

# 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
  - 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.

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

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this AGAR. *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 AGAR is complete (no highlighted boxes left empty), and is properly signed and dated. If the AGAR contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.
- Use the checklist provided below to review the AGAR for completeness before returning it to the external auditor by email or post (not both) no later than 30 June 2021.
- The Annual Governance Statement (Section 1) must be approved on the same day or before the Accounting Statements (Section 2) and evidenced by the agenda or minute references.
- The Responsible Financial Officer (RFO) must certify the accounts (Section 2) before they are presented to the authority for approval. The authority must in this order; consider, approve and sign the accounts.
- The RFO is required to commence the public rights period as soon as practical after the date of the AGAR approval.
- Do not send the external auditor any information not specifically requested. However, **you must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant authority owned generic email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the AGAR covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide\**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2020) equals the balance brought forward in the current year (Box 1 of 2021).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights of 30 consecutive working days which **must** include the first ten working days of July.
- The authority **must** publish on the authority website/webpage 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 2021**.

| Completion checklist – 'No' answers mean you may not have met requirements |                                                                                                                                                                                    | Yes | No |
|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|
| All sections                                                               | Have all highlighted boxes have been completed?                                                                                                                                    | ✓   |    |
|                                                                            | Has all additional information requested, including <b>the dates set for the period for the exercise of public rights</b> , been provided for the external auditor?                | ✓   |    |
| Internal Audit Report                                                      | Have all highlighted boxes been completed by the internal auditor and explanations provided?                                                                                       | ✓   |    |
| Section 1                                                                  | For any statement to which the response is 'no', has an explanation been published?                                                                                                | ✓   |    |
| Section 2                                                                  | Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?                                                 | ✓   |    |
|                                                                            | Has an explanation of significant variations from last year to this year been published?                                                                                           | N/A |    |
|                                                                            | Has the bank reconciliation as at <b>31 March 2021</b> been reconciled to Box 8?                                                                                                   | ✓   |    |
|                                                                            | Has an explanation of any difference between Box 7 and Box 8 been provided?                                                                                                        | N/A |    |
| Sections 1 and 2                                                           | Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? <b>NB:</b> do not send trust accounting statements unless requested. | ✓   |    |

*\*Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices, can be downloaded from [www.nalc.gov.uk](http://www.nalc.gov.uk) or from [www.ada.org.uk](http://www.ada.org.uk)*

# Annual Internal Audit Report 2020/21

## Ormesby St Margaret with Scratby Parish Council

<https://ormesbypc.norfolkparishes.gov.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. <i>(If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")</i>                                               |     |     | ✓             |
| 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 <i>(evidenced by the notice published on the website and/or authority approved minutes confirming the dates set)</i> .            |     | ✓   |               |
| N. The authority has complied with the publication requirements for 2019/20 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .                                                                                                                                                                                   |     | ✓   |               |

| 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

Name of person who carried out the internal audit

14/06/2021

22/06/2021

23/06/2021

Catherine Moore

Signature of person who carried out the internal audit

*Catherine Moore*

Date

24/06/2021

\*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).

## Section 1 – Annual Governance Statement 2020/21

We acknowledge as the members of:

Ormesby St Margaret with Scratby 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    | 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                                                                                                                                                                                            |
|                                                                                                                                                                                                                                                                                                 | ✓      |     |                                                                                                                                                                                                |

\*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

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

29/06/21

and recorded as minute reference:

4.1

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

Chairman

Clerk

<https://ormesbypc.norfolkparishes.gov.uk>

**Notes to accompany Ormesby St Margaret with Scratby Internal Audit Report Section of  
Annual Governance Annual Return 2020/21**

***This sheet to be submitted to external auditors with the Annual Governance Annual  
Return for 2020/21***

The following statements have been ticked 'No' for the following reasons:

*C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.*

The Parish Council last reviewed its risk assessments in 2017/18. A review has taken place in June 2021.

*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.*

The Parish Council did not pay across the Employers National Insurance Contributions during the year, and did not auto enrol the salaried member of staff into a pension scheme when they had a statutory obligation to do so.

*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).*

The Council did not set the dates for the Exercise of Electors Rights until after 1<sup>st</sup> September 2020. The Council did not publish the Internal Audit Report page of the 2019/20 AGAR.

*N. The authority has complied with the publication requirements for 2019/20 AGAR (see AGAR Page 1 Guidance Notes).*

The Council did not publish the Notice of Conclusion of Audit or the External Auditors Report for 2019/20.

I have advised the Council that they should tick 'No' to the following statements on the Annual Governance Statement, for the following reasons:

- Statement 2 – Adequate System of Internal Control. The Council did not assess its risks during the year and did not meet all of their obligations as an employer (pension auto enrolment; and paying across employer National Insurance contributions as it fell due during the year).
- Statement 3 – Legal Compliance. The Council took a number of key decisions in confidential session including co-option and budget/precept setting, which was not lawful.
- Statement 4 – Exercise of Electors Rights. The Council did not set the statutory period of Electors Rights to begin before 1<sup>st</sup> September 2020, and did not publish the Notice of Conclusion of Audit and External Auditors Report. Although the Annual Governance and Annual Accounting Statement were published, the internal audit page was not.
- Statement 5 – Risk Management. The Council has not reviewed their risk assessments or internal controls since 2017/18.

Work has already begun to rectify the points raised, for example I have seen the risk assessments and internal control document agreed by the Finance and General Purposes Committee on 21<sup>st</sup> June 2021, and I am satisfied that work is underway to make improvements.



24.6.2021

## Section 2 – Accounting Statements 2020/21 for

### Ormesby St Margaret with Scratby Parish Council

|                                                                                     | Year ending           |                       | Notes and guidance                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------|-----------------------|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                     | 31 March<br>2020<br>£ | 31 March<br>2021<br>£ |                                                                                                                                                                                                         |
| 1. Balances brought forward                                                         | 103,625               | 118,871               | 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                                                  | 59,178                | 65,342                | Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.                                                                                 |
| 3. (+) Total other receipts                                                         | 92,428                | 59,467                | 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                                                                  | 25,332                | 19,993                | 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                                             | 39,975                | 39,975                | Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).                                                                                      |
| 6. (-) All other payments                                                           | 71,053                | 50,603                | 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                                                     | 118,871               | 133,109               | 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                                   | 118,871               | 133,109               | The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>                                              |
| 9. Total fixed assets plus long term investments and assets                         | 1,403,350             | 1,144,006             | 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                                                                | 864,806               | 784,041               | 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

*J. L. Ensell*

25.6.2021

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

29/06/21

as recorded in minute reference:

4-2

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

*[Signature]*