Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.	<input type="checkbox"/>	<input type="checkbox"/>	Not applicable <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"/>	Not applicable <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

15/06/19

Name of person who carried out the internal audit

DIANE MALLEY

Signature of person who carried out the internal audit



Date

27/06/19

*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).

**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).

Guidance notes on completing Part 2 of the Annual Governance and Accountability Return 2018/19, Sections 1 and 2

- An authority that wishes to declare itself exempt from the requirement for a limited assurance review must do so at a meeting of the authority after 31 March 2019. It should not submit its Annual Governance and Accountability Return to the external auditor. However, as part of a more proportionate regime, the authority **must** comply with the requirements of the Transparency Code for Smaller Authorities.
- The authority **must** comply with Proper Practices in completing Sections 1 and 2 of this Annual Governance and Accountability Return and the Certificate of Exemption. 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.
- The authority **should** receive and note the annual internal audit report if possible prior to approving the annual governance statement and before approving the accounts.
- Make sure that the Annual Governance and Accountability Return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Avoid making amendments to the completed annual return. Any amendments must be approved by the authority and properly initialled.
- Use the checklist provided below to review the Annual Governance and Accountability Return for completeness at the meeting at which it is signed off.
- **You should inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant email addresses and telephone numbers.**
- It is recommended that the authority has numerical and narrative explanations for significant variances in the accounting statements on page 6, should a question be raised by a member of the public. There is guidance provided in the *Practitioners' Guide** that may assist.
- Make sure that the accounting statements add up and the balance carried forward from the previous year (Box 7 of 2018) equals the balance brought forward in the current year (Box 1 of 2019).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date 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 **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 2019.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes been completed?	✓	
	Have the dates set for the period for the exercise of public rights been published?	✓	
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', is an explanation available should a question be raised by a local elector and/or an interested party?	✓	
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?	✓	
	Is an explanation of significant variations from last year to this year available, should a question be raised by a local elector and/or an interested party?	✓	
	Is an explanation of any difference between Box 7 and Box 8 available, should a question be raised by a local elector and/or an interested party?	✓	
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? (<i>Local Councils only</i>)	✓	

**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