

# Local Councils, Internal Drainage Boards and other Smaller Authorities in England Annual Governance and Accountability Return 2017/18 Part 3

## To be completed by:

- all smaller authorities\* where either the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; and
- any other smaller authorities that either:
  - are unable to certify themselves as exempt; or
  - have requested a limited assurance review.

## Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2017/18

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Part 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with Proper Practices.
2. The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:
  - The **annual internal audit report** is completed by the authority's internal auditor.
  - Sections 1 and 2 are to be completed and approved by the authority.
  - Section 3 is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved **before 2 July 2018**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or requesting a limited assurance review, **must** send to the external auditor:
  - the Annual Governance and Accountability Return Sections 1, 2 and 3, together with
  - a bank reconciliation as at 31 March 2018
  - an explanation of any significant year on year variances in the accounting statements
  - your notification of the commencement date of the period for the exercise of public rights

Unless requested, do not send any original records to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed and is able to give an opinion on the limited assurance review, the Annual Governance and Accountability Return including **Section 3 – External Auditor Report and Certificate** will be returned to the authority.

## Publication Requirements

Smaller authorities with either income or expenditure exceeding £25,000 **must** publish on a public website, under the Accounts and Audit Regulations 2015, the Annual Governance and Accountability Return:

- Section 1 – Annual Governance Statement 2017/18, page 4
- Section 2 – Accounting Statements 2017/18, page 5
- Section 3 – The External Auditor Report and Certificate 2017/18, page 6
- Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

\*for a complete list of bodies that may be smaller authorities refer to schedule 2 to Local Audit and Accountability Act 2014.

## Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2017/18

- 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 (i.e. no empty highlighted boxes), and is properly signed and dated. Avoid making amendments to the completed Annual Governance and Accountability Return. Any amendments must be approved by the authority, properly initialled and accompanied by an explanation. If the Annual Governance and Accountability Return 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 prior to approving the annual governance statement and before approving the accounts.
- Use the checklist provided below to review the Annual Governance and Accountability Return for completeness before sending it to the external auditor.
- Do not send the external auditor any information not specifically requested. However, you **must** inform your external auditor about any change of Clerk, Responsible Finance 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 explanation.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs will be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2017) equals the balance brought forward in the current year (Box 1 of 2018).
- Please enter the authority's name **only** in Section 3 on Page 6. **Do not complete the remainder of that section**, which is reserved for the external auditor.
- 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 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.

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 have been completed by the internal auditor and explanations provided?	✓	
Section 1	For any statement to which the response is 'no', is an explanation provided?	✓	
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 provided?	✓	
	The bank reconciliation as at 31 March 2018 is agreed to Box 8?	✓	
	Has an explanation of any difference between Box 7 and Box 8 been provided?	✓	
Sections 1 and 2	Trust funds – have all disclosures been made if the authority is a sole managing trustee? <b>NB:</b> do not send trust accounting statements unless requested or instructed.	✓	

\*More guidance on completing this annual return is available in **Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices**, which can be downloaded from [www.nalc.gov.uk](http://www.nalc.gov.uk) or from [www.sicc.co.uk](http://www.sicc.co.uk) or from [www.ada.org.uk](http://www.ada.org.uk)

OCKBROOK AND BORROWASH 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 2018.

The internal audit for 2017/18 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.			✓ PETTY CASH NOT USED
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. (For local councils only)	Yes	No	Not applicable
	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  
09/06/2018 / 11/06/2018

Name of person who carried out the internal audit

JOHN S. MARRIOTT

Signature of person who carried out the internal audit



Date

11/06/2018

\*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 2017/18

We acknowledge as the members of:

## OCKBROOK AND BORROWASH 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 2018, 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.	✓	<del>✗</del>	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.	✓ ✓	<del>✗</del>	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.	✓	<del>✗</del>	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.	✓	<del>✗</del>	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.	✓	<del>✗</del>	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.	✓	<del>✗</del>	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.	✓	<del>✗</del>	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
			has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.

\*Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the authority will address the weaknesses identified.

This Annual Governance Statement is approved by this authority and recorded as minute reference:

15/7/18

4th July 2

dated

Signed by the Chairman and Clerk where approval is given:

Chairman



Signed by:



Clerk

Chairman Terence

A Shepe  
Locum  
Clerk

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

www.ockbrookandparishcouncil.gov.uk

Section 2 – Accounting Statements 2017/18 for

OCKBROOK AND BORROWASH PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2017 £	31 March 2018 £	
1. Balances brought forward	107301	100079	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.
2. (+) Precept or Rates and Levies	68965	68965	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	97777	78338 <del>84338</del>	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	59443	46993	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.
5. (-) Loan interest/capital repayments	nil	nil	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	114521	144847	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	100079	55542	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	100079	55542	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.
9. Total fixed assets plus long term investments and assets	570550	570550	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.
10. Total borrowings	nil	nil	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council 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 certify that for the year ended 31 March 2018 the Accounting Statements in this Annual Governance and Accountability Return present fairly the financial position of this authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

PP.  A. Shore  
Locom Clerk.

Date

4 July 2018

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

4 July 2018

and recorded as minute reference:

16/7/18

Signed by Chairman of the meeting where approval of the Accounting Statements is given



### Section 3 – External Auditor Report and Certificate 2017/18

In respect of **OCKBROOK & BORROWASH PARISH COUNCIL**

#### 1 Respective responsibilities of the body and the auditor

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2018; 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 2017/18

(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 2017/18

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 2018.

\*We do not certify completion because:

External Auditor Name

External Auditor Signature

Date

\*Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2017/18 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website ([www.nao.org.uk](http://www.nao.org.uk))

## Explanation of variances – pro forma

Name of smaller authority: OCKBROOK AND BORROWASH PARISH COUNCIL

County area (local councils and parish meetings only): DERBYSHIRE

Please provide full explanations, including numerical values, for the following:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- a breakdown of approved reserves if the total reserves (Box 7) figure is more than twice the annual precept/rates & levies value (Box 2).

Section 2	2016/17 £	2017/18 £	Variance £	Variance %	Detailed explanation of variance (with amounts £)
<b>Box 2</b> Precept or Rates and Levies	68965	68965	0	0	N/A
<b>Box 3</b> Total other receipts	97777	78338	-19439	-19.88%	Reduction in Concurrent functions and Grants Total 19,000
<b>Box 4</b> Staff costs	59443	46993	-12450	-20.94%	Reduction in Staffing hours and rate of Pay for new Clerk £12450.
<b>Box 5</b> Loan interest/ capital repayments	—	—	—	—	—
<b>Box 6</b> All other payments	114521	144847	+30326	+26.48%	Grounds maintenance Contract entered into during year and equipment/plant purchases totalling £30,000
<b>Box 9</b> Total fixed assets & long term investments & assets	570550	570550	0	0	N/A
<b>Box 10</b> Total borrowings	—	—	—	—	—
<b>Explanation for 'high' reserves</b>	Box 7 is more than twice Box 2 because the authority held the following breakdown of reserves at the year end:  N/A.				

## Bank reconciliation – pro forma

Name of smaller authority: Ockbrook AND BORROWASH PARISH COUNCIL

County area (local councils and parish meetings only): DERBYSHIRE

Financial year ending 31 March 2018

Prepared by ANDREW SHARPE LOCUM CLERK (RFO) (Name and role)

Date 9/7/18

Balance per bank statements as at 31 March 2018:

£            £  
55542

Petty cash float (if applicable)

0

Less: any un-presented cheques at 31 March 2018

0

Add: any un-banked cash at 31 March 2018

0

Net balances as at 31 March 2018 (Box 8)

55542

***The net balances reconcile to the Cash Book (receipts and payments account) for the year, as follows:***

### CASH BOOK:

Opening Balance 1 April 2017 (Prior year Box 8)

100079

Add: Receipts in the year

147303

Less: Payments in the year

191840

Closing balance per cash book [receipts and payments book] as at 31 March 2018 (must equal net balances above – Box 8)

55542

(See [example](#) for guidance if required)



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

Name of smaller authority: OCKBROOK AND BORROWASH PARISH COUNCIL

County Area (local councils and parish meetings only): DERBYSHIRE

**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 2 JULY 2018

and ending on 10 AUGUST 2018

(Please enter the dates set by the smaller authority as appropriate which must be 30 working days inclusive and must include the first 10 working days of July 2018.  
We have suggested the following dates: Monday 4 June – Friday 13 July 2018.  
The latest possible dates that comply with the statutory requirements are Monday 2 July – Friday 10 August 2018.)

Signed: A Sharpe

Role: Locum RFO

**FOR SMALLER AUTHORITIES SUBJECT TO A REVIEW ONLY:  
PLEASE SUBMIT THIS FORM TO PKF LITTLEJOHN LLP WITH  
THE AGAR PART 3 AND OTHER REQUESTED DOCUMENTATION**

## Contact details

Name of smaller authority: OCKBROOK AND BORROWASH PARISH COUNCIL

County Area (local councils and parish meetings only): DERBYSHIRE

Please complete this form and send it back to us with the AGAR or exemption certificate

	Clerk/RFO (Main contact)	Chair
<b>Name</b>	(LOCUM) ANDREW SHARPE	Michael White
<b>Address</b>	VILLAGE HALL CHURCH STREET OCKBROOK DERBY DE72 3SL	94 Manor Road Borrowash Derby
<b>Daytime telephone number</b>	01332 664100	01332 673910
<b>Mobile telephone number</b>	—	07900894048
<b>Email address</b>	clerk@ockbrookandborrowashparishcouncil.gov.uk	mikewh94@outlook.com

## **Ockbrook and Borrowwash Parish Council R and P Accounts 2017/18**

### **Receipts**

Precept	£	68,965.00
Grant	£	32,036.00
Interest	£	31.50
Other income	£	34,835.41
VAT	£	11,435.45
	<b>£</b>	<b>147,303.36</b>

### **Payments**

Parish Hall	£	13,761.47
Recreation	£	11,495.89
Staff Costs	£	46,993.05
Gen Admin	£	43,452.27
Environment	£	24,078.52
S137	£	3,750.00
Insurance	£	3,398.98
Utilities	£	4,493.10
Training	£	749.90
Burials	£	11,044.21
Playscheme	£	1,400.00
Events	£	12,062.36
Allotments	£	3,282.24
VAT	£	11,755.32
Bank	£	123.15
	<b>£</b>	<b>191,840.46</b>

### **Receipts and payments summary**

Balance b/f at 1 April	£	100,079.03
Add total receipts	£	147,303.36
Less total payments	£	191,840.46
Balance at 31 March	£	55,541.93
Represented by bank balances 31 March	<b>£</b>	<b>55,541.93</b>

The foregoing Receipts and Payments Account represents fairly the transactions of Ockbrook and Borrowwash Parish Council for the year ended 31 March 2018 and the financial position as at that date.