

Section 1 – Annual Governance Statement 2018/19

We acknowledge as the members of:

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:

	Agreed		"Yes" means that this authority:
	Yes	No	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		<i>responded to matters brought to its attention by internal and external audit.</i>
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			✓

*For any statement to which the response is 'no', an explanation should be published

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

20/05/2019

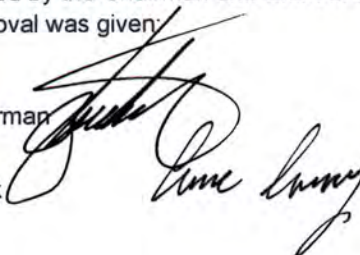
and recorded as minute reference:

120.2

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

Chairman

Clerk



Certificate of Exemption – AGAR 2018/19 Part 2

To be completed by smaller authorities where the higher of gross income or gross expenditure did not exceed £25,000 in the year of account ended 31 March 2019, and that wish to certify themselves as exempt from a limited assurance review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015

There is no requirement to have a limited assurance review or to submit an Annual Governance and Accountability Return to the external auditor, **provided** that the authority has certified itself as exempt at a meeting of the authority after 31 March 2019 and a completed Certificate of Exemption is submitted notifying the external auditor.

NAWTON PARISH COUNCIL

certifies that during the financial year 2018/19, the higher of the authority's gross income for the year or gross annual expenditure, for the year did not exceed **£25,000**

Annual gross income for the authority 2018/19: £6,095

Annual gross expenditure for the authority 2018/19: £5494

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

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

- The authority has been in existence since before 1st April 2015
- In relation to the preceding financial year (2017/18), the external auditor **has not**:
 - issued a public interest report in respect of the authority or any entity connected with it
 - made a statutory recommendation to the authority, relating to the authority or any entity connected with it
 - issued an advisory notice under paragraph 1(1) of Schedule 8 to the Audit and Accountability Act 2014 ("the Act"), and has not withdrawn the notice
 - commenced judicial review proceedings under section 31(1) of the Act
 - made an application under section 28(1) of the Act for a declaration that an item of account is unlawful, and the application has not been withdrawn nor has the court refused to make the declaration
- The court has not declared an item of account unlawful after a person made an appeal under section 28(3) of the Act.

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

The Annual Internal Audit Report, Annual Governance Statement, Annual Accounting Statements, an analysis of variances and the bank reconciliation plus the information required by Regulation 15 (2), Accounts and Audit Regulations 2015 including the period for the exercise of public rights still need to be fully completed and, along with a copy of this certificate, published on a public website* before 1 July 2019. **By signing this certificate you are also confirming that you are aware of this requirement.**

Signed by the Responsible Financial Officer

Date

Signed by Chairman

Date

Email

Telephone number

*Published web address

ONLY this Certificate of Exemption should be returned EITHER by email OR by post (not both) as soon as possible after certification to your external auditor.

Section 2 – Accounting Statements 2018/19 for

NAWTON PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	11,680	12,552	<i>Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.</i>
2. (+) Precept or Rates and Levies	5393	5393	<i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i>
3. (+) Total other receipts	595	702	<i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i>
4. (-) Staff costs	1292	1239	<i>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.</i>
5. (-) Loan interest/capital repayments	0	0	<i>Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).</i>
6. (-) All other payments	3824	4255	<i>Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).</i>
7. (=) Balances carried forward	12,552	13,153	<i>Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).</i>
8. Total value of cash and short term investments	12,552	13,153	<i>The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.</i>
9. Total fixed assets plus long term investments and assets	8,400	8,400	<i>The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.</i>
10. Total borrowings	0	0	<i>The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).</i>
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	<i>The Council as a body corporate acts as sole trustee for and is responsible for managing Trust funds or assets.</i>
		✓	<i>N.B. The figures in the accounting statements above do not include any Trust transactions.</i>

I certify that for the year ended 31 March 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 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

22/04/2019

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

20/05/2019

as recorded in minute reference:

120.2

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

NANTON 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.	✓		
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 and year-end bank account reconciliations were properly carried out.			
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.			
K. IF the authority certified itself as exempt from a limited assurance review in 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)	✓		
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.			Not applicable ✓
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable

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

26 - April 2019

Name of person who carried out the internal audit

Shirley K. Brown

Signature of person who carried out the internal audit

Shirley K. Brown

Date

19-5-19

*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).

INTERNAL AUDIT REPORT

2018/2019 - ANNUAL RETURN

Nawton Parish Council

1. Background

1.1. Following the abolition of the Audit Commission a new organisation has been established which is responsible for issuing proper practices in relation to the accounts of smaller authorities. It is called the Smaller Authorities Proper Practices Board (SAPPB), and is made up of members of the SLCC, NALC, CIPFA, the Department of Housing, Communities and Local Government (DHCLG), the Department of Environment, Food and Rural Affairs (DEFRA), the National Audit Office and a representative of the external audit firms appointed to smaller authorities

1.2. 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 (AGAR) at the end of each financial year. Where the higher of gross income or gross expenditure was £25,000 or less, a council can certify themselves as exempt from a limited assurance review, and complete part 2 of the AGAR. The AGAR for part 2 is made of 2 sections along with an annual internal audit report. which is to be completed by the Parish Council's independent internal auditor, who is to give an opinion of the Parish Council's internal controls.

Nawton Parish Council has completed certificate of exemption and part 2 of the AGAR. The Council did not provide specific guidance on areas which the audit was to concentrate so a full overview was completed with reference to the areas below;

2. Objectives of the Audit

2.1. To examine the system of internal controls to ensure that the Parish Council may obtain an adequate level of assurance for its activities.

3. Scope of the Work and the areas of Audit Work examined.

3.1 The Scope of Work covers the ten key control tests identified in the Internal Audit part of the AGAR, only nine of these were examined, as the Parish Council does not have any petty cash. The Council is required to comply with publication requirements laid out within "Transparency" and a review of publications on the website was also undertaken.

3.2. To properly complete the audit the following areas of activity have been examined and tested by the Internal Auditor:

- ☐ Payroll
- ☐ Creditors
- ☐ Risk Management
- ☐ Income collection and Banking arrangements
- ☐ Accounting records,
- ☐ Assets
- ☐ Debtors
- ☐ Transparency

3.3. The audit findings of this report have been discussed with the Parish Clerk and any audit recommendations have been agreed with her. These recommendations specific to the assurance

review are indicated in bold throughout the document but the document should be considered in its entirety as observations are also included.

4. Findings

4.1. Payroll

4.1.1 The Parish Council has 1 employee who presents timesheets to Council on a monthly basis and is paid in line with NJC pay scales on a monthly basis

4.1.2. Payroll information was checked for the year and was processed using HMRC Basic tools

4.1.3 The timesheets submitted to Council are not authorised by signature at Council meetings but recorded as received within the minutes although no record of the hours received are recorded. **For avoidance of doubt and to provide a robust audit trail it is suggested that a signed copy of the timesheet is noted in the minutes and this is attached to the printed report produced by HMRC Tools to support the cheque request at the next meeting (this to be signed also)**

4.1.4 It should be noted that the Clerk does not appear to have a formal employment contract and Council should note that standard ACAS guidelines would be in place should issues arrive. For avoidance of doubt a formal contract should be put in place.

4.2. Creditors

4.2.1. There is no separation of duties at Nawton Parish Council as the Parish Clerk is the only Officer responsible for Finance and Administration. Compensating checks are carried out by the Council Members

4.2.2. Cheques for payment are prepared by the Responsible Finance Officer (Clerk) and together with the relevant invoices are presented to Members each month to view and check. **For avoidance of doubt and to provide a robust audit trail it is suggested that the presented invoices and the cheque stub for the payment are initialled to validate the review of the payment process by members**

4.2.3. The Parish Clerk's expenses are requested on an adhoc basis and include requests for items which are not indicated as being for a dedicated printer. The auditor has discussed with the Clerk the HMRC implications of this action. **For prudence and administrative protection** both of the Clerk and Council as a corporate body it might be sensible to pay a monthly value based on previous activity as an office support cost or amend the wording on the expense recovery from the Clerk

4.2.4. Payments were checked to the invoices for the year and these were found to be properly recorded on the Income and Expenditure record and referenced to the minutes posted as a result of transparency requirements on the Council website

4.2.5. The Parish Council made no Section 137 payments and it was noted that no individual account exists to record such payment. The auditor explained the guideline for s137 payments which are specific to Council.

4.3. Risk Management/Governance arrangements

4.3.1. The Council does not appear to have a formal Risk Assessment document but does report a "risk review" to the meeting as part of the general management of Council activity in the minutes on a regular basis.

4.3.2. The Parish Council has a very small budget with only 1 employee, and therefore its risks are considered to be very low.

4.3.3. The auditor noted that the asset register (although not available at the meeting with the Clerk) may have containing information which was not correctly identified and recorded due to the depreciation of assets contrary to Local Governance and Accountability Guidance.

The Clerk advised that this should be reviewed and an update or renewal of the asset register be prepared to report both information regarding asset holdings and possible revaluation requirements for insurance

4.3.4. The Council does not appear to have Financial Regulations and Standing Orders in place. Whilst it is not mandatory to have full documentation of this type in place both Governance and Accountability Guidance for Local Councils and the Transparency Act indicate that some specific publication guidelines are required to manage Council activity and **for good practice to assist in the smooth running of Council activity (including meeting procedure) such documentation should be presented to members for consideration and review providing clarity for members, visitors to meetings and the body corporate**

4.3.5 The Council is tied in to a 3 year insurance agreement. This should not deter the Council reviewing on a regular basis, standard requirements within the insurance provision to ensure that all mandated documents are up to date.

4.4. Income collection and Banking arrangements

4.4.1. the Council does not receive any Income apart from the Precept, vat refund and a small amount through NYCC reimbursement and private licence agreements.

4.4.2. The income records for the year and confirmation that all income has been received, promptly banked and properly recorded in the Receipts and Payments book.

4.4.3. Vat is recorded from the Receipt and Payments records onto the vat form and is claimed annually. This is acceptable for the small number of transactions. The last VAT claim was submitted 31 July 2018.

4.5. Accounting Records

4.5.1. The Council keeps accounting records on Sage software which is now out with annual licencing – the Council has recorded that updates will not be continuing and the use of the software will continue until this is not practical either due to regulatory transaction updates being required or software failure.

4.5.2. The Clerk reports to Council every month on the income and expenditure and at the end of the year a bank reconciliation is carried out., This was found to be correct at 31st March 2019.

4.6. Assets

4.6.1. The Asset Register is reported in the newsletter and does not contain up to date financial value or cost of replacement. It should be noted that Parish Council finance guidelines do not allow for depreciation and value should be recorded at cost with a separate insurable value.

4.6.2. The assets are regularly inspected and this inspection is recorded in the minutes at each meeting. **For insurance protection it is suggested that the date of inspection and weather conditions are recorded within this report in case of insurance claims in between meetings**

4.7. Debtors

4.7.1. There are no accounts raised for debts as Debtors either pay by cash or a cheque is received for work/service carried out.

4.8. Budgetary Control

4.8.1. The precept value has remained static but no review of the Band D calculation has taken place over a number of years.

No formal budget calculation takes place prior to the review of the precept request but a report of the anticipated costs of Council are reported in an annual newsletter made public at the start of the current financial year for which the precept is requested

For good practice and to show good financial and risk management the auditor suggests that a budget is prepared prior to the precept request ensuring that the members are aware of both ringfenced funds (e.g. street light efficiency repair funding and VAS camera saving) This budget should exclude non precepted income as this is not guaranteed for future years and may be withdrawn.

4.8.2. The Council has very little income and expenditure and budget monitoring is not carried out.

5. Transparency Review

5.1. The Council receives a report from Councillors for internal financial review prior to the start of the meeting on at least one occasion during the year. It should be noted that a confirmation of this activity is noted prior to the start of the meeting on the reported minutes. This activity is not placed on the agenda advising the public of the activity taking place and may seem to be contrary to transparency requirements

5.2 The Council has included many of the requirements for publication within a Newsletter published on an annual basis in the future year after expenditure or review.

6. Miscellaneous

6.1. The Council is not eligible for GPC

6.2 The points raised on the last audit have not been fully addressed or reasons for omission reported within future minutes

6.3 During the audit process the Clerk has requested template copies of some documentation for use at future. These documents are not provided as part of the audit and in some instance will be required to be accepted at Council prior to use by Council.

6.4 Staff training – for ongoing and rapid changes which are now occurring in the sector it would be prudent for the Clerk to attend training which will provide greater understanding of some items raised within the audit and assist in identifying recent mandatory regulation changes (example being GDPR)

Signed

Sally Brown

Date of Audit 26 April 2019

Date of Report 2 May 2019

Draft submitted to Proper officer for review prior to publication 2May 2019

Final report submission 19 May 2019

Bank reconciliation – pro forma

This reconciliation should include all bank and building society accounts, including short term investment accounts. It must column headed "Year ending 31 March 2019" in Section 2 of the AGAR – and will also agree to Box 7 where the accounts receipts and payments basis. Please complete the highlighted boxes, remembering that unpresented cheques should be figures.

Name of smaller authority:

NAWTON PARISH COUNCIL

County area (local councils and parish meetings only):

RYEDALE NORTH YORKSHIRE

Financial year ending 31 March 2019

Prepared by (Name and Role):

ANNE TWINE CLERK

Date:

11/04/2019

Balance per bank statements as at 31/3/19:

HSBC CURRENT ACCOUNT
MONEY MANAGER ACCOUNT

account 1
account 2
account 3
account 4
[add more accounts if necessary]
account 5
account 6
account 7
account 8

£
13,052.0
101.0

13,153.0

Petty cash float (if applicable)

-

Less: any unpresented cheques as at 31/3/19 (enter these as negative numbers)

item 1
item 2
item 3
item 4
[add more lines if necessary]
item 5
item 6
item 7
item 8

[add more lines if necessary]

Add: any un-banked cash as at 31/3/19

Net balances as at 31/3/19 (Box 8)

13,153.0

Explanation of variances – pro forma

Name of smaller authority: NAWTON PARISH COUNCIL
County area (local councils and): NORTH YORKSHIRE

Insert figures from Section 2 of the AGAR in all Blue highlighted boxes

Next, please provide full explanations, including numerical values, for the following that will be flagged in the green boxes where relevant:

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

	2017/18 £	2018/19 £	Variance £	Variance %	Explanation Required?	Automatic responses trigger below based on figures input, DO NOT OVERWRITE THESE BOXES	Explanation from smaller authority (must include narrative and supporting figures)
1 Balances Brought Forward	11,680	12,552				Explanation of % variance from PY opening balance not required - Balance brought forward agrees	
2 Precept or Rates and Levies	5,393	5,393	0	0.00%	NO		
3 Total Other Receipts	595	702	107	17.98%	YES	Explanation not required, difference less than £200	
4 Staff Costs	1,292	1,239	-53	4.10%	NO		
5 Loan Interest/Capital Repayment	0	0	0	0.00%	NO		
6 All Other Payments	3,824	4,255	431	11.27%	NO		
7 Balances Carried Forward	12,552	13,153			YES	VARIANCE EXPLANATION NOT REQUIRED EXPLANATION REQUIRED ON RESERVES TAB AS TO WHY CARRY FORWARD RESERVES ARE GREATER THAN TWICE INCOME FROM LOCAL TAXATION/LEVIES	PENDING PURCHASE OF VEHICLE ACTIVATION SIGN APPROX 2,500, FUTURE REPLACEMENT OF ALL STREETLIGHTS
8 Total Cash and Short Term Investments	12,552	13,153				VARIANCE EXPLANATION NOT REQUIRED	
9 Total Fixed Assets plus Other Long Term Investments and	8,400	8,400	0	0.00%	NO		
10 Total Borrowings	0	0	0	0.00%	NO		

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable

BOX 10 VARIANCE EXPLANATION NOT REQUIRED IF CHANGE CAN BE EXPLAINED BY BOX 5 (CAPITAL PLUS INTEREST PAYMENT)