

Annual Audit 2019-2020

The Annual Audit has now been completed by the council's appointed Internal Auditors (**Min. 20.01.11 refers**) and their report is attached as Appendix A to this report.

The reported noted that that Council continued to maintain effective governance arrangements including a robust framework of financial administration and internal controls. The following comments or recommendations were made which require action on the part of either the Council or the Council's Responsible Finance Officer:

1. The council to review its operation of the Charity as it is not in compliance with the JPAG – Governance & Accountability for Smaller Authorities in England – March 2019. Sections 1.41, 1.42 and 2.30 of this explain how a Parish Council should manage the affairs of a Sole Trustee and "that the financial transactions of the trust do not form part of the authority's accounts and are therefore not included in the figures reported on Section 2 of the AGAR
2. Adjustment to the bank reconciliation to show the £0.50p overpayment of Cheque #022071 to SALC to include in the payments for the year Actioned

The Council's Risk Assessments as adopted at its May 2020 meeting are attached as Appendix B.

The Council's accounts for the 12 months to 31st March 2020 are attached as Appendix C.

The Council's Annual Governance Statement is attached to this report as follows:

- Certificate of Exemption – AGAR 2019/20 Part 2 – Appendix D
- Section 1 – Appendix E1
- Section 2 – Appendix E2

The deadline for submission of the Certificate of Exemption to the external auditors, PKF Littlejohn LLP, has been extended to 31st August 2020.

The period for public inspection of the Annual Accounts will be between Monday 10th August and Friday 18th September and a notice will be published and posted to that effect.

HEELIS&LODGE

Local Council Services • Internal Audit

Internal Audit Report for Drinkstone Parish Council – 2019/2020

The following Internal Audit was carried out on the adequacy of systems of control. The following recommendations/comments have been made:

Income: £15,921.35

Expenditure: £14,051.71

Reserves: £18,329.60

AGAR Completion:

Section One: Yes – not signed

Section Two: Yes – not signed.

Annual Internal Audit Report 2019/20: Yes

Certificate of Exemption: Yes – not signed.

Proper book-keeping Cash Book, regular reconciliation of books and bank statements. Supporting vouchers, invoices and receipts.

All were found to be in order. LGAs137 and VAT payments are tracked and identified within the year end accounts. The cashbook is referenced providing a clear audit trail. Supporting paperwork is in place and well referenced.

Financial regulations Standing Orders and Financial Regulations

Tenders

Appropriate payment controls including acting within the legal framework with reference to council minutes

Identifying VAT payments and reclamation

Cheque books, paying in books and other relevant documents

Standing Orders in place: Yes

Reviewed: Not reviewed during year of audit.

Financial Regulations in place: Yes

Reviewed: 7th October 2019 (Ref: 19.10.9.2).

VAT reclaimed during the year: Yes Registered: No

General Power of Competence: No

There were no tenders during the year that exceeded the £25,000 Public Contract Regulations threshold.

Risk Assessment

Appropriate procedures in place for the activities of the council
Compliance with Data Protection regulations

Risk Assessment document in place: Yes

Data Protection registration: Yes – ZA159726 Expiry 10/02/21

Data Protection

The General Data Protection Regulations have changed and the new Regulations came into force on 25 May 2018. It is likely that this will affect the way in which the Council handles its data. Due to the financial risk associated with the General Data Protection Regulations, the Council have included this in their Risk Assessment.

Privacy Policy published: Yes

Insurance was in place for the year of audit. The Risk Assessment, including Internal Controls were reviewed at a meeting held on 3rd June 2019 (Ref: 19.06.12 & 19.06.14).

The Council have good internal financial controls in place. Cheque stubbs and invoices are initialled by signatories. The Clerk provides financial reports to council meetings. Councillors are provided with information to enable them to make informed decisions.

Fidelity Cover: £50,000

The level of Fidelity cover is within the recommended guidelines of year end balances plus 50% of the precept.

Invoice payment to MSDC for playground inspection paid at meeting on 3rd February 2020 (Ref: 20.02.09.2)

Transparency

Under the **Transparency code for smaller authorities**, smaller councils with income/expenditure under £25,000 should publish on their website from 1 April 2015:

Smaller Council: Yes

Website: www.drinkstonevillage.co.uk/parishcouncil

- a) all items of expenditure above £100
Published – Yes
- b) annual governance statement (By 1 July)
2019 Annual Return, Section One Published – Yes
- c) end of year accounts (By 1 July)
2019 Annual Return, Section Two Published – Yes
- d) internal audit report (By 1 July)
2019 Annual Return, Section Four Published – Yes
- e) list of councillor or member responsibilities
Published – Yes
- f) the details of public land and building assets (By 1 July)
Published – Yes
- g) minutes, agendas and meeting papers of formal meetings
Published – Yes

The Council has met the requirements of the Transparency Code.

Under **The Local Audit (Smaller Authorities) Regulations 2015 9(6 & 7)** a smaller council having certified itself as an Exempt Authority must publish on their website:

- h) Certificate of Exemption
Certificate of Exemption Published - Yes

Under **The Accounts & Audit Regulations 2015 15(2b)** councils must publish on their website:

- i) notice of period for the exercise of public rights
Published – Yes

Period of Exercise of Public Rights

Start Date 17th June 2019

End Date 26th July 2019

Budgetary controls

Verifying the budgetary process with reference to council minutes and supporting documents

Precept: £8,790 (2019-2020) Date: 7th January 2019 (Ref: 19.01.12)
 Precept: £8,920 (2020-2021) Date: 13th January 2020 (Ref: 20.01.10.3)

Good budgetary procedures are in place. The precept was agreed in full council and the precept decision and amount has been clearly minuted. The Clerk ensures the council are aware of responsibilities, commitments, forward planning and the need for adequate reserves. Budget papers are prepared to ensure councillors have sufficient information to make informed decisions. Budgets are monitored during the year.

Income controls

Precept and other income, including credit control mechanisms

All were found to be in order. Income controls were checked and income received and banked cross referenced with the Cash Book and bank statements.

Petty Cash

Associated books and established system in place

A satisfactory expenses system is in place with supporting paperwork. No Petty Cash held.

Payroll controls

PAYE and NIC in place where necessary.
 Compliance with Inland Revenue procedures
 Records relating to contracts of employment

PAYE System in place: Yes

The Council continue to operate RTI in accordance with HMRC regulations. All supporting paperwork is in place and a P60 has been produced as part of the year end process. The Council has not joined the LGPS / NEST pension scheme.

Asset control

Inspection of asset register and checks on existence of assets
 Cross checking on insurance cover

A separate asset register is in place. Values are recorded at cost value. The total value of assets are recorded at £32,371. The figure in the asset register does not correspond with the figure in Section 2, Box 9 of the AGAR.

Bank Reconciliation Regularly completed and cash books reconcile with bank statements

Bank Reconciliations are carried out regularly. The bank statements reconciled with the end of year accounts and bank reconciliations for all accounts.

The £0.50p overpayment of Cheque # 022071 to SALC should be included in the payments for the year, giving a reconciliation of:

<i>Brought Forward as at 1st April 2019</i>	<i>£16,459.96</i>
<i>Plus Receipts</i>	<i><u>£15,921.35</u></i>
	<i>£32,381.31</i>
<i>Less Payments</i>	<i><u>£14,051.71</u></i>
	<i>£18,329.60</i>

Bank Balances as at 31st March 2020 were confirmed as:

<i>Unity Trust Current</i>	<i>£ 500.00</i>
<i>Unity Trust Instant</i>	<i>£ 0.00</i>
<i>Santander Business</i>	<i>£13,773.38</i>
<i>Santander Business *****0091</i>	<i>£ 2,719.88</i>
<i>Santander Treasurers</i>	<i>£ 5.27</i>
<i>Lloyds</i>	<i><u>£ 1,331.07</u></i>
	<i>£18,329.60</i>

Bank signatories were reviewed on 1st April 2019 (Ref: 19.04.10) and 13th May 2019 (Ref: 19.05.09).

On the 4th November 2019 (Ref: 19.11.10) the council agreed to close its Santander accounts and open Unity Trust accounts.

Reserves

General Reserves are reasonable for the activities of the Council
Earmarked Reserves are identified

The Council have adequate general reserves (£10,902.10) and have identified earmarked reserves (£ 7,427.50) in their year end accounts.

Year-end procedures

Appropriate accounting procedures are used and can be followed through from working papers to final documents
Verifying sample payments and income
Checking creditors and debtors where appropriate.

End of year accounts are prepared on a Receipts & Payments basis.

Sole Trustee

The Council has met its responsibilities as a trustee

The Council considers itself to be the Sole Trustee of Charity Registration 295860 - ALLOTMENTS FOR THE LABOURING POOR. The last annual submission of the accounts was on the 16th April 2020.

Recommendation (1): *The council to review its operation of the Charity as it is not in compliance with the JPAG - Governance and Accountability for Smaller Authorities in England – March 2019. Sections 1.41, 1.42 and 2.30 of this explain how a Parish Council should manage the affairs of a Sole Trustee and "that the financial transactions of the trust do not form part of the authority's accounts and are therefore not included in the figures reported on Section 2 of the AGAR".*

Internal Audit Procedures

The 2019 Internal Audit report was considered by the Council at a meeting held on 3rd June 2019 (Ref: 19.06.13).

A review of the effectiveness of the Internal Audit was carried out on 3rd June 2019 (Ref: 19.06.13).

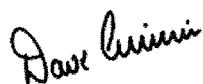
Heelis & Lodge were appointed as Internal Auditor at a meeting held on 13th January 2020 (Ref: 20.01.11).

External Audit

The Council declared themselves Exempt from External audit for the 2018-2019 financial year.

Additional Comments/Recommendations

- The Annual Parish Council meeting was held on 13/05/2019 within the required timescale. The first item of business was the Election of Chairman, in accordance with Standing Orders.
- There are no additional comments/recommendations to make in relation to this audit.
- I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work
- I would like to record my appreciation to the Clerk to the Council for the quality of documentation presented in the Audit File.



Dave Crimmin PSLCC
Heelis & Lodge

29th June 2020

Contact details : 1 Hembling Terrace, Mill Lane, Campsea Ashe, Suffolk IP13 0PP
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Heather Heelis Dip HE Local Policy PILCM
Lynne Lodge Dip HE Local Policy

This document has been produced to enable the Parish Council to assess the risks that it faces and satisfy itself that it has taken adequate steps to minimise them. In conducting this exercise, the following plan was followed:

Identify the areas to be reviewed.
Identify what the risk may be.

Evaluate the management and control of the risk and record all findings.
Review, assess and revise if required.

FINANCIAL AND MANAGEMENT				
Subject	Risk(s) Identified	H/M/L	Management/Control of Risk	Review/Assess/Revise
Precept	Adequacy of precept Requirements not submitted to MSDC Amount not received by MSDC	L L L	To determine the precept amount required, the Parish Council regularly receives budget update information and the precept is an agenda item at full Council. At the Precept meeting Council receives a budget update report, including actual position and projected position to end the year and indicative figures or costings obtained by the Finance WG and the Clerk. The Council maps out the required monies for standing costs and projects for the following year and confirms specific figures to budget headings, the total of which is resolved to be the precept amount to be requested from Mid Suffolk District Council. This figure is submitted by the Clerk in writing to MSDC. The Clerk informs Council when the monies are received (approx May time).	Existing procedure adequate
Financial Records	Inadequate records Financial irregularities	L L	The Council has Financial Regulations which set out the requirements.	Existing procedure adequate. Financial Regs reviewed annually
Bank and banking	Inadequate checks Bank mistakes Loss Charges	L L L L	The Council has Financial Regulations which set out the requirements for banking, cheques and reconciliation of accounts. The bank does make occasional errors in processing cheques which are discovered when the Clerk reconciles the bank accounts once a month when the statement arrive, these are dealt with immediately by informing the bank and awaiting their correction.	Existing procedure adequate. Financial Regs reviewed annually and bank signatory list when necessary, especially after an AGM and an election. Monitor the bank statements regularly.
Cash	Loss through theft or dishonesty	L	The Council has Financial Regulations which set out the requirements. Cash received is banked within 3 banking days. There is no petty cash or float. Adequate Fidelity insurance is in place	Existing procedure adequate. Financial Regs reviewed annually
Reporting and auditing Direct costs Overhead expenses Debts	Information communication Goods not supplied but billed Incorrect invoicing Cheque payable incorrect Loss of stock Unpaid invoices	L L L L L	The financial position of the the council is regularly reviewed at meetings At each Council meeting the list of invoices awaiting approval is distributed to Councillors, and considered. Council approves the list of requests for payment.	Existing communication procedures adequate. Existing procedure adequate. Financial Regs reviewed annually
Best value Accountability	Work awarded incorrectly Overspend on services	L M	The Council has Financial Regulations which set out the requirements. For major contract services, formal competitive tenders would be sought.	Existing procedure adequate. Financial Regs reviewed annually
Salaries and assoc. costs	Salary paid incorrectly Wrong hours paid Wrong rate paid	L L L	Council are registered as an employer for PAYE which is administered by the RFO/CLERK Salary rates are assessed annually by the Council Salary analysis and slips are produced These are inspected at the Council meetings and signed off.	Review of admin of PAYE carried out, clerk/rfo now administer paye

Employees	Fraud by staff	L	The requirements of the Fidelity Guarantee insurance to be adhered to with regards to Fraud.	Existing procedure adequate.
	Actions undertaken by staff	L	The Clerk should be provided with relevant training, reference books, access to assistance and legal advice required to undertake the role.	Purchase revised books when necessary.
Election costs	Risk of an election cost	L/M	Risk is higher in an election year. When an election is due the Clerk will obtain an estimate of costs from the District Council for a full election and an uncontested election. There are no measures which can be adopted to minimise the risk of having a contested election as this is a democratic process and should not be stifled.	Existing procedure adequate. within the budget process
VAT Annual return	Re-claiming/charging Submit within time limits	L	The Council has Financial Regulations which set out the requirements.	Existing procedure adequate.
		L	Annual Return is completed and signed by the Council, submitted to the internal auditor for completion and signing then checked and sent on to the External Auditor within time limit.	Existing procedures adequate.
Minutes/ Agendas/ Notices Statutory documents	Accuracy and legality Business conduct	L	Minutes and agenda are produced in the prescribed method by the Clerk and adhere to the legal requirements.	Existing procedure adequate.
		L	Minutes are approved and signed at the next Council meeting where possible.	Guidance/training to Chair should be given (if required).
			Minutes and agenda are displayed according to the legal requirements.	Members to adhere to Code of Conduct.
			Business conducted at Council meetings should be managed by the Chair.	
Members interests	Conflict of interest Register of Members interests	L	Although not a requirement, the declaring of interests by members at a meeting should be an obvious process to remind Councillors of their duty and should remain on the agenda.	Existing procedure adequate.
		M	Register of Members Interest forms should be reviewed regularly by Councillors.	Members take responsibility to update their Register
Insurance	Adequacy	L	An annual review is undertaken (before the time of the policy renewal) of all insurance	Existing procedure adequate.
	Cost	L	arrangements in place. Employers and Employee liability insurance is a necessity and must	Review insurance provision annually.
	Compliance	L	be paid for. Ensure compliance measures are in place. Ensure Fidelity checks are in place.	Review of compliance.
	Fidelity Guarantee	M		
Data protection	Policy Provision	L	The Council is aware of and compliant with the newly introduced requirements of GDPR. Council are registered with ICO	Clerk has undergone appropriate training
Freedom of Information Act	Policy Provision	L	The Council has a model publication scheme for Local Councils in place.	Monitor and report any impacts of requests made under the F of I Act.
		M	The Clerk is aware that if a substantial request arrives then this may require many hours of additional work.	

PHYSICAL EQUIPMENT				
Assets	Loss or Damage Risk/damage to third party(ies)/property	L L	An annual review of assets is undertaken for insurance provision and maintenance provisions.	Review Insurance provision
Maintenance	Poor performance of assets or amenities Loss of income or performance Risk to third parties	L L L	All assets owned by the Parish Council are regularly reviewed and maintained. All repairs and relevant expenditure for these repairs are actioned/authorised in accordance with the correct procedures of the Parish Council. All assets are insured and reviewed annually. Regular inspections of the play equipment are carried out and recorded.	Existing procedure adequate.
Meeting location	Adequacy Health & Safety	L M	The Parish Council Meetings are held at the Village Hall. The premises and the facilities are considered to be adequate for the Clerk, Councillors and Public who attend from Health & Safety and comfort aspects.	Existing locations adequate.
Council records - paper	Loss through: theft fire damage	L M L	The Parish Council records are stored at the home of the Clerk. Records include historical correspondence, minute books and copies, records such as personnel, insurance, salaries etc. Recent materials are in a metal filing cabinet and older more historical records in Local Records Office	Damage (apart from fire) and theft is unlikely and so provision adequate.
Council records - electronic	Loss through: Theft, fire, damage corruption of computer	L M	The Parish Council's electronic records are stored on the Clerks computer. Back-ups of the files are taken at regular intervals and stored on the councils laptop. A document retention policy is in place and reviewed annually	Existing procedure adequate. Ensure adequate procedure for passing files to new staff is available.
Allotments	Adequacy Health & Safety Risk to third parties	L L L	The facilities are considered adequate for the tenants from a Health & Safety point of view The site is regularly inspected and Insurance is in place and reviewed annually	Existing procedure adequate

Drinkstone Parish Council year ending 31st March 2020

	2019/20
Reciepts	
Precept	£ 8,790.00
Bank Interest	£ 16.30
Sale of Land adjacent to Playing Field	£ 3,501.00
De-fib Donations	£ -
Transparancy grant	£ -
Suffolk Rural Fund	£ -
Locality Funding	£ 250.00
Refund VAT	£ 1,612.28
Wayleave	£ -
Grants	£ -
Credits or Underpayments	£ 75.00
	£ 14,244.58
Allotments	
Rents	£ 604.00
Other (Elecricity Repayment)	£ 904.48
Wayleave	£ 168.29
	£ 1,676.77
Total Receipts	£ 15,921.35
Payments	
Clerk's Salary	£ 3,515.37
overtime contingency	£ -
HMRC Tax & NI	£ 211.40
Clerk's Office Expenses	£ 478.68
grass cutting	£ 531.25
admin/meeting expenses	£ 57.16
insurance	£ 349.44
SALC subscription	£ 253.50
training	£ 356.17
internal audit	£ 128.00
grants	£ -
hall hire	£ 190.00
dog bin emptying	£ 310.00
Defibrillator S137	£ 6.24
ICO registration	£ 40.00
election expenses	£ 104.78
tree maintenance	£ -
footpath maintnenance	£ 17.38
playingfield maintenance	£ -
playingfield inspection	£ 50.18
website	£ 10.00
grit bins	£ -
Allotment fencing	£ -
Parish Land Registration	£ 550.00
Neighbourhood Plan	£ 4,740.41
Phone Box	£ 111.09
Deposit Unity Trust Bank	£ -
VAT paid	£ 1,373.67
Total Payments	£ 13,384.72
Allotments	
Maintenance	£ 28.68
Water	£ 186.07
Other (unauthorised Electricity Transaction	£ 452.24
	£ 666.99
Total Payments	£ 14,051.71
Net payments & Reciepts	£ 1,869.64

Cash Reserves	
Fixed and Long Term Assets	
As per Asset Register	£ 32,369.99
Opening Reserves	£ 16,459.96
Net Movement	£ 1,869.64
Closing Reserves	£ 18,329.60
Represented by:	
Cash at Bank - Current	£13,773.38
- Deposit	£ 2,719.88
- Savings	£ 5.27
Lloyds - Allotments	£ 1,331.07
Unity Trust **2053	£500.00
Petty Cash	£ -
	£ 18,329.60

Closing Reserves made up of:

Playingfield	£1,950.00
Election	£275.00
Defibrilator 186.83 - 7.02	£173.57
General Reserve	£10,902.10
Neighbourhood Plan	£2,597.86
Tree Maintenance	£1,100.00
Phone Box	£0.00
Allotments	£1,331.07
	£18,329.60

Signed:
Chair of Drinkstone Parish Council

Date:

Signed:
Responsible Financial Officer

Date:

Annual Governance and Accountability Return 2019/20 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 2019/20

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 all 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) **no later than 30 June 2020**. Failure to do so will result in reminder letter(s) for which the Authority will be charged £40 +VAT for each letter; 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 2020**.

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 2019/20**, page 4
- **Section 1 – Annual Governance Statement 2019/20**, page 5
- **Section 2 – Accounting Statements 2019/20**, 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 2019/20 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.*

Guidance notes on completing Part 2 of the Annual Governance and Accountability Return 2019/20, 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 2020. 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 Certificate of Exemption must be returned to the external auditor no later than 30 June 2020. Reminder letters will incur a charge of £40 +VAT for each letter.
- 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 before approving the annual governance statement and the accounts.
- Make sure that the Annual Governance and Accountability Return is complete (no highlighted boxes left empty), 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.**
- The authority must publish numerical and narrative explanations for significant variances in the accounting statements on **page 6**. Guidance is provided in the *Practitioners' Guide** which may assist.
- Make sure that the accounting statements add up and 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 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 2020**.

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 for publication?		
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?		
	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

Certificate of Exemption – AGAR 2019/20 Part 2

To be completed by smaller authorities where the higher of gross income or gross expenditure did not exceed £25,000 in the year of account ended 31 March 2020, and that wish to certify themselves as exempt from a limited assurance review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015

There is no requirement to have a limited assurance review or to submit an Annual Governance and Accountability Return to the external auditor, **provided** that the authority has certified itself as exempt at a meeting of the authority after 31 March 2020 and a completed Certificate of Exemption is submitted no later than 30 June 2020 notifying the external auditor.

ENTER NAME OF AUTHORITY

certifies that during the financial year 2019/20, the higher of the authority's total gross income for the year **or** total gross annual expenditure, for the year did not exceed **£25,000**

Total annual gross income for the authority 2019/20:

ENTER AMOUNT £00,000

Total annual gross expenditure for the authority 2019/20:

ENTER AMOUNT £00,000

There are certain circumstances in which an authority will be **unable to certify itself as exempt**, so that a limited assurance review will still be required. If an authority **is unable to confirm the statements below then it cannot certify itself as exempt** and it **must** submit the completed Annual Governance and Accountability Return Part 3 to the external auditor to undertake a limited assurance review for which a fee of **£200 +VAT** will be payable.

By signing this **Certificate of Exemption** you are confirming that:

- The authority was in existence on 1st April 2016
- In relation to the preceding financial year (2018/19), the external auditor **has not**:
 - issued a public interest report in respect of the authority or any entity connected with it
 - made a statutory recommendation to the authority, relating to the authority or any entity connected with it
 - issued an advisory notice under paragraph 1(1) of Schedule 8 to the Local Audit and Accountability Act 2014 ("the Act"), and has not withdrawn the notice
 - commenced judicial review proceedings under section 31(1) of the Act
 - made an application under section 28(1) of the Act for a declaration that an item of account is unlawful, and the application has not been withdrawn nor has the court refused to make the declaration
- The court has not declared an item of account unlawful after a person made an appeal under section 28(3) of the Act.

If you are able to confirm that the above statements apply and that the authority neither received gross income, nor incurred gross expenditure, exceeding £25,000, then the Certificate of Exemption can be signed and a copy submitted to the external auditor **either** by email **or** by post (not both).

The Annual Internal Audit Report, Annual Governance Statement, Accounting Statements, an analysis of variances and the bank reconciliation plus the information required by Regulation 15 (2), Accounts and Audit Regulations 2015 including the period for the exercise of public rights still need to be fully completed and, along with a copy of this certificate, published on a public website* before 1 July 2020. **By signing this certificate you are also confirming that you are aware of this requirement.**

Signed by the Responsible Financial Officer

Date

SIGNATURE REQUIRED

DD/MM/YYYY

I confirm that this Certificate of Exemption was approved by this authority on this date:

DD/MM/YYYY

Signed by Chairman

Date

SIGNATURE REQUIRED

DD/MM/YYYY

as recorded in minute reference:

MINUTE REFERENCE

Email of Authority

Telephone number

AUTHORITY EMAIL ADDRESS REQUIRED

TELEPHONE NUMBER

*Published web address

PUBLISHED WEBSITE ADDRESS

ONLY this Certificate of Exemption should be returned EITHER by email OR by post (not both) as soon as possible after certification to your external auditor, but no later than 30 June 2020. Reminder letters incur a charge of £40 +VAT

Annual Internal Audit Report 2019/20

Drinkstone 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.			NONE HELD
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.	✓		
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.		✓	

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

29/06/2020

Name of person who carried out the internal audit

Df Gimmis (on BEHALF OF HEELIS + LODGE)

Signature of person who carried out the internal audit

Df Gimmis

Date

29/06/2020

*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).

Section 1 – Annual Governance Statement 2019/20

We acknowledge as the members of:

ENTER NAME OF AUTHORITY

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.			<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 must be published

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

DD/MM/YYYY

and recorded as minute reference:

MINUTE REFERENCE

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

Chairman

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

Section 2 – Accounting Statements 2019/20 for

ENTER NAME OF AUTHORITY

	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			<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			<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			<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			<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			<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			<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			<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			<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			<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			<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>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

SIGNATURE REQUIRED

Date

DD/MM/YYYY

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

DD/MM/YYYY

as recorded in minute reference:

MINUTE REFERENCE

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

SIGNATURE REQUIRED