

## Annual Governance and Accountability Return 2018/19 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 £5.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but:
  - 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 2018/19

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 Practice.
2. The Annual Governance and Accountability Return is made up of three parts, pages 3 to 5:
  - 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 and published before 1 July 2019.
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):
  - the Annual Governance and Accountability Return Sections 1 and 2, together with
  - a bank reconciliation as at 31 March 2019
  - 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 2018/19

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 review and is able to give an opinion on the limited assurance review, 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 a publicly accessible website:

Before 1 July 2019 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 2018/19, approved and signed, page 4
- Section 2 - Accounting Statements 2018/19, approved and signed, page 5

Not later than 30 September 2019 authorities must publish:

- Notice of conclusion of audit
- Section 3 - External Auditor Report and Certificate
- Sections 1 & 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 'total auditor' in the Accounts and Audit Regulations 2015.

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

Annual Governance and Accountability Return 2018/19 Part 3  
Local Councils, Internal Drainage Boards and other Smaller Authorities\*

Page 1 of 6

**Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2018/19**

- The authority must comply with Proper Practices in completing Sections 1 and 2 of the Annual Governance and Accountability Return. Proper Practices are found in the Practitioners' Guide<sup>1</sup> 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. Where amendments are made by the authority to the AGAR after it has been approved by the authority and before it has been reviewed by the external auditor, the Chairman and RFO should initial the amendments and if necessary republish the amended AGAR and recommence the period for the exercise of public rights. If the 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 if possible 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 returning it to the external auditor by email or post (not both).
- Do not send the external auditor any information not specifically requested. However, you must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant email addresses and telephone numbers.
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the Annual Governance and Accountability Return covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (Section 2, page 6). 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<sup>1</sup>.
- Explain fully significant variances in the accounting statements on page 6. 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 unaudited 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 2018) equals the balance brought forward in the current year (Box 1 of 2019).
- The Responsible Financial Officer (RFO), on behalf of the authority, must set the period for the exercise of public rights. From the commencement date for a single period of 30 consecutive working days, the approved accounts and accounting records can be inspected. Whatever period the RFO sets it must include a common inspection period – during which the accounts and accounting records of all smaller authorities must be available for public inspection – of the first ten working days of July.
- The authority must publish the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor before 1 July 2019.

Completion checklist - 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes been completed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Has all additional information requested, including the dates set for the period for the exercise of public rights, been provided for the external auditor?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Internal Audit Report	Have all highlighted boxes been completed by the Internal Auditor and explanations provided?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Section 1	For any statement to which the response is 'No', is an explanation provided?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Has an explanation of significant variances from last year to this year been provided?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Has the bank reconciliation as at 31 March 2018 been reconciled to Box 8?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Has an explanation of any difference between Box 7 and Box 8 been provided?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sections 1 and 2	Trust funds - have all disclosures been made if the authority as a body corporate is a sole managing trustee? NB: do not send trust accounting statements unless requested.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<sup>1</sup> Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices, can be downloaded from [www.nal.gov.uk](http://www.nal.gov.uk) or from [www.aia.org.uk](http://www.aia.org.uk)

## Broadbridge Heath 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 2019.

The internal audit for 2018/19 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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. This authority examined the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. The receipt or cash requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and resources were appropriate	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> N/A
G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Asset and investments registers were complete and accurate and properly maintained	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I. Periodic and year-end bank account reconciliations were properly carried out	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K. If the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt. ("Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L. During summer 2018 the authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Not covered
M. (For local councils only) Trust funds (including charities) - The council met its responsibilities as a trustee	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Not covered

For any other risk areas identified by the authority adequate controls existed (or any other risk areas on separate sheets if needed)

Date of internal audit undertaken: 27/11/18  
 Name of person who carried out the internal audit: ANDY BEANS  
 Signature of person who carried out the internal audit: *Beans*  
 Date: 02/05/19

\*If the response is 'No' you must include a note to state the implications and action being taken to address any weaknesses 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 2018/19

We acknowledge as the members of:

Broadbridge Heath 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 2019, that:

	Answer			Your answer for the authority
	Yes	No	Not	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements	✓			present in 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 secure compliance 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 continue to finance its functions	✓			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 members' rights in accordance with the requirements of the Accounts and Audit Regulations	✓			during the year gave all persons interested the opportunity to inspect and pose questions about the authority's accounts
5. We carried out an assessment of the risks facing the authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external resources 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 records and procedures, to give an objective view on whether internal controls meet the needs of the smaller authority
7. We took appropriate action on all matters raised in reports from internal and external audit	✓			immediately matters brought to its attention by internal and external audit
8. We considered whether any litigation, liabilities or commitments, awards or transactions, occurring either during or after the year end, have a financial impact on the authority and, where appropriate, have included them in the accounting statements	✓			disclosed everything it should have about its business activities during the year including events taking place after the year end if relevant
9. For local authorities only: Trust funds including charities, in our capacity as the sole managing trustee we discharged our accountability responsibilities for the funds/assets, including financial reporting and, if required, independent examination or audit			✓	has met all of its responsibilities where, as a body corporate, 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 and describe how the Authority will address the weaknesses identified. These sheets should be published with the Annual Governance Statement.

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

13/05/19

and recorded as minute reference:

146/19

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

Chairman

Clerk

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

Authority web address

www.broadbridgeheath-pc.gov.uk

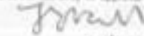
Section 2 – Accounting Statements 2018/19 for

Broadbridge Heath Parish Council

	Year ending		Notes and guidance
	31 March 2019	31 March 2018	
1. Balance brought forward	144,213	189,636	Balance carried forward from the previous year. All figures must relate to underlying financial records.
2. (+) Precept or Rates and Levies	98,548	107,339	Total amount of precept (or for CDM rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	48,709	195,043	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	30,689	34,945	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employer and employee), pension contributions and employment expenses.
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	71,145	95,068	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balance carried forward	189,636	362,005	Total balance 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	189,636	362,005	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	328,209	339,214	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	150,000	The outstanding capital interest as at 31 March of all loans from third parties (including PMLB).
11. (For Local Councils Only) Disclosure note re Trust Funds (including charities)			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 2019 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 Practitioner's Guide to Proper Practice and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

  
Date 02/05/19

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

13/05/19

as recorded in minute reference

147/19

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



### Section 3 – External Auditor Report and Certificate 2018/19

In respect of Broadbridge Heath 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 2019; 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 2018/19

(Except for the matters reported below) on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, we 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. (None at all 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 2018/19

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 2019.

We do not have completed below:

External Auditor Name

External Auditor Signature

Date

\*Note: the NAO issued guidance applicable to external auditors work on limited assurance reviews in Auditor Guidance Note AGR155. This AGR is available from the NAO website ([www.nao.org.uk](http://www.nao.org.uk))

Annual Governance and Accountability Return 2018/19 Part 3  
Local Councils, Internal Drainage Boards and other Greater Authorities\*

Page 9 of 9