

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return (AGAR) 2021/22

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this AGAR. *Proper Practices* are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the AGAR is complete (no highlighted boxes left empty), and is properly signed and dated. If the AGAR contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.
- Use the checklist provided below to review the AGAR for completeness before returning it to the external auditor by email or post (not both) no later than 30 June 2022.
- The Annual Governance Statement (Section 1) must be approved on the same day or before the Accounting Statements (Section 2) and evidenced by the agenda or minute references.
- The Responsible Financial Officer (RFO) must certify the accounts (Section 2) before they are presented to the authority for approval. The authority must in this order; consider, approve and sign the accounts.
- The RFO is required to commence the public rights period as soon as practical after the date of the AGAR approval.
- Do not send the external auditor any information not specifically requested. However, **you must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant authority owned generic email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the AGAR covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2021) equals the balance brought forward in the current year (Box 1 of 2022).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights of 30 consecutive working days which **must** include the first ten working days of July.
- The authority **must** publish on the authority website/webpage the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2022**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?	✓	
	Has all additional information requested, including the dates set for the period for the exercise of public rights , been provided for the external auditor?	✓	
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?	✓	
Section 1	For any statement to which the response is 'no', has an explanation been published?	✓	
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?	✓	
	Has an explanation of significant variations been published where required?	✓	
	Has the bank reconciliation as at 31 March 2022 been reconciled to Box 8?	✓	
	Has an explanation of any difference between Box 7 and Box 8 been provided?	✓	
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.	✓	

**Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices*, can be downloaded from www.nalc.gov.uk or from www.ada.org.uk

Annual Internal Audit Report 2021/22

CHESTERTON PARISH COUNCIL

<https://chestertonparishcouncil.org.uk>

During the financial year ended 31 March 2022, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2021/22 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")			✓
L. The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements	✓		
M. The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

Signature of person who
carried out the internal audit

Date

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2021/22

We acknowledge as the members of:

CHESTERTON 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 2022, that:

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

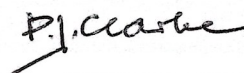
*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

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

and recorded as minute reference:

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

Chairman



Clerk

<https://chestertonparishcouncil.org.uk>

Section 2 – Accounting Statements 2021/22 for

CHESTERTON PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2021 £	31 March 2022 £	
1. Balances brought forward	99,187	96,014	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	28,000	38,620	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	107,295	175,363	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	14,359	13,967	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.
5. (-) Loan interest/capital repayments	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	124,109	202,063	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	96,014	94,027	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	96,014	94,027	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	152,691	151,526	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	0	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	N/A
			✓
			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 2022 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

[Signature]
28/05/2022

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

as recorded in minute reference:

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

[Signature]

Section 3 – External Auditor's Report and Certificate 2021/22

In respect of

CHESTERTON PARISH COUNCIL

1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>.

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 2022; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor's limited assurance opinion 2021/22

(Except for the matters reported below)* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our 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. (*delete as 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 2021/22

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 2022.

*We do not certify completion because:

External Auditor Name

External Auditor Signature

Date

**CHESTERTON PARISH COUNCIL
ACCOUNTING STATEMENT 2021/22**

BALANCES B/Fwd

Current Account	7001		
Deposit Account	80320		
Pavilion Maintenance A/c (Was Gt Wolf A/c)	8693		
Petty Cash	0	£96,014	

CURRENT ACCOUNT

Add Receipts for the Year

B/Fwd	7001		
PRECEPT		38620	
ALLOTMENT RENT	1865		
DONATIONS	123		
GRANTS	500		
OTHER INCOME	4784		
SPORTS SUBSCRIPTIONS	650		
TRANSFER	62077		
VAT	17154		
		94154	£132,774

Less Payments for the Year

SALARIES		13907	
ADMINISTRATION	2307		
ALLOTMENTS	740		
ASSETS	1665		
COMMUNITY CENTRE AREA	4845		
CONTINGENCY	350		
DONATIONS	5000		
HIGHWAYS	770		
INSURANCE & AUDIT	1538		
OTHER EXPENDITURE	4405		
BOTTOM GREEN	410		
S 137 - CHARITABLE DONATIONS	2304		
SUBSCRIPTIONS	303		
PAVILION SINKING FUND	360		
TRAINING	740		
TRANSFER	67750		
TOP GREEN	410		
VAT	17231	111127	125034

BALANCE C/Fwd **£7,741**

DEPOSIT ACCOUNTS

B/Fwd	80320		
<u>Add Receipts for the Year</u>			
Interest	2		
Increase reserves from Current A/c	7750		
New Deposits A/c from Current A/c	60000	148072	

Less Payments for the Year

S137 - Charitable Donation	350		
Allotment rent to Current A/c	136		
Ringfenced Reserve Expenditure to Current A/c	2077		
Reserve funds to Current A/c for new Deposit A/cs	60000	62563	

BALANCE C/Fwd **£85,511**

BARCLAYS ACCOUNT	25511		
REDWOOD BANK	30000		
HAMPSHIRE TRUST BANK	30000		<u>85511</u>

PAVILION ACCOUNT

B/Fwd	8693		
<u>Add Receipts for the Year</u>			
Vat Refund	13732		
Donations	6725	29150	

Less Payments for the Year

Legal Costs	27240		
Electrical Work	585		
200 Club	550	28375	<u>775</u>

Total Value Of Assets at Purchase Cost

£151,526 (See Asset Register)

Estimated Value Of Assets to date

£1,301,102 (See Asset Register)

Section 137 Expenditure Limit

£8.12 x 841 = £6828.92

Spent £2654

General Reserves

£10,230

Specific Reserves

£25,545 15 years Play Area Maintenance
£42,688 15 years Management & Maintenance of specified grass areas
£4,725 VAT correction
£262 Small Grants
£1,650 Queen's Jubilee
£411 Library
£75,281

Certified to be a true and correct statement of the Financial position of the Council and approved by the Council On: _____

Philip Clarke
Date

P. J. Clarke

RFO
Michael White

M. White

28th May 2022

Note:

£60000 was transferred from Deposit Account to Current Account to open 2 new Dpeosit Accounts attracting better interest rates.

Explanation of variances 2021/22 – pro forma

Name of smaller authority: **CHESTERTON PARISH COUNCIL**

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

Now, 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 £500);
- a breakdown of approved reserves on the next tab if the total reserves (Box 7) figure is more than twice the annual precept value (Box 2).

	2021 £	2022 £	Variance £	Variance %	Explanation Required?	DO NOT OVERWRITE THE BOXES HIGHLIGHTED IN RED/GREEN	Explanation (must include narrative and supporting figures)
1 Balances Brought Forward	99,187	98,014					
2 Precept or Rates and Levies	28,000	38,820	10,820	37.93%	YES		
3 Total Other Receipts	107,295	175,353	68,058	63.44%	YES		
4 Staff Costs	14,359	13,907	-452	3.15%	NO		
5 Loan Interest/Capital Repayment	0	0	0	0.00%	NO		
6 All Other Payments	124,109	202,063	77,954	62.81%	YES		
7 Balances Carried Forward	98,014	94,027	-1,987	2.07%	NO		
8 Total Cash and Short Term Investments	98,014	94,027	-1,987	2.07%	NO		
9 Total Fixed Assets plus Other Long Term Investments and Assets	152,691	182,254	9,563	6.26%	NO		
10 Total Borrowings	0	0	0	0.00%	NO		

Excessive Reserves Ratio

3.42907

2.43467

PLEASE PROVIDE AN EXPLANATION FOR THE LEVEL OF RESERVES ON THE FOLLOWING TAB

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:

	£	£	£
Earmarked reserves:			
Reserve 1	25545		
Reserve 2	42688		
Reserve 3	4725		
Reserve 4	411		
Reserve 5	1650		
Reserve 6	262		
		75281	
General reserve	10230		
		10230	
Total reserves (must agree to Box 7)			85511
Box 7 per Annual Return			94,027
Difference			-8516
EXPLANATION			
Balances held at Bank Account at 31st March 2022:			
Current Account			7741
Pavilion Account			775
Total			8516

PLEASE PROVIDE AN EXPLANATION FOR THIS DIFFERENCE

CHESTERTON PARISH COUNCIL
BANK RECONCILIATION AS AT 31ST MARCH 2022

Account	BOOK BALANCES				BANK BALANCES		
	Balance c/fwd (Working Capital) £	Income for 2021/22 £	Expenditure for 2021/22 £	Balance c/fwd (Working Capital) £	Bank Balance £	Outstanding Payments £	Balance £
Current A/c	7001	125773	125033	7741	7741	0	7741
Deposit A/c	80320	67753	62562	85511	85511	0	85511
Pavilion Maintenance A/c <i>previous Great Wolf A/c</i>	8693	20457	28375	775	775	0	775
Petty Cash	0	0	0	0	0	0	0
Totals	96014	213983	215970	£94,027	94027	0	£94,027

Balances agreed to Bank
Statements

P Clarke Chairman
Date _____

M White RFO
Date 28th May 2022