

# Annual Governance and Accountability Return 2024/25 Form 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities\*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but that:
  - are unable to certify themselves as exempt (fee payable); or
  - have requested a limited assurance review (fee payable)

## Guidance notes on completing Form 3 of the Annual Governance and Accountability Return 2024/25

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Form 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with *Proper Practices*.
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
  - The **Annual Internal Audit Report** **must** be completed by the authority's internal auditor.
  - **Sections 1 and 2** **must** be completed and approved by the authority.
  - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published on the authority website/webpage **before 1 July 2025**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both) **no later than 30 June 2025**. Reminder letters will incur a charge of £40 +VAT:
  - the Annual Governance and Accountability Return Sections 1 and 2, together with
  - a bank reconciliation as at 31 March 2025
  - an explanation of any significant year on year variances in the accounting statements
  - notification of the commencement date of the period for the exercise of public rights
  - Annual Internal Audit Report 2024/25

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the limited assurance review and is able to give an opinion, the Annual Governance and Accountability **Section 1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

## Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Before 1 July 2025 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2024/25**, approved and signed, page 4
- **Section 2 - Accounting Statements 2024/25**, approved and signed, page 5

Not later than 30 September 2025 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 and 2 of AGAR** including any amendments as a result of the limited assurance review. It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

*\*for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.*

## Guidance notes on completing Form 3 of the Annual Governance and Accountability Return (AGAR) 2024/25

- 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. Any amendments must be approved by the authority and properly initialled.
- 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 2025.
- 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.
- You must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chair, 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 bank reconciliation is incomplete or variances not **fully** explained then 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 2024) equals the balance brought forward in the current year (Box 1 of 2025).
- 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 2025**.

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 <b>the dates set for the period for the exercise of public rights</b> , 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 Responsible Financial Officer signed the accounting statements before presentation to the authority for approval?	✓	
	Has the authority's approval of the accounting statements been confirmed by the signature of the Chair of the approval meeting?	✓	
	Has an explanation of significant variations been published where required?	✓	
	Has the bank reconciliation as at <b>31 March 2025</b> 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? <b>NB:</b> 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](http://www.nalc.gov.uk) or from [www.ada.org.uk](http://www.ada.org.uk)

# Annual Internal Audit Report 2024/25

## Brandon & Byshottles Parish Council

<https://brandonandbyshottlesparishcouncil.gov.uk>

During the financial year ended 31 March 2025, 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 2024/25 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 2023/24, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")</i>			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.		✓	
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations <i>(during the 2024-25 AGAR period, were public rights in relation to the 2023-24 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set)</i> .	✓		
N. The authority has complied with the publication requirements for 2023/24 AGAR <i>(see AGAR Page 1 Guidance Notes)</i> .	✓		
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).

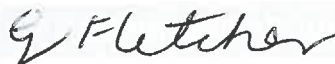
Date(s) internal audit undertaken

07/11/2024 01/07/2025

Name of person who carried out the internal audit

Gordon Fletcher (C.M.I.I.A.)

Signature of person who carried out the internal audit



Date

16/07/2025

**\*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).** *See Audit Report.*

**\*\*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**  
**ANNUAL GOVERNANCE and ACCOUNTABILITY RETURN 2024/2025**  
**BRANDON and BYSHOTTLES PARISH COUNCIL**

**1. Background**

- 1.1. Local Councils in England and Wales (Parish Councils, Town councils) are expected to complete an Annual Governance and Accountability Return (AGAR) summarising their annual activities at the completion of each financial year.
- 1.2. Brandon and Byshottles Parish Council completes part 3 of the AGAR with one of the parts (page 3) within the AGAR to be completed by the Council's independent internal auditor, who is to give an opinion of the Council's internal controls.
- 1.3. During the year, LGRC Associates Ltd were commissioned by Brandon and Byshottles Parish Council in June 2024 to undertake an independent review of the Council's systems and procedures and produce a report including recommendations to be presented to the Council's Personnel Committee. This was submitted to the Personnel committee on 4<sup>th</sup> September 2024, and any findings is to be included in this review.
- 1.4. The key issues from the review is detailed in the report, and an action plan should be agreed and implemented by the Council. I intend to carry out an interim audit in November which will identify the progress made.
- 1.5. Following the resignation of the Clerk it was agreed by Council at the 21<sup>st</sup> February 2025 Council meeting, that the LGRC officer should be appointed as Locum Clerk to ensure that the 2024/25 accounts are properly completed.
- 1.6. This audit concentrates on the internal controls of the Council and where appropriate the relevant findings from the LGRC report have been included, along with the comments from the Locum Clerk.

**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 key control tests identified in the internal audit part of the AGAR.
- 3.2. To properly complete the audit the following areas of activity have been examined and tested by Internal Audit:
  - Payroll
  - Creditors (including petty cash)
  - Risk Management
  - Income collection and Banking arrangements
  - Assets
  - Debtors
  - Budgetary Control (including year end procedures)
  - Exercise of public rights.
- 3.3. The audit findings of this report have been discussed with the Locum and Parish Clerk and the audit recommendations have been agreed with them.

**4. Findings**

**4.1. Payroll**

- 4.1.1.** During the year as well as the Clerk who is the Responsible Finance Office there were 2 administrative Assistants, one has been on maternity leave; she was due to return in September 2024, but resigned. The second has been employed since November 2023, after being on temporary placement from an agency. . Both posts were for 18 hours per week (increased to 25 hours in January 2025) and paid by the Parish Council using the HMRC

basic PAYE tools software. From March 2025 the second administrative assistant was appointed as the Assistant Clerk, and an experienced Clerk was appointed June 2025

- 4.1.2. The increases in the rates of pay is. determined by the National Pay award for local government workers and approved by the Council Members and recorded in the minutes.
- 4.1.3 An interim audit was carried out in November where I examined the payroll amounts for April to September. This audit examined the records from October to March 2025. No concerns were found by me, some however, have been found during the Governance review and corrected.
- 4.1.4. There is a Community Highways Worker who is employed by Durham County Council under a Service Level Agreement on annual hours per annum, the hours worked is to be confirmed by the Clerk. There is a program of work based on the various wards of the Council, to be carried out and further work can be requested by Councilors and coordinated by the Clerk. There does not appear to be any review of the work carried out. Since the LGRC review this has been identified as a weakness and from February 2025 Job cards have been introduced for completion by the Worker and checked by the Assistant to ensure the SLA is performing for the Council and value for money is being achieved. This will be reviewed in detail during the November interim audit.
- 4.1.5. The Council also employs a Cleaning Contractor engaged 4 hours per week to clean the office; no timesheets are completed. This will be reviewed by the new Clerk with a detailed audit examination carried out in November 2025

#### **4.2. Creditors (Accounts Payable)**

- 4.2.1. There is no separation of duties regarding Finance and Administration at Brandon and Byshottles Parish Council as the Parish Clerk is the Officer responsible and carries out all administration on the processing of the payments. Payments are made by cheque although the Locum Clerk has commenced more payments by BACS with some by direct debits.

The internal controls which were in place had the Clerk checking the invoice and after ensuring that details are correct, two Councilors who are cheque signatories approves the invoices and initial them. Members agree to the payment of accounts each month at the Committee meeting. (except August).

However, during the LGRC review it was established that the agendas sent out do not attach the list of payments. The list of payments and the invoices are only seen at the meeting if required where 2 Councilors initials the invoices. It was observed by the Locum Clerk that the invoices were not examined. She immediately ensured hat a list of payments is provided with the agenda (an additional list provided at the meeting) with the agenda stating that "to be checked and authorized" by 2 councilors.

- 4.2.2. An interim audit was carried out which examined all payments from April to September 2024 this audit examined the records for October to March 2025.
- 4.2.3. The cash book had not been written up after November 2024 therefore the records were incomplete and the Locom clerk completed the records on a spreadsheet, which was used to examine the accounts. A sample check of April to September payments were confirmed to the spreadsheet, with the reference numbers confirmed on the invoice
- 4.2.4. Donations had been agreed by the Council prior to payment being made and properly recorded in the Expenditure record
- 4.2.5. The Council operates a petty cash for small items of expenditure which is recorded in a book. It is reimbursed when required and a copy of the sheet with receipts is attached and is included in the invoice file. This was examined in detail during the interim audit with payments appear reasonable although at the time of the audit I am unable to confirm the amount of petty cash held as at 31<sup>st</sup> March 2025
- 4.2.6 The Council runs a community grants scheme, applications up to £500 from voluntary groups and

organisations are considered they are limited to one each year per organisation. Funding can be allocated from Community Support Central Fund or from Ward Budgets. The Council also has a Council Community Project Fund for larger projects and Community Awards Fund which cover 5 categories – Assisting Families; Young Persons; Sports Clubs; Working with the Elderly; and Environmental Projects. Given the range of grants available, the Council should consider the application processes, reporting requirements and publicity so that as many groups in the parish as possible are aware of the schemes.

#### **4.3. Governance/Risk Management**

**4.3.1.** The Council has Committees and Working Groups In addition to the Full Council, Members are also elected to the committees: and Working Groups The terms of reference for these committees and Working Groups were agreed at the Special Council meeting on 3<sup>rd</sup> June 2025.

**4.3.2** The Council has a Community Engagement Statement of Intent which sets out how it will engage and communicate

**4.3.3.** Meeting agendas and minutes are published on website, however, no supporting papers are included with the agendas.

**4.3.4** For the year 2024/25 Standing Orders for 2024/25 were reviewed 17<sup>th</sup> May 2024 Council meeting. Financial Regulations were reviewed at the 4<sup>th</sup> September 2024 Finance Committee meeting, however, these had not been agreed.

**4.3.5.** The Council's Standing Orders do not follow the latest NALC Model Standing Orders (2018 version 2 published 2022) and contain some outdated provisions. Standing Orders should be subject to a full comparison with the latest NALC Model to ensure best practice compliance  
The Council's Financial Regulations do not follow the latest NALC Model Financial Regulations which was issued in May 2024. The Local Clerk has now reviewed these and these were agreed in May 2025.

**4.3.6** The Council has policies agreed throughout the year when required, there is no list of all policies which show when they are agreed and when they are to be reviewed. I understand that these are to be reviewed by the new Clerk and will be examined during the interim audit in November 2025.

**4.3.7.** At 21<sup>st</sup> March 2025 Committee meeting the review of the effectiveness of Internal Controls was carried out by the Locum Clerk who advised that she had undertaken a full review of the 2024/25 internal controls in accordance with Proper Practices as contained in the JPAG Practitioners' Guide, As well as a Risk Management review for 2024/25 where she had reviewed the Council's strategic and financial risk management schedule.

**4.3.8** The notice of appointment of the date for the exercise of Public Rights for the accounts for the year ending 31<sup>st</sup> March 24 was dated 28<sup>th</sup> June 2024 with the dates for examination of the accounts being 1<sup>st</sup> July to 9<sup>th</sup> August 2024

#### **4.4. Income collection and Banking arrangements**

**4.4.1.** The Council receives income from the precept, grants, VAT reclaim and rents from Allotments.

**4.4.2.** The Council Cash Book records were incomplete as they were not written up after November 2024, the Locum Clerk had completed all income received for 2024/25 on a spreadsheet which I used to examine the income records.

**4.4.3** For the allotments invoices were sent out in January 2025 for 2025/26, I examined all the allotment rents as recorded in the Advant EDGE Allotments and Rentals software package which identifies all allotment holders and rent receipts, which showed reference numbers, site and allotment number. These were crossed checked to the income spreadsheet. It was confirmed that rent allotment income collected for 2025/26 had been collected, and properly recorded. As rent receipts were received after the financial year and up to June 2025, a prepayment is to be raised for all income received before 1<sup>st</sup> April 2025

- 4.4.4. The Locum Clerk introduced payment by BACS for this year, and these were confirmed to the bank statement and the EDGE report. Some payments are still paid by cash or cheque at the office but a receipts was not always given
- 4.4.5. A review of charges is carried out annually, by the Allotments Committee, and agreed by the Finance Committee.
- 4.4.6. There are 3 bank accounts held by the Council with bank reconciliations carried out by the Finance Committee, with bank statements initialed as evidence of reconciliation. The Business select Instant access account often shows a balance which is over the Financial Services Protection Scheme and the Council's monies would not be fully protected. As at the date of the audit, the council has taken no action to rectify and reduce the risk. No other staff members other than the Clerk have access to the Council's banking. This has now been reviewed to reduce risk and allow for separation of duties. The Council has now approved access by the Assistant Clerk also, and once the new Rialtus Omega is up and running the tasks will be divided between the Clerk and Assistant Clerk.
- 4.4.7. Vat is recorded in the income and expenditure spreadsheet and is confirmed during the creditors check a reclaim has not been made during 2024/25. However, the Locum Clerk has submitted a claim in May 2025 for 2023/24 which was paid into the Councils bank account on 30<sup>th</sup> May 2025.

#### **4.5. Accounting Records**

- 4.5.1. The Council recorded all income and expenditure in a cash book, which was found to be incomplete when the Governance review took place. The Locum Clerk completed all income and expenditure for 2024/25 on a spreadsheet.
- 4.5.2. The cash book headings did not correspond to the budget headings agreed by Council for 2024/5, this was corrected on the spreadsheet,
- 4.5.3. The Clerk's appraisal in both March 2022 and April 2023 identified the need for financial accounting software, with the 2023 appraisal noting it would be implemented in 2023/24. This has not been implemented and leaves the Council at risk, particularly as records are not being regularly kept up to date. The Rialtus Omega finance package was purchased in March 2025 and will be introduced for the accounts from 1<sup>st</sup> April now that the opening balances have been established.
- 4.5.4. If records are not up to date an effective bank reconciliation for the year end cannot be carried out.
- 4.5.5. Given the level of annual income/expenditure, the Council should be on an income/expenditure method of accounting, which will include accounting for prepayments and accruals at year end. It is thought that accounting is not currently being done on this basis. The introduction of accounting software and appropriate training for staff is an urgent priority. The Locum Clerk is to produce income and expenditure accounting for 2024/25

#### **4.6. Security/Assets**

- 4.6.1. There is a register held of all assets and the full asset register is approved by Full Council with the statement of accounts.

#### **4.7. Debtors**

- 4.7.1. There are accounts raised for the allotment rents see 4.4.2.

#### **4.8. Budgetary Control**

- 4.8.1. Budgets are made up of: Central Fund (General Reserve), Allotment Fund, Ward Funds, Election Reserve, Community Fund Reserve, Community Awards Reserve, Youth Service Reserve.

- 4.8.2. The Ward budgets are given an annual allocation and balances are subject to carry over at year end, and therefore should be subject to annual review. The Council should develop a clear documented policy in respect of the level of general reserves and regularly review the position of other reserves to ensure there are clear plans related to reserves positions
- 4.8.3. Budget monitoring for all is carried out quarterly by the Finance Committee.
- 4.8.4. Budget setting and the precept was discussed and agreed by the Finance Committee on the 21<sup>st</sup> January 2025 and approved by the Full Council at the Extra-ordinary meeting on the 29<sup>th</sup> January 2025.
- 4.8.5 The Council does not currently have a Strategic Business Plan.  
A plan should be developed which will drive an Annual Action Plan and associated work programs for each of the years concerned. The initiation and development of a Five-Year Plan should therefore be a key objective for the Council following the elections in 2025. This was discussed at the Annual Meeting on 16<sup>th</sup> May 2025.
- 5. Conclusions/Recommendations**
- 5.1. The Internal Controls within the Parish Council could be improved and an action plan is attached so as to provide Councilors with better assurance when completing the Annual Governance Statement.
- 5.2. Monies need to be transferred to another bank account to protect the Council's monies.
- 5.3. A follow-up audit to be carried out to confirm the actions taken in the Audit action plan and the LGRC recommendations to the Personnel committee.



**Gordon Fletcher (C.M.I.I.A.),  
Internal Auditor,  
Date: 16<sup>th</sup> July 20 25**



## Action plan – Brandon and Byshottles Parish Council, Annual Audit

Report Ref	Observation	Associated Risk	Priority	Recommendation	Management Comment	Responsibility Timescale
1.4.	The key issues from the LGRC review is detailed in the report, and an action plan should be agreed and implemented by the Council.	Poor Governance at the Council	High	I intend to carry out an interim audit in November which will identify the progress made.	The findings initially went to the Personnel Committee on 9 <sup>th</sup> September 2024 which delegated the work to a sub committee who tasked the previous Clerk to prioritise the recommendations, After various sub committee meetings this has not progressed and was reported to the Personnel committee on 21 <sup>st</sup> and 29 <sup>th</sup> January 2025 where the Clerk resigned, The new Clerk is to review this.	Parish Clerk Recommendations need to be prioritised
4.1.4	There is a Community Highways Worker who is employed by Durham County Council under a Service Level Agreement on annual hours per annum, the hours worked is to be confirmed by the Clerk. There is a program of work based on the various wards of the Council, to be carried out and further work can be requested by Councilors and coordinated by the Clerk. There does not appear to be any review of the work carried out.	Unable to confirm that the Council is paying for the service agreed	High	Ensure that the council is achieving value for money for this service.	Since the LGRC review this has been identified as a weakness and from February 2025 Job cards have been introduced for completion by the Worker and checked by the Assistant to ensure the SLA is performing for the Council and value for money is being achieved. This will be reviewed in detail during the November interim audit.	Assistant Parish Clerk ASAP
4.1.5.	The Council also employs a Cleaning Contractor engaged 4 hours per week to clean the office; no timesheets are completed.	Unable to confirm that the Council is paying for the contract agreed	High	A detailed audit examination carried out in November 2025	This will be reviewed by the new Clerk. This was on the agenda for the 20 <sup>th</sup> June 2025 Council meeting.	Assistant Parish Clerk ASAP
4.2.1.	During the LGR review it was established that the agendas sent out do not attach the list of payments. The list of payments and the invoices are only seen at the meeting if required where 2 Councilors initials the invoices. It was	Payments incorrectly or fraudulently made	High	To be reviewed in November 2025	The Locum Clerk immediately ensured that a list of payments is provided with the agenda (an additional list provided at the meeting) with the agenda stating that "to be checked and authorized" by 2 councillors.	Parish Clerk Immediate

	observed by the Locum Clerk that the invoices were not examined.	Not with in the Local Government regulations			To be reviewed during the November Interim audit.		
4.3.3.	Meeting agendas and minutes are published on website, however, no supporting papers are included with the agendas		High			The Clerk to ensure that supporting papers are included with the agendas.	Parish Clerk ASAP
4.3.5.	The Council has policies agreed throughout the year when required, there is no list of all policies which show when they are agreed and when they are to be reviewed	Policies are out of date are not fit for purpose.	Medium		To be reviewed during the November interim audit	These are to be reviewed by the new Clerk	Parish Clerk ASAP
4.4.5.	The Business select Instant access account often shows a balance which is over the Financial Services Protection Scheme and the Council's monies would not be fully protected	Council monies not protected	High		Another bank account to be opened to reduce the risk	To reduce the risk by opening another bank account.	Parish Clerk
4.5.1.	The Council recorded all income and expenditure in a cash book, which was found to be incomplete when the Governance review took place.	Records incomplete therefore not able to reconcile income and expenditure to bank statement	High		An appraisal of available software should be completed and implemented as a high priority.	The Locum Clerk completed all income and expenditure for 2024/25 on a spreadsheet.	Parish Clerk For 2025/26 records
4.5.5.	Given the level of annual income/expenditure, the Council should be on an income/expenditure method of accounting, which will include accounting for prepayments and accruals at year end. It is thought that accounting is not currently being done on this basis	Accounts not completed within Local Government regulations.	High		The introduction of accounting software and appropriate training for staff is an urgent priority	The Locum Clerk is producing income and expenditure accounting for 2024/25	Locum Clerk and Parish Clerk Immediate
4.8.2.	The Ward budgets are given an annual allocation and balances are subject to carry over at year end, and therefore should be subject to annual review.	Allocation of budgets not clear.	Medium		The Council should develop a clear documented policy in respect of the level of general reserves and regularly review the position of other reserves to ensure there are clear plans related to reserves positions	Agreed	Parish Clerk Next budget setting process.
4.8.5.	The Council does not currently have a Strategic Business Plan.	Unsure of plans for the future which will aid financial	Medium		A plan should be developed which will drive an Annual Action Plan and associated work programs for each	This was discussed at the Annual Meeting on 16 <sup>th</sup> May 2025.	Parish Clerk Next budget setting process

		planning or the Council		of the years concerned. The initiation and development of a Five-Year Plan should therefore be a key objective for the Council following the elections in 2025.		
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## Section 1 – Annual Governance Statement 2024/25

We acknowledge as the members of:

Brandon & Byshottles 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 2025, that:

	Agreed		
	Yes	No*	'Yes' means that this authority:
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 must be published with the Annual Governance Statement.**

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

18/07/2025

and recorded as minute reference:

ITEM 206 MIN 73b

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

Chair

J. Samson

Clerk

C. Dixon

<https://brandonandbyshottlesparishcouncil.gov.uk>

**BRANDON & BYSHOTTLES PARISH COUNCIL**  
**ANNUAL GOVERNANCE STATEMENT YEAR ENDED 31/3/25**

**EXPLANATION OF “NO” RESPONSES**

**Assertion 1**

**We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.**

As accounting records and supporting information was not maintained or up to date during the year, proper budget monitoring including corrective action was not possible during the year.

**Remedial Action Taken:** Finance accounting package (Rialtas Omega) has been purchased and system changes introduced including the restatement of 2023/24 year end and introduction of proper I&E accounting practices.

**Assertion 2**

**We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.**

Although Internal Controls were reviewed at the Council meeting held on 21<sup>st</sup> March 2025, a number of matters were highlighted for review. (report attached)

Changes will be introduced during 2025/26.

- Standing Orders & Financial Regulations in line with NALC Model approved by Council in May/June 2025;
- Separation of duties between Clerk & Assistant Clerk introduced;
- New process introduced for approval & signing of invoices for payment;
- Bank sweep arrangements cancelled;
- Petty cash reporting undertaken;
- Netting off no longer happening;
- New model contract of employment used for Clerk & Assistant Clerk;
- 2023/24 VAT claim processed April 2025;
- Asset Register updated for 2025 AGAR;

**Assertion 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 smaller authority to conduct its business or on its finances.**

Given the information provided below, and the resulting failure to approve the AGAR prior to 30<sup>th</sup> June 2025, the Council has answered No to this assertion. An explanation can be given with reference to the information below, the Internal Audit Action Plan and the Internal Controls Review undertaken in March 2025.

The LGRC Consultant was temporarily appointed to both act as Locum Clerk/RFO from 3<sup>rd</sup> March 2025 and complete the accounts for 2024/25 following the departure of the former Clerk to the Council.

At the point of leaving on 28<sup>th</sup> February 2025, the former Clerk had only completed the accounts to 30<sup>th</sup> November 2024, for a reason which was unexplained.



The accounts were recorded in a manual ledger, not held in date order and no cross referencing to the invoices received by the Council. The accounts papers for December – February were left in a carrier bag and were incomplete.

In order to properly account for the transactions of the 2024/25 financial year, the LGRC Locum has created a cross-referenced Microsoft Excel Workbook. The columns held in the ledger did not correlate to the approved budget headings which created additional cross referencing and analysis.

During the preparation of the accounting records, it became clear that the accounts had not been prepared on an income and expenditure basis, as required for any “smaller authority” (parish council) with income/expenditure of over £200k for three continuous years. There was no balance sheet held for 2023/24 and the explanation of the difference between boxes 7 and 8 of the Accounting Statement for 2023/24 was falsified by the former Clerk in correspondence with the external auditor Mazars in email correspondence during the summer of 2024.

From an examination of the Council’s records, there is not a suggestion of any missing funds, rather an incompetence in accounting practices, which will not have been helped by the lack of accounting software.

The LGRC Consultant had purchased accounting software on behalf of the Council in March 2025, however due to the unreliability of the accounting records, she was not able to utilise the software as opening balances could not be established.

Whilst records have been reconstructed and amendments made, it has not been possible to identify the source of the opening balance adjustment as it is considered to have dated back through many years of poor practice. This has been discussed with industry specialists from the Society of Local Council Clerks and LGRC and followed by a discussion with the Council’s Internal Auditor to ensure transparency.

The accounts have been prepared back to front, starting with the known end position for 31 March 2025.

The result of the issues has lead to a restatement of boxes 1,3,6,7 and 8 of the Accounting Statement for 2023/24.

An extensive amount of work has been undertaken. As advised above, the deadline of 30<sup>th</sup> June 2025 was not possible to achieve which will result in a qualified audit. In addition, because the exercise of public rights commencement date of 1<sup>st</sup> July 2025 was not met, the Council will be required to answer No to Assertion 4 in the Governance Statements for 2025/26.

#### **Assertion 7**

**We took appropriate action on all matters raised in reports from internal and external audit.**

Although reports were received by Council, suitable actions were not taken in respect of the Internal Auditor’s recommendations specifically in relation to the separation of duties and the introduction of accounting software.

In 2025/26 these matters have been addressed.

## Section 2 – Accounting Statements 2024/25 for

### Brandon & Byshottles Parish Council

	Year ending		Notes and guidance
	31 March 2024 £	31 March 2025 £	
1. Balances brought forward	252,044 <i>RESTATED</i>	258,677	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	242,684	241,625	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	50,024 <i>RESTATED</i>	46,412	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	61,060	63,783	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	225,015 <i>RESTATED</i>	283,464	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	258,677 <i>RESTATED</i>	199,467	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	236,700 <i>RESTATED</i>	250,758	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	362,984	387,677	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).

For Local Councils Only	Yes	No	N/A	
11a. Disclosure note re Trust funds (including charitable)		✓		The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.
11b. Disclosure note re Trust funds (including charitable)			✓	The figures in the accounting statements above exclude any Trust transactions.

I certify that for the year ended 31 March 2025 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

*C Dixon* SIGNATURE REQUIRED

Date

16/07/2025

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

18/07/2025

as recorded in minute reference:

ITEM 20C MIN - 73c

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

*J Lamm* SIGNATURE REQUIRED

**BRANDON & BYSHOTTLES PARISH COUNCIL**

**EXPLANATION OF SIGNIFICANT DIFFERENCES Y/E 31ST MARCH 2025**

	2023/24	2024/25	Difference £	Difference %	BOX	Explanation
Precept	£242,684	£241,625	-£1,059	-0.44	BOX 2	not needed
Interest	£12,553.00	£11,110.76	-£1,442.24	-11.49		lower balances held
Allotment Rents	£25,826.00	£4,267.50	-£21,558.50	-83.48		rent invoices raised Feb 2025 allocated 10/12 to 2025/26
Parish Paths Grant	£1,833.00	£1,949.00	£116.00	6.33		n/a
Chair's Charity	£2,056.10	£2,360.00	£303.90	14.78		different chairman/functions
wayleave	£51.00	£53.19	£2.19	4.29		n/a
Misc	£70.00	£78.51	£8.51	12.16		n/a
Grants received	£7,635.00	£0.00	-£7,635.00	-100.00		One off grants in 2023/24
Council tax support grant	£0.00	£902.00	£902.00	#DIV/0!		No LCTSS Grant payable in 2023/24
Insurance Claim	£0.00	£25,691.00	£25,691.00	#DIV/0!		One off insurance claim refund 2024/25
<b>TOTAL other Income</b>	<b>£50,024</b>	<b>£46,412</b>	<b>-£3,612.14</b>	<b>-7.22</b>	<b>Box 3</b>	<b>no other explanation required</b>
Salaries	£38,248.27	£34,436.83	-£3,811.44	-9.96		Allotment salaries allocated fully, temp staff cover in year, cleaner now contract
Allotment Salaries	£4,083.02	£ 6,000.00	£1,916.98	46.95		not fully allocated in 2023/24
Inland Revenue	£7,096.71	£10,770.18	£3,673.47	51.76		Clerk hours & national insurance/tax of individuals different, cleaner now contract
Superannuation	£11,632.25	£12,575.97	£943.72	8.11		clerk hours
<b>TOTAL staff costs</b>	<b>£61,060</b>	<b>£63,783</b>	<b>£2,722.7</b>	<b>4.46</b>	<b>Box 4</b>	<b>no other explanation required</b>
6 Goatbeck Terrace	£9,514.70	<b>£9,101.22</b>	-£413.48	-4.35		fewer building repairs
Office Electric		£684.42				
Office Gas		£1,871.25				
Office Telephone		£2,051.35				
Office Water		£322.93				
Office Fire Ext & alarms		£356.85				
Office Building Repairs		£781.33				
PAT Testing		£194.18				
Office Equipment		£464.15				
Office refreshments		£134.71				
Office cleaning		£2,240.05				
Allotments	£23,618.27	£26,375.33	£2,757.06	11.67		additional clearance of vacant plots
Members Training	£7,769.26	£5,500.00	-£2,269.26	-29.21		fewer courses attended pre election
Courses-travel expenses	£1,730.80	£1,229.71	-£501.09	-28.95		fewer courses attended pre election
Training - Members/ Clerks	£50.00	£155.00	£105.00	210.00		additional staff training
General Power of Competence - Ward Budgets	£67,175.75	£110,570.83	£43,395.08	64.60		Insurance claim £25,941, Broompark play improvement £12,269, Noticeboard £2,305
Other Donations	£2,567.96	£2,180.00	-£387.96	-15.11		fewer donations made from central fund
Office Stationery & office expenses	£3,123.99	<b>£3,619.99</b>	£496.00	15.88		
Stationery		£1,139.37				
Copy Charges		£531.02				
Bank Charges		£220.00				additional bank charges

Postage		£1,689.60					increased postage rates	
Data Protection		£40.00						
Subscriptions	£3,295.67	£3,662.43	£366.76	11.13			increase in CDALC, allocation of Open Spaces Society	
Miscellaneous	£74,886.33	<del>£82,274.03</del>	£7,387.70	9.87			Governance review/support	
Miscellaneous		£14,855.62						
Carrside Youth Project		£42,446.00					proper allocation for 2024/25 expected expenditure	
Audit		£1,290.00						
IT		£6,441.64					Additional cover	
Temporary staff		£8,912.82						
Insurance		£4,931.35						
Dog Poo Bags		£3,396.60						
Chair/ Vice Chair's Allowance	£1,429.00	£1,474.73	£45.73	3.20			n/a	
Chair's Charity	£2,418.10	£3,932.82	£1,514.72	62.64			allocation against balance sheet and additional income	
Civic Functions	£1,659.45	£875.25	-£784.20	-47.26			fewer functions attended	
Rent of Land	£155.00	£75.00	-£80.00	-51.61			n/a	
Parish Paths/ Footpaths	£1,833.00	£1,949.00	£116.00	6.33			n/a	
Community Highways Worker	£22,005.92	£23,106.22	£1,100.30	5.00			increased costs from provider	
Capital Purchases		£7,382.86	£7,382.86	#DIV/0!			tablets, chamber chairs, office furniture - see also box 9	
Expenditure refunds originally included in income	-£226.27							
Accrued expenses 2023/24 paid in 2024/25	£2,068.66							
pre payments made in 2023/24	-£60.00							
<b>TOTAL other payments</b>	<b>£225,016</b>	<b>£283,464</b>	<b>£58,448.41</b>	<b>25.98</b>	<b>BOX 6</b>		<b>see above</b>	
<b>Balances Carried Forward</b>	<b>£258,677.00</b>	<b>£199,467.00</b>	<b>-£59,210.00</b>	<b>-22.89</b>	<b>BOX 7</b>		<b>additional expenditure in year</b>	
<b>TOTAL Fixed Assets</b>	<b>£362,984.00</b>	<b>£387,677.00</b>	<b>£24,693.00</b>	<b>6.80</b>	<b>BOX 9</b>		<b>tablets, chamber chairs, office furniture, increased value Ushaw Moor Sculpture</b>	

## Section 3 – External Auditor’s Report and Certificate 2024/25

In respect of

Brandon & Byshottles 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 2025; 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 2024/25

(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 2024/25

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 2025.

\*We do not certify completion because:

External Auditor Name

External Auditor Signature

Date