

Annual Governance and Accountability Return 2020/21 Part 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but that:
 - are unable to certify themselves as exempt (fee payable); or
 - have requested a limited assurance review (fee payable)

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2020/21

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** **must** be completed by the authority's internal auditor.
 - **Sections 1 and 2** **must** be completed and approved by the authority.
 - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published on the authority website/webpage **before 1 July 2021**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both) **no later than 30 June 2021**. Reminder letters will incur a charge of £40 +VAT:
 - ✗ • the Annual Governance and Accountability Return Sections 1 and 2, together with
 - ✗ • a bank reconciliation as at 31 March 2021
 - ✗ • an explanation of any significant year on year variances in the accounting statements
 - ✗ • notification of the commencement date of the period for the exercise of public rights — N/A
 - ✗ • Annual Internal Audit Report 2020/21

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

Once the external auditor has completed the limited assurance review and is able to give an opinion, the Annual Governance and Accountability **Section 1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Before 1 July 2021 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2020/21**, approved and signed, page 4
- **Section 2 - Accounting Statements 2020/21**, approved and signed, page 5

Not later than 30 September 2021 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 and 2 of AGAR** including any amendments as a result of the limited assurance review.

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

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

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

Section 1 – Annual Governance Statement 2020/21

We acknowledge as the members of:

MISERDEN 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 2021, 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
			has met all of its responsibilities where as a body corporate it is a sole managing trustee of a local trust or trusts.

*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:

26/10/2021

and recorded as minute reference:

12.10.21

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

Chairman

Martin S. Racthile

Clerk

Gwen Pearhouse

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

The authority website/webpage is up to date and the information required by the Transparency Code has been published.

Yes No
✓

MISERDENPC.ORG.UK

ANNUAL GOVERNANCE STATEMENT 2020/21

Explanations

Q.1

During 2019/20 and 2020/21 the Parish Council experienced staffing difficulties which led to proper record keeping not being carried out. As a result accounts were not prepared for those years in accordance with official Accounts and Audit regulations. This has now been rectified and since April 2021 proper accounts are being kept.

Q.2

Traditionally details of all payments made were recorded in the official minutes. Again staff changes led to this not being done. The practice has now been reintroduced. All cheque payments do however require two approved signatures.

Q.4

Because accounts were not prepared in accordance with Regulations electors were not informed of their rights of inspection. Accounts for 2019/20 and 2020/21 will be placed on the web site as soon as possible.

Q.5

The Parish Council did not consider an annual assessment of risks for 2019/20 or 2020/21. An assessment for 2021/22 is being prepared and will be considered by the Parish Council in due course.

Q.6

As pointed out in Q.1 above accounts were not prepared and there was therefore no audit. An internal audit has been carried out for 2019/20 as well as 2020/21. The report will be published on the website.

Transparency Code

No AGAR information has been published on the website since 2018/19.

Acknowledged 4/11/2021

Martin & Raethle (Chairman)

Section 2 – Accounting Statements 2020/21 for

MISERDEN PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2020 £	31 March 2021 £	
1. Balances brought forward	11,640	13,731	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	10,200	10,506	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	21	18	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	3,295	1,401	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.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	4,835	5,176	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	13,731	17,678	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	13,731	18,238	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	9,064	9,064	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	0	0	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 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 certify that for the year ended 31 March 2021 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority. Signed by Responsible Financial Officer before being presented to the authority for approval

Date

Julien Pearshouse
26/10/2021

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

26/10/2021

as recorded in minute reference:

13.10.21

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

Martin S Rachtke

2019/20	AGAR FIGURES				BOX No	2020/21	AGAR FIGURES				BOX No	VARIANCES 19/20 - 20/21		EXPLANATION
	£	CURRENT	DEPOSIT	TOTAL			£	CURRENT	DEPOSIT	TOTAL		£	%	
							2019/20			2020/21				
BALANCES B/F	-11639.84	-6609.39	-5030.45	-11639.84	1	BALANCES B/F	-13709.48	-8679.03	-5051.90	-13730.93	1			
PRECEPT	-10200.00	-10200.00		-10200.00	2	PRECEPT	-10506.00	-10506.00		-10506.00	2	306.00	3	Inflation increase
OTHER RECEIPTS	0.00	0.00	-21.45	-21.45	3	OTHER RECEIPTS	0.00	0.00	-18.53	-18.53	3	-2.92		
STAFF COSTS	3295.44	3295.44		3295.44	4	STAFF COSTS	1400.55	1400.55		1400.55	4	-1894.89	-57	no clerk for 6 months
ALL OTHER PAYMENTS	4834.92	4834.92		4834.92	5	ALL OTHER PAYMENTS	5176.95	5176.95		5176.95	5	342.03	7	Increased print cost for parish magazine
BALANCES C/F	-13709.48	-8679.03	-5051.90	-13730.93	8	BALANCES C/F	-17637.98	-12607.53	-5070.43	-17677.96	8			
BANK RECONCILIATION						BANK RECONCILIATION								
deposit a/c sheet 22	-5051.90					deposit a/c sheet 24	-5070.43							
current a/c sheet 189	-8679.03					current a/c sheet 200	-13167.75							
	-13730.93						-18238.18							
unpresented cheques	0					unpresented cheques	560.22							
cash book balance	-13730.93					cash book balance	-17677.96							

Annual Internal Audit Report 2020/21

MISERDEN PARISH COUNCIL

miserdenpc.org.uk

During the financial year ended 31 March 2021, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2020/21 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	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 bank account reconciliations were properly carried out during the year.		✓	
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 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")		✓	
L. If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.		✓	
M. The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).		✓	
N. The authority has complied with the publication requirements for 2019/20 AGAR (see AGAR Page 1 Guidance Notes).		✓	
O. (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).

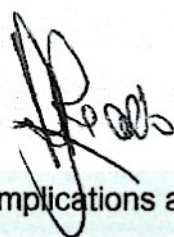
Date(s) internal audit undertaken

20/10/2021

Name of person who carried out the internal audit

MR. R.J. READE

Signature of person who carried out the internal audit



Date

23/10/2021

*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).

MISERDEN PARISH COUNCIL - REPORT OF INTERNAL AUDITOR

Background

In October 2021 I was asked by the Parish Council to carry out an internal audit for the financial year 2020/21. I had previously carried out the audit for 2018/19 but had not been contacted about 2019/20.

There have been a number of changes in Parish Clerks. For 2018/19 proper financial records were maintained, there were no audit concerns and the AGAR forms appear on the Parish website. In September 2019 the then Parish Clerk (A) left and was replaced in October 2019. The replacement Clerk (B) left in March 2020 shortly before the first COVID lock down occurred. The current clerk was appointed in August 2020.

Current position

I requested the necessary information for review.

The financial records for 2019/20 had not been updated since the departure of Clerk (A). Further, there were no formal financial records available for 2020/21. I advised the Chair of the Council that until the records were brought up to date, I would be unable to carry out an audit. I advised the Chair and Clerk of the steps they needed to take and in mid-October completed documents were received for 2019/20 and 2020/21. My internal audit report was based on these records and this was duly considered by the Parish Council on the 26th October 2021.

However, a few days later I was made aware that a Public Interest Report: Failure to submit an Annual Governance & Accountability Return (AGAR) for the year ending 31 March 2020 had been issued by PKF Littlejohn LLP on 31 March 2021. This was brought to my notice after the Clerk received an email from PKF declining acceptance of the Certificate of Exemption – AGAR 2020/21 Part 2.

In the light of the issuance of the PIR detailed audit comments for 2019/20 would seem to be irrelevant and my comments below relate solely to 2020/21. Being unaware of the PIR I had however carried out an audit of 2019/20 if further commentary is required.

2020/21 Audit

Explanations for my opinion on the Internal Control Objective categories in the Annual Internal Audit Report 2020/21 are detailed below.

- A. The cash book for 2020/21 had not been completed.
- B. VAT had not been separately accounted for.
6 cheque payments did not have a supporting invoice.
Minutes did not identify cheque payments made.
- C. No risk report had been considered by the Parish Council during the year.
- D. In the absence of completed financial records for 2019/20 it is difficult to justify the precept requirement for 2020/21.
No budget monitoring statements were provided during the year.

- E. The only expected income was the annual precept and deposit a/c interest
- F. The Clerk's expenses were not fully supported by receipts. VAT was not separately identified.
- G. The Clerk has not been given a contract of employment. HMRC reporting software was not used.
- H. Asset register reflected disposal of and purchase of a computer.
- I. No bank reconciliations were carried out during the year.
- J. The cash book was not constructed until October 2021 - six months after the year end.
- K. The Parish Council failed to certify itself exempt in 2019/20 (see comments in PIR)
- L. No financial information has been published on the website since the 2018/19 AGAR.
- M. No accounts were prepared for 2019/20.
- N. No financial information was published for 2019/20.

Implications and actions

Clearly there have been administrative shortcomings that have led to this adverse internal audit report which is solely based on the evidence with which I have been presented. I understand that there were problems with the Parish computer and with obtaining copy bank statements which delayed matters.

Despite the adverse nature of my report, I have no reason to suspect that any fraudulent activity has taken place.

The Parish Council has taken advice and proper record keeping is now taking place. The current Clerk is now receiving guidance from an experienced ex-clerk.

R. J. Reade

3rd November 2021

Acknowledged 4/11/2021

Martin S Ractliffe (Chairman)

Section 3 – External Auditor's Report and Certificate 2020/21

In respect of

MISEDEN PARISH COUNCIL

1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website –

<https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>.

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 2021; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor's limited assurance opinion 2020/21

(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 2020/21

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 2021.

*We do not certify completion because:

External Auditor Name

External Auditor Signature

Date