

# Bottesford Parish Council

## Notice of conclusion of audit

### Annual Governance & Accountability Return for the year ended 31 March 2019

Sections 20(2) and 25 of the Local Audit and Accountability Act 2014

Accounts and Audit Regulations 2015 (SI 2015/234)

	Notes
1. The audit of accounts for <b>Bottesford Parish Council</b> for the year ended 31 March 2019 has been completed and the accounts have been published.	This notice and Sections 1, 2 & 3 of the AGAR must be published by 30 September. <b>This must include publication on the smaller authority's website.</b>
2. The Annual Governance & Accountability Return is available for inspection by any local government elector of the area of <b>Bottesford Parish Council</b> on application to:  (a) <u>Cllr. Bob Bayman</u> <u>The Old School</u> <u>Grantman Road</u> <u>Bottesford.</u>  (b) <u>Upon arrangement with</u> <u>Cllr. Bayman on 07799 131981</u>	(a) Insert the name, position and address of the person to whom local government electors should apply to inspect the AGAR  (b) Insert the hours during which inspection rights may be exercised
3. Copies will be provided to any person on payment of £ <u>10</u> (c) for each copy of the Annual Governance & Accountability Return.	(c) Insert a reasonable sum for copying costs
Announcement made by: (d) <u>A. Carter-Blackford</u>	(d) Insert the name and position of person placing the notice
Date of announcement: (e) <u>30 September 2019</u>	(e) Insert the date of placing of the notice



# Section 1 – Annual Governance Statement 2018/19

We acknowledge as the members of:

*Bottesford 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:

	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.		✓	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.  
Funds of BPC and BI are now seperated out.*

\*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:

*10/6/2019*

and recorded as minute reference:

*131/19*

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

Chairman

*[Signature]*

Clerk

*[Signature]*

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

*www.bottesfordpc.org.uk*



# Section 2 – Accounting Statements 2018/19 for

## Bottesford Parish Council

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	92801	117546	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	101245	116897	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	48619	26036	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	29853	32654	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	NIL	NIL	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	95266	126924	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	117546	100901	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	117546	100925	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	507257	379392	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	NIL	NIL	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council, 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.
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

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

*A. Carter*

Date 10/6/2019

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

10/6/2019

as recorded in minute reference:

132/19

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

*[Signature]*



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

In respect of

Bottesford Parish Council – LE0035

### 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 (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR 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.

The AGAR was not accurately completed before submission for review. Please ensure that amendments are corrected in the prior year comparatives when completing next year's AGAR:

- Section 2, Box 2, the annual precept, does not agree to the figure published by the precepting authority. The figures in Boxes 2 and 3 should read £116,380 and £26,553 respectively. All grants, including Council Tax Support Grant, should be shown in Box 3, as per the guidance notes on the AGAR. In addition, the Council has not restated the prior year figures in Boxes 2 and 3, as reported in the prior year External Auditor Report, these figures should read £100,463 and £49,401 respectively.

The smaller authority has disclosed that it carried out risk assessment and took appropriate steps to manage those risks during the year 2018/19, by answering 'Yes' to Section 1, Assertion 5. However, we are aware that it failed to do this and therefore should have answered 'No' to this assertion. Our findings are consistent with weaknesses identified by the internal auditor in relation to risk assessment.

Other matters not affecting our opinion which we draw to the attention of the authority:

The smaller authority has confirmed that it has not complied with the governance assertions in Section 1, Boxes 1 and 7, but it has provided the appointed auditor with an adequate explanation for non-compliance and details of the actions necessary to address weaknesses identified.

The annual internal audit report focuses on a series of internal control objectives covering an authority's key financial and accounting systems and concludes whether, in all significant respects, the internal control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the authority. We note that the internal auditor has not provided a conclusion on the following internal control objective: M. The annual internal audit report will inform the authority's response to assertions 2 and 6 in the annual governance statement. As a result, the authority must ensure that assurance that has not been provided via this control objective has been sought elsewhere.

In the completion of the Annual Internal Audit Report, and their detailed report, the internal auditor has drawn attention to significant weaknesses in relation to risk assessment, the asset register and the setting of the precept. The smaller authority must ensure that action is taken to address these areas of weakness in a timely manner.

The smaller authority has not provided an adequate explanation for the variance between the prior and current year values in Box 6 of Section 2.

### 3 External auditor certificate 2018/19

We 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.

External Auditor Name

PKF LITTLEJOHN LLP

External Auditor Signature

PKF Littlejohn LLP

Date

24/09/2019

\* Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2018/19 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website ([www.nao.org.uk](http://www.nao.org.uk))



## Internal Audit Report

(to be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Bottesford Parish Council		
Name of Internal Auditor:	Joan Edwards	Date of report:	08/06/2019
Year ending:	31 March 2019	Date audit carried out:	05/06/2019

*Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the staff and management and not left for internal audit.*

***The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.***

### To the Chairman of the Council:

The first stage of this audit was carried out by accessing documents stored on the parish council's website. This off-site review included agendas and minutes for meetings conducted between May 2018 and April 2019. The auditor also examined the audit report carried out by Longley & Co in 2018 and a letter dated 10<sup>th</sup> April 2018 about an error that resulted in the Parish Council receiving £15,917 more precept than planned.

Bottesford Parish Council serves the residents of Bottesford, Muston, Easthorpe and Normanton. This audit was carried out at the Parish Council offices in Bottesford.

Amanda Carter-Blackford was appointed as Parish Clerk in March this year following a six-month probation period. Amanda is working hard to fulfil this role and has attended appropriate training courses to help her.

Because of circumstances which are outlined in this report, this audit only examines the criteria laid out in Section 1 of the AGAR and the previous audit report. An offer to carry out an interim audit later this year or early next year will be made to help the clerk prepare for next years audit and to provide some reassurance to the Parish Council.

Firstly, the audit carried out by Longley & Co 22<sup>nd</sup> June 2018 will be addressed.

Section 5 of the AGAR requires that the council makes an assessment of risks facing the authority and takes appropriate actions to manage those risks, it was noted in the previous audit that work on a risk register had commenced but had not been completed. The recommendation was;

*“that the council establish a timetable to complete the Risk Register and the resultant actions arising from the risk assessments are performed and monitored in a timely manner. The report further recommended that*



“a program of review and re-appraisal should be planned going forward so that potential risks are managed in a safe and appropriate manner”.

Unfortunately, with the changes to the council, including a new clerk this work has not been completed and as a result the council are unable to tick yes to question 5 of the AGAR at this time.

Secondly; The previous audit identified that the asset register had been established but not completed. At the time of this audit the clerk advised that this document is still only about 60% complete, It has been requested that this work be completed and progress will be assessed as part of an interim audit later this year should Bottesford Parish Council wish. This work is to include evidence that assets of the Parish Council and Bottesford Institute have been completely separated.

As there are two outstanding items from last years audit, the council is unable to tick yes to item 7 on Section 1 of the AGAR.

The final item arising from the audit carried out last year refers to section 9 of Section 1 of the AGAR. Grant Thornton noted that:

- i) “The Parish Council had allowed Trust Fund assets and transactions to be mixed with those of the Parish Council”
- ii) “The Parish Council is working to determine the extent of the previous years Accounting misstatement and the amount of reserves that are attributable to the Trust”
- iii) “That the Parish Council had put in place arrangements to ensure correct future accounting including identifying Trust transaction and balances from 2017”

A lot of work has been done to rectify the situation outlined above, one action was to remove the parish council offices from the asset register as it is actually owned by the Bottesford Institute. Bottesford Institute (The Trust) now has its own banking arrangements and the finances have been separated. There is still a small amount of work to completely separate the two organisations but the work is mostly complete. This can be examined during an interim audit later this year should the Parish Council wish it.

The clerk has been requested to provide notes as to why the sections identified above have resulted in a “No” response on Section 1 of the AGAR.

The final item that need addressing as part of this audit is a continuation of the accounting error which appears to have been overlooked and replicated when calculating the precept for the years 2019/20

Whilst preparing for this audit a letter dated 10<sup>th</sup> April 2018 and available on Bottesford Parish Council website identified that an error in accounting had resulted in the precept for 2018/19 being declared as £116, 380 instead of £100,463 which amounted to 15.8% (£15,917) higher than the Parish Council had planned. The Parish Council had consulted Melton Borough Council concerning this, however the cost of rectifying the error would have been unreasonable. It was therefore agreed that the Parish Council would consult its parishioners as to how the additional money should be spent within the community and that the council would consider planning a 2019/20 budget to include a reduction in precept equating to the £15,917 , before returning to a 0% for subsequent years.

In a budget planning meeting held on January 8<sup>th</sup> 2018 the council decided that their parishioners had benefitted significantly from the increased precept and they would therefore leave the precept at £116.380 and return to a 0% increase on that amount for the year 2020/21 and beyond.

As part of the audit general financial management was discussed. The clerk demonstrated the use of a package called 'Scribe' which has made managing the accounts more straight forward. The auditor examined a random sample of receipts and how they are filed and the system used under section 2 of the AGAR to detect and prevent fraud and review its effectiveness, this was observed to be a robust system.

Finally it was noted that the new clerk has made significant savings for the council in administrative costs by working towards a paperless office and more effective systems.

#### Conclusion

During this audit good evidence was provided that financial book-keeping is well organised and up to date, it was evident that the clerk is well organised and although inexperienced is working hard for Bottesford Parish Council. All records requested were readily available.

It was also noted that the clerk is updating all the policy documents used by Bottesford Parish Council and these will be published on the website as they are reviewed.

Yours sincerely,

Joan Edwards

This report is based on the evidence made available to me. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. Consequently the report is limited to those matters set out.

Joan Edwards  
Internal Auditor to the Council  
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