

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return (AGAR) 2025/26

- 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 2026
- The Annual Governance Statement (Section 1) **must** be approved before the Accounting Statements (Section 2) and evidenced by the agenda or minute references, even where approved on the same day.
- 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 which **must** be a single period of 30 working days for inspection (this excludes weekends and public holidays) which **must** include the first 10 working days of July.
- **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.
- Additional costs may be incurred if additional audit work is required.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2025) equals the balance brought forward in the current year (Box 1 of 2026).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights which **must** be a single period of 30 working days for inspection (this excludes weekends and public holidays) which **must** include the first 10 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 2026**

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 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 31 March 2026 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.		

Annual Internal Audit Report 2025/26

CLAYTON PARISH COUNCIL

www.clayton-pc.gov.uk

During the financial year ended 31 March 2026, 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 2025/26 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. Cash payments were properly supported by receipts, all 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 2024/25, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2024/25 AGAR tick "not covered")			✓
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 (during the 2025/26 AGAR period, were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2024/25 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.	✓		
P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

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

Date(s) internal audit undertaken

Name of person who carried out the internal audit

22/04/2026

DAVID HORROCKS

Signature of person who carried out the internal audit

Date

22/04/2026

*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 2 – Accounting Statements 2025/26 for

CLAYTON PARISH COUNCIL

Restated

	Year ending		Notes and guidance
	31 March 2025 £	31 March 2026 £	
1. Balances brought forward	39,084	33,726	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	71,944	85,142	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	3,939	4,580	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	52,461	56,025	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	28,780	27,834	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	33,726	39,589	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	32,760	39,956	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	29,501	32,508	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	
11 Do the figures in the accounting statements above exclude any trust transactions?	☒	☐	For guidance refer to the Practitioners' Guide sections 2.31 to 2.33.

I certify that for the year ended 31 March 2026 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.

[Redacted Signature]

Date

12/05/2026

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

14/05/2026

as recorded in minute reference:

2026/043/C46

Signed by Chair of the meeting where the Accounting

[Redacted Signature]

Section 1 – Annual Governance Statement 2025/26

We acknowledge as the members of:

CLAYTON 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 2026, 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>'Yes' means that this authority:</i> 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 have assured ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		has only done what it has the legal power to do and has complied with Proper Practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.
10. We have put in place arrangements for the effective IT and data management in accordance with proper practices during the year under review.	✓		has made suitable arrangements for its IT and data management and has complied with proper practices in doing so.

*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:

14/05/2026

and recorded as minute reference:

2026/043/c4a

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

Chair

Clerk

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AGAR – ACCOUNTING STATEMENT

Year ending 31st March 2025 – accounts restated.

Box 6 has increased and Box 7 has decreased by £3 due to the correction of VAT.

Please see attached Finance ctte minutes confirming this.

CLAYTON PARISH COUNCIL
FINANCE COMMITTEE
MEETING HELD AT CLAYTON LIBRARY – 12th August 2025 at 6.30PM
Minutes

- 2025/022 **PRESENT**
Councillors; Ilyas (CHAIR), Thirkill & Houldsworth
- 2025/023 **IN ATTENDANCE**
Claire Hepton – clerk/RFO
- 2025/024 **ELECT A CHAIR**
Nominated: Cllr Ilyas
Proposed: Cllr Houldsworth **Seconded:** Cllr Thirkill
- 2025/025 **APOLOGIES FOR ABSENCE**
Cllr Brons – apologies approved.
- 2025/026 **DISCLOSURES OF INTEREST**
None
- 2025/027 **ADMISSION OF THE PUBLIC**
Item 2025/031 to be held in closed session – data protection
Proposed: Cllr Ilyas **Seconded:** Cllr Thirkill
All in favour
- 2025/028 **PREVIOUS MINUTES AND MATTERS ARISING**
Previous minutes of 29th April 2025 were approved
Proposed: Cllr Thirkill **Seconded:** Cllr Ilyas
All in favour
Resolved: That the minutes are approved and signed by the chairman
- A Vat input error (£3) was noted post approval of the AGAR at the annual meeting. Advice was sought from Scribe and given the very small amount it was agreed that the AGAR be submitted as is. The correct VAT be claimed for year ending 31st March 2025 and that at the start of 2026/27 financial year it be what's referred to as 'Restate Last Year' be carried out and a note would be given to the ext auditor when those accounts are submitted. The chair of the finance ctte and the PC chair were advised of all this.
- 2025/029 **TERMS OF REFERENCE**
Proposed: Cllr Houldsworth **Seconded:** Cllr Ilyas
All in favour
Resolved: That the ToF R are approved.
- 2025/030 **REVIEW OF FIRST QUARTER ACCOUNTS AND FINANCIAL PROCESSES**
Members went through the accounts. No issues or concerns raised with either accounts or the financial processes in place. Clerk to look at BRSK for the library telephone and internet when the contract is up for renewl. Also, Bradford CPA for payroll.
Proposed: Cllr Thirkill **Seconded:** Cllr Houldsworth
All in favour
- 2025/031 **STAFFING MATTERS**
Held in closed session.
- 2025/032 **PUBLIC CONSULTATION AND QUESTIONS**
None received.
- 2025/033 **DATE OF NEXT MEETING**
20th October 2025
There being no further business the meeting closed at 7.00pm

Clayton Parish Council
Reconciliation between Box 7 and Box 8

31/03/2026

This report explains the difference between the total balance in Box 7 and the cash balance in Box 8 by showing the totals for each type of adjustment, the details of which can be listed using the Adjustments report. It deducts the additional assets which have been included on the balance sheet and adds back in the liabilities to arrive at the balance for actual cash and short term investments. This only applies to Annual Returns prepared on Income and Expenditure basis

	<i>Amount</i>	<i>Amount</i>
Box 7 - Balances carried forward		39,588.50
Debtors	112.00	
Prepayments		
Stocks and Stores		
VAT Recoverable	2,946.74	
TOTAL DEDUCTIONS		3,058.74
Creditors	3,043.54	
Receipts in Advance	382.50	
Doubtful Debts		
TOTAL ADDITIONS		3,426.04
Box 8 - Total cash and short term investments		39,955.80

Section 3 – External Auditor's Report and Certificate 2025/26

In respect of

CLAYTON 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 2026 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 2025/26

(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 2025/26

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 2026

*We do not certify completion because:

External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DD/MM/YYYY

Clayton Parish Council

Prepared by: _____

Date: _____

Name and Role (Clerk/RFO etc)

Approved by: _____

Date: _____

Name and Role (RFO/Chair of Finance etc)

Bank Reconciliation at 31/03/2026			
A	Cash in Hand 01/04/2025		32,760.13
	ADD		
	Receipts 01/04/2025 - 31/03/2026		94,866.18
			127,626.31
	SUBTRACT		
	Payments 01/04/2025 - 31/03/2026		87,670.51
	Cash in Hand 31/03/2026 (per Cash Book)		39,955.80
B	Cash in hand per Bank Statements		
	Petty Cash	31/03/2026	200.00
	Unity Trust - current	31/03/2026	11,369.42
	Unity Trust - reserves	31/03/2026	28,386.38
			39,955.80
	Less unrepresented payments		
			39,955.80
	Plus unrepresented receipts		
	Adjusted Bank Balance		39,955.80
A = B Checks out OK			

Clayton Parish Council

ANNUAL RETURN - Section 2 : Statement of Accounts

Explanation of variances

This is prepared based on information in "Governance and Accountability for Local Councils : a Practitioner's Guide"

Important note: These figures have been prepared on an INCOME and EXPENDITURE basis.

RESTATED

Box No.	Description	31/03/2025 £	31/03/2026 £	Variance £	Variance %	Explanation Required?	Notes
1	Balances brought fwd	39084	33726				BALANCE B/F AGREES
2	Annual precept	71944	85142	13198	18%	Yes	£10k was budgeted towards future proofing library services.
3	Total other receipts	3939	4580	640	16%	Yes	£704 was received in lieu of rent received in advance & security deposit for allotment key
4	Staff Costs	52461	56025	3565	7%	No	
5	Loan interest/capital repayments	0	0	0	0%	No	
6	Total other payments	28780	27418	-1362	5%	No	
7	Balances carried forward	33726	40004	6278	19%	Yes	£10K has been earmarked to plan towards future proofing of library services.
8	Total Cash and Short Term Investments	32760	39956	7196	22%	Yes	£10k has been earmarked to plan towards future proofing library services
9	Total Fixed Assets and Long Term Investments	29501	32508	3007	10%	No	
10	Total Borrowings	0	0	0	0%	No	

This report is intended as a guide to the variances you may need to explain. The specific requirements vary between external auditors so please check the requirements shown on the pro forma provided to your council

Please note a breakdown of approved reserves will also be required if the total reserves (Box 7) figure is more than twice the annual precept value (Box 2)