

## Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2019/20

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this Annual Governance and Accountability Return. *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 Annual Governance and Accountability Return is complete (no highlighted boxes left empty), 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 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 if possible before approving the annual governance statement and 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) no later than 30 June 2020.
- 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 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 2019) equals the balance brought forward in the current year (Box 1 of 2020).
- 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 2020**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	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?	<input 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', has an explanation been published?	<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 variations from last year to this year been published?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Has the bank reconciliation as at <b>31 March 2020</b> 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? <b>NB:</b> do not send trust accounting statements unless requested.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**\*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 2019/20

## COSTESSEY TOWN 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 2020.

The internal audit for 2019/20 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 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick "not covered")			✓
L. The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.	✓		
<b>M. (For local councils only)</b> 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

06/11/2019 13/02/2020 17/06/2020

Name of person who carried out the internal audit

S J Pollard for Auditing Solutions Ltd

Signature of person who carried out the internal audit

Date

19/06/2020

\*If the response is 'no' you must include a note to 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 2019/20

We acknowledge as the members of:

COSTESSEY TOWN 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 2020, that:

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

\*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:

7th July 2020 07/07/20

and recorded as minute reference:

194/20

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

Chairman

R Laidlaw

Clerk

Hilary Essex

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

www.costessey.org.uk

## Section 2 – Accounting Statements 2019/20 for

COSTESSEY TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2019 £	31 March 2020 £	
1. Balances brought forward	542,937	627,398	Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records. <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	591,448	636,576	<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	201,421	329,429	<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	-300,963	-313,035	<i>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.</i>
5. (-) Loan interest/capital repayments	-70,774	-70,774	<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	-336,671	-505,957	<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	627,398	703,637	<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	652,306	734,092	<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	4,362,935	4,552,502	<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	758,880	717,407	<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 2020 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

*Mulay Elias*  
Date 11/06/20

Date

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

07/07/20

as recorded in minute reference:

195/20

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

*R. Laidlaw*

Smaller authority name: COSTESSEY TOWN COUNCIL

**NOTICE OF PUBLIC RIGHTS AND PUBLICATION  
OF UNAUDITED ANNUAL GOVERNANCE &  
ACCOUNTABILITY RETURN**

**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

**Local Audit and Accountability Act 2014 Sections 25, 26 and 27  
The Accounts and Audit Regulations 2015 (SI 2015/234)**

**The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 (SI 2020/404)**

NOTICE	NOTES
<p><b>1. Date of announcement Monday 13 July 2020 (a)</b></p> <p><b>2. Each year the smaller authority's Annual Governance and Accountability Return (AGAR) needs to be reviewed by an external auditor appointed by Smaller Authorities' Audit Appointments Ltd. The unaudited AGAR has been published with this notice. As it has yet to be reviewed by the appointed auditor, it is subject to change as a result of that review.</b></p> <p><b>Any person interested has the right to inspect and make copies of the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested. For the year ended 31 March 2020, these documents will be available on reasonable notice by application to:</b></p> <p>(b) Mrs Hilary Elias, Town Clerk, Costessey Town Council, The Costessey Centre, Longwater Lane, Costessey, Norwich, NR8 5AH Tel: 01603 742948 <a href="mailto:info@costesseytc.org">info@costesseytc.org</a></p> <p>commencing on (c) <b>Monday 3 August 2020</b> and ending on (d) <b>Monday 14 September 2020</b></p> <p><b>3. Local government electors and their representatives also have:</b></p> <ul style="list-style-type: none"><li>• The opportunity to question the appointed auditor about the accounting records; and</li><li>• The right to make an objection which concerns a matter in respect of which the appointed auditor could either make a public interest report or apply to the court for a declaration that an item of account is unlawful. Written notice of an objection must first be given to the auditor and a copy sent to the smaller authority.</li></ul> <p>The appointed auditor can be contacted at the address in paragraph 4 below for this purpose between the above dates only.</p> <p><b>4. The smaller authority's AGAR is subject to review by the appointed auditor under the provisions of the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the NAO's Code of Audit Practice 2015. The appointed auditor is:</b></p> <p><b>PKF Littlejohn LLP (Ref: SBA Team) 15 Westferry Circus Canary Wharf London E14 4HD (<a href="mailto:sba@pkf-littlejohn.com">sba@pkf-littlejohn.com</a>)</b></p> <p><b>5. This announcement is made by (e) Hilary Elias, Responsible Financial Officer, Costessey Town Council</b></p>	<p>(a) Insert date of placing of the notice which must be not less than 1 day before the date in (c) below</p> <p>(b) Insert name, position and address/telephone number/ email address, as appropriate, of the Clerk or other person to which any person may apply to inspect the accounts</p> <p>(c) Insert date, which must be at least 1 day after the date of announcement in (a) above and at least 30 working days before the date appointed in (d) below</p> <p>(d) The inspection period between (c) and (d) must be 30 working days inclusive and must start on or before 1 September 2020.</p> <p>(e) Insert name and position of person placing the notice – this person must be the responsible financial officer for the smaller authority</p>

## Bank reconciliation – pro forma

This reconciliation should include all bank and building society accounts, including short term investment accounts. It must agree to Box 8 "Year ending 31 March 20xx" in Section 2 of the AGAR – and will also agree to Box 7 where the accounts are prepared on a receipts and pa complete the highlighted boxes, remembering that un-presented cheques should be entered as negative figures.

Name of smaller authority: **COSTESSEY TOWN COUNCIL**

County area (local councils and parish meetings only): **NORFOLK**

Financial year ending 31 March 20xx

Prepared by (Name and Role): **HILARY ELIAS (RFO)**

Date: **11/06/2020**

	£	£
<b>Balance per bank statements as at 31/3/20:</b>		
Current Account	5,000.0	
Bus Premium a/c	545,170.3	
Salaries A/c	42,416.7	
Barclays Treasury Deposit	140,000.0	
[add more accounts if necessary] Clerk's Imprest A/c	2,000.0	
Petty Cash	300.0	
Grounds Imprest A/c	3,000.0	
		737,887.0
Petty cash float (if applicable)		-
<b>Less: any un-presented cheques as at 31/3/20 (enter these as negative numbers)</b>		
QH School	(290.00)	
112203	(100.00)	
112289	(60.00)	
Downs Syndrome Norfolk	(100.00)	
[add more lines if necessary] P Bacon Lodge Supp Gp	(100.00)	
112316	(60.00)	
112315	(60.00)	
Norwich Mayalees	(268.00)	
WAW Wrestling	(100.00)	
112323	(30.00)	
Heritage	(62.69)	
112324	(60.00)	
112327	(100.00)	
112330	(32.00)	
Norfolk Fibromyalgia support	(46.00)	
112335	(43.00)	
112334	(100.00)	
112336	(40.00)	
112337	(460.00)	
112338	(124.00)	
112339	(124.00)	
112340	(164.00)	
112341	(116.00)	
112342	(60.00)	
112343	(114.00)	
112344	(60.00)	
112346	(116.00)	
TT Jones Electrical	(255.17)	
East Fire Extinguishers	(108.00)	
Petty Cash	(110.55)	
112362	(143.90)	
item 8		(3,607.31)
Add: any un-banked cash as at 31/3/20		
Receipts not banked / cleared	- 188.0	
		- 188.0
<b>Net balances as at 31/3/20 (Box 8)</b>		<u><u>734,091.7</u></u>

## Explanation of variances – pro forma

Name of smaller authority: **COSTESSEY TOWN COUNCIL**  
 County area (local councils and district, borough and unitary authorities): **WILTSHIRE**

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).

	20xx/xx £	20xx/xx £	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	343,927	627,386					
2 Precept or Rates and Levies	391,433	636,676	45,128	7.63%	NO		
3 Total Other Receipts	201,421	329,429	128,008	63.55%	YES		Two payments from South Norfolk Council for transfer of 189 streetlights to Costessey TC to own & manage, + £167,400. Loss of Precept Support Grant re change in Tax Base due to change in way Government paid Council Tax Benefits -£9,910; Lower CIL Receipts -£9,134.12; Lower sales of fixed assets -£6,766.67; Lower Burial & Memorial fees -£7,526.79; Sale of timber in 18-19 not in 19-20 -£4,970.70; Lower pitch hire fees -£1,165.94. <b>DIFFERENCE £127,926.88</b>
4 Staff Costs	306,063	313,035	12,072	4.01%	NO		
5 Loan Interest/Capital Repayment	70,774	70,774	0	0.00%	NO		
6 All Other Payments	336,671	605,367	169,286	50.28%	YES		Capital expenditure on new Streetlight Replacements as many columns had reached the end of their life & new LED heads were fitted to reduce running costs: £169,472.90
7 Balances Carried Forward	527,396	703,637			NO		
8 Total Cash and Short Term Investments	652,306	734,092					
9 Total Fixed Assets plus Other Long Term Investments and	4,362,835	4,552,602	189,567	4.34%	NO		
10 Total Borrowings	758,830	717,407	-41,473	5.47%	NO		

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable

## Explanation for 'high' reserves

(Please complete the highlighted boxes.)

Box 7 is more than twice Box 2 because the authority held the following breakdown of reserves at the year end:

	£	£	£
<b>Earmarked reserves:</b>			
Major Projects	316,582		
New Cemetery	97,894		
Elections	18,712		
Property Maintenance	31,648		
Legal Fees	15,000		
Recruitment	1,000		
CiL 2018-19	19,165		
CiL 2019-20	10,030		
Streetlight Maintenance	12,428		
		522459	
<b>General reserve</b>	181178		
		181178	
<b>Total reserves (must agree to Box 7)</b>			<b>703637</b>

## Reconciliation between Box 7 and Box 8 in Section 2 - pro forma

(applies to Accounting Statements prepared on an income and expenditure basis only)

Please complete the highlighted boxes.

Name of smaller authority:

COSTESSEY TOWN COUNCIL

County area (local councils and parish meetings only):

NORFOLK

There should only be a difference between Box 7 and Box 8 where the Accounting Statements (Section 2 of the AGAR) have been prepared on an income and expenditure basis and there have been adjustments for debtors/prepayments and creditors/receipts in advance at the year end. Please provide details of the year end adjustments, showing how the net difference between them is equal to the difference between Boxes 7 and 8.

Box 7: Balances carried forward £ 703,637.00

Deduct: Debtors (enter these as negative numbers)

Trade Debtors	(1,183.00)
VAT Recoverable	(6,633.00)
Accrued Interest Income	(632.00)
	(8,448.00)

Deduct: Payments made in advance (prepayments) (enter these as negative numbers)

Prepayments	(4,136.00)
	(4,136.00)

Total deductions (12,584.00)

Add:

Creditors (must not include community infrastructure levy (CIL) receipts)

Trade Creditors	543.00
Superannuation Payable	10,153.00
Payroll Taxes etc	6,264.00
Accruals	7,521.00
Capital Creditors	3,751.00
	28,232.00

Add:

Receipts in advance (must not include deferred grants/loans received)

Income in advance - Hires	14,807.00
	14,807.00

Total additions 43,039.00

Box 8: Total cash and short term investments 734,092.00