

## Section 1 – Annual Governance Statement 2018/19

We acknowledge as the members of:

*DESBOROUGH 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 2018, 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
			✓

\*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:

*20/06/19*

and recorded as minute reference:

*39. /19*

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

Chairman

Clerk

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

*desboroughtowncouncil.gov.uk*

## Section 2 – Accounting Statements 2018/19 for

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	290,774	308,261	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. 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	349,700	280,000	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	17,493	46,742	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	60,688	48,452	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	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	289,018	68,755	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	308,261	517,797	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	308,261	517,797	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	199,260	199,259	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	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.
		✓	N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2019 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a 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

10/06/2019

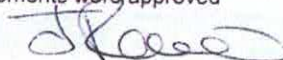
I confirm that these Accounting Statements were approved by this authority on this date:

20/06/19

as recorded in minute reference:

40.1/19

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



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

In respect of

Desborough Town Council NH0073

### 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.

- Section 2 has not been prepared in accordance with proper practices. The income and expenditure basis must be used to prepare its accounts for the third and subsequent years that the income and/or expenditure exceeds £200k. Please ensure that the 2018/19 figures are restated in the prior year comparatives when completing next year's AGAR.

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

- The smaller authority has not provided an adequate explanation for the variance between the current and prior year for Section 2, Box 3.

### 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))

### Basis of Accounts

*"Section 2 has not been prepared in accordance with proper practices. The income and expenditure basis must be used to prepare its accounts for the third and subsequent years that the income and/or expenditure exceeds £200k. Please ensure that the 2018/19 figures are restated in the prior year comparatives when completing next year's AGAR."*

The accounts have been produced in the same way for many years, and exactly the same as last year. There are two methods of drawing up accounts "Receipts and Payments" and "Income and Expenditure". Receipts and Payments is used for Council's whose income or expenditure is under £200,000 whilst Income and Expenditure is used for those over £200,000 for three or more years. This accounting year was the third year and the guidance is for accounts to be prepared on the "Income and Expenditure" basis.

The Council's precept has been set as follows:-

2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
£20,000	£67,000	£350,000	£349,700	£280,000	£76,016

Given the stated position of the Council, it seems very unlikely that the precept would return to a figure over £200,000 in the coming year. Therefore the 2019/20 accounts will probably be prepared on the Receipts and Payments basis. We cannot know what might happen following the election but any new administration will not be able to increase the precept so next year's accounts will be on the Receipts and Payments basis too.

Comparing different years is not possible when they are prepared on a different basis. In the interests of openness and transparency the accounts for 2018/19 were prepared on the Receipts and Payments basis that will be likely to be used in the forthcoming years.

To use the "income and expenditure" method for 2018/19 would require 2017/18 to be recalculated on the "income and expenditure" method, 2018/19 would be completed using the "income and expenditure" method; with the precept having fallen to well below the £200,000 level 2019/20 would be calculated using the "receipts and payments" method, meaning that 2018/19 would have to be recalculated using the "receipts and payments" method. In summary: the Council would have to draw accounts in **both** "income and expenditure" **and** in "receipts and payments" for three years. This was explained and accepted by the external auditor, however they failed to reflect this in the certificate.

If the accounting basis next year is Income and Expenditure then this year's will have to be restated. If the accounting basis next year is Receipts and Payments then this year's will not need to be restated, which would save confusion.

### Variances between years

The Council was informed that all information requested had been provided and the external auditor report and certificate would be issued in due course. However, on the afternoon of Tuesday 24 September 2019 an email was sent to the Council asking for further explanations by Thursday 26 September 2019. These further explanations were sent early on Thursday morning, within the timescale set, and to the satisfaction of the auditor. Unfortunately owing to a mis-communication the external auditor issued the final certificate at one minute past midnight on the morning of 26 September 2019.

The auditor has confirmed:

*"Firstly we would like to apologise that a mis-communication lead to the file being closed ahead of the extended deadline given for providing additional information. As previously explained; we are not permitted to re-issue our report once the closure documents have been issued."*

*"We can confirm that had the information regarding the numerical breakdown of the variance in Section 2 Box 3 between the current and prior years been provided prior to the signing and certification of our report, it would not have been necessary to have raised the other matter stated below:*

- The smaller authority has not provided an adequate explanation for the variance between the current and prior year for Section 2, Box 3.*

*"Unfortunately we are unable to re-issue our report once it has been issued. Therefore, please feel free to display this email along with the report to clarify the situation, as we are now in receipt of an adequate explanation."*