

## 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 <b>the dates set for the period for the exercise of public rights</b> , 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 <b>31 March 2020</b> been reconciled to Box 8?	✓	
	Has an explanation of any difference between Box 7 and Box 8 been provided?		N/A
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? <b>NB:</b> 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

## FREISTON 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.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
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.	✓		
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")			✓
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.	✓		
<b>M. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

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

12/06/20

Name of person who carried out the internal audit

EVELYN M. SANDS

Signature of person who carried out the internal audit

Evelyn M Sands

Date

19/06/20

\*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).

**EVELYN M. SANDS** M.A.A.T.  
ACCOUNTING TECHNICIAN

**BOOK-KEEPING & ACCOUNTING SERVICE**

THE COTTAGE, BRICK LANE, WRANGLE, BOSTON, LINCS, PE22 9ES

TEL: 01205 870075

Web: [www.evelynsands.co.uk](http://www.evelynsands.co.uk) Email: [info@evelynsands.co.uk](mailto:info@evelynsands.co.uk)

**Freiston Parish Council Annual Internal Audit Report 2019/20**

Annual Governance and Accountability Return 2019/20 Part 3

Explanation Notes for Page 3 of 6:

F. Response of 'Not covered' ticked because the clerk pays for some cash purchases herself and is reimbursed through a claim on expenses by a BACS payment.

K. Response of 'Not covered' ticked due to coverage not required, because the authority had a limited assurance review carried out of the 2018/19 Annual Governance & Accountability Return.

Evelyn M Sands



12/06/20

## Section 1 – Annual Governance Statement 2019/20

We acknowledge as the members of:

FREISTON 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 2020, that:

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

\*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:

29/05/2020

and recorded as minute reference:

MINUTE REF 2.1

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

Chairman

*N. C. Marshall*

Clerk

*J. Barnes*

### Other information required by the Transparency Codes (not part of Annual Governance Statement)

Authority web address

<http://parishes.lincolnshire.gov.uk/freiston> WEBSITE ADDRESS

## Section 2 – Accounting Statements 2019/20 for

### FREISTON PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2019 £	31 March 2020 £	
			<i>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.</i>
1. Balances brought forward	53,267	55,074	<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	23,000	24,000	<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	4,823	24,430	<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	3,985	4,590	<i>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.</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	22,031	51,798	<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	55,074	47,116	<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	55,074	47,116	<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	32,569	32,569	<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. N.B. The figures in the accounting statements above do not include any Trust transactions.</i>
		✓	

I certify that for the year ended 31 March 2020 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

Signed *J. Barnes*

Date

*29/05/2020*

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

*29/05/2020*

as recorded in minute reference:

*MINUTE 2.3*

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

*N. C. Marshall*

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

In respect of

ENTER NAME OF AUTHORITY

### 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

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DD/MM/YY

\*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))

# CONFIRMATION OF THE DATES OF THE PERIOD FOR THE EXERCISE OF PUBLIC RIGHTS

Name of smaller authority: **FREISTON PARISH COUNCIL**

County Area (local councils and parish meetings only): **LINCOLNSHIRE**

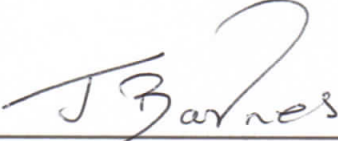
**On behalf of the smaller authority, I confirm that the dates set for the period for the exercise of public rights are as follows:**

Commencing on 29<sup>th</sup> June 2020

and ending on 7<sup>th</sup> August 2020

(Please enter the dates set by the smaller authority as appropriate which must be 30 working days (i.e. Monday – Friday only, and not Bank Holidays) inclusive and must commence on or before 1 September 2020).

We have suggested the following dates: Monday 15 June – Friday 24 July 2020. The latest possible dates that comply with the statutory requirements are Tuesday 1 September – Monday 12 October 2020.)

Signed:  \_\_\_\_\_

Role: Parish Clerk

**This form is only for use by smaller authorities subject to a review:**

Please submit this form to PKF Littlejohn LLP with the AGAR Part 3 and other requested documentation – this form is not for publication on your website.

## BANK RECONCILIATION FOR THE FINANCIAL YEAR ENDING 31st MARCH 2020

### LI0133 FREISTON PARISH COUNCIL - LINCOLNSHIRE

Prepared by Joan Barnes (Parish Clerk)

Bank Statement (Instant ) - 31st March 2020	£46,809.72
Bank Statement (Treasurers) - 31st March 2020	£306.43
<b>Balance as at 31st March 2020</b>	<b>£47,116.15</b>

Opening Balance - 1st April 2019	£55,074.03
Add Receipts in the year	£48,430.20
Less Payments in the year	-£56,388.08
<b>Closing Balance as at 31st March 2020</b>	<b>£47,116.15</b>



## Explanation of variances – pro forma

Name of smaller authority: **FREISTON PARISH COUNCIL**

County area (local councils and): **LINCOLNSHIRE**

Insert figures from Section 2 of the AGAR in all **Blue** highlighted boxes

Next, 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).

	2018/19 £	2019/20 £	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	53,267	55,074				Explanation of % variance from PY opening balance not required - Balance brought forward agrees	
2 Precept or Rates and Levies	23,000	24,000	1,000	4.35%	NO		
3 Total Other Receipts	4,823	24,430	19,607	406.53%	YES		See attached FR 1 Box 3
4 Staff Costs	3,985	4,590	605	15.18%	YES		See attached FR 1 Box 4
5 Loan Interest/Capital Repayment	0	0	0	0.00%	NO		
6 All Other Payments	22,031	51,798	29,767	135.11%	YES		See attached FR1 Box 6
7 Balances Carried Forward	55,074	47,116			NO	VARIANCE EXPLANATION NOT REQUIRED	
8 Total Cash and Short Term Investments	55,074	47,116				VARIANCE EXPLANATION NOT REQUIRED	
9 Total Fixed Assets plus Other Long Term Investments and	32,569	32,569	0	0.00%	NO		
10 Total Borrowings	0	0	0	0.00%	NO		

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable

EXPLANATIONS FOR VARIANCES FOR THE FINANCIAL YEAR ENDING 31st MARCH 2020

LI0133 FREISTON PARISH COUNCIL - LINCOLNSHIRE

FR 1

Section 2	2018/19	2019/20	Variance £	Variance %	Explanation Required	Details	18/19	19/20
FR 1	£4,823	£24,430	£19,607	408%	yes			
Box 3						Allotment Rent	£635.00	£962.00
						Bank Interest	£28.00	£30.00
						VAT	£4,160.00	£2,975.00
						Car Park Grant		£20,000.00
						LCC re Grass Cutting		£275.00
						Training Grant		£8.00
						Speed Watch		£180.00
<b>Total other receipts</b>							<b>£4,823.00</b>	<b>£24,430.00</b>
FR 1	£3,985	£4,590	£605	15%	yes			
Box 4						clerk	£3,300	£3,550.00
						maintenance staff	£685	£1,040.00
<b>Staff costs</b>						(increased work load)	<b>£3,985</b>	<b>£4,590.00</b>
FR 1	£22,031	£51,798	£29,767	135%	yes			
Box 6						Annual Expenses	£1,862	£2,077.00
						Speed Watch		£400.00
						Bus Shelter Maintenance		£367.00
						Playing Field Equipment	£474	£474.00
						Community Centre/Car Park	£13,045	£45,007.00
						Freiston PCC	£3,120	£0.00
						Parish Magazine	£100	£100.00
						Audit	£420	£450.00
						Footway Lighting	£3,010	£2,923.00
<b>All other payments</b>							<b>£22,031</b>	<b>£51,798.00</b>

## CONTACT DETAILS

### LI0133 - FREISTON PARISH COUNCIL - LINCOLNSHIRE

	<b>Clerk/RFO main contact</b>	<b>Chair</b>
<b>Name</b>	<b>Joan Barnes</b>	<b>Councillor Nigel C Marshall</b>
<b>Address</b>	21 Sea Lane BUTTERWICK Boston Lincs PE22 0HG	Mill Lane Freiston Boston Lincs PE22 0NB
<b>Daytime telephone number</b>	01205 760452	07740 261356
<b>Mobile telephone number</b>	07876 806298	07740 261356
<b>email address</b>	<a href="mailto:joanbarnes.parishclerk@btinternet.com">joanbarnes.parishclerk@btinternet.com</a>	<a href="mailto:nigel.c.marshall@gmail.com">nigel.c.marshall@gmail.com</a>