

Annual Governance and Accountability Return 2025/26 Form 2

To be completed only by Local Councils, Internal Drainage Boards and other smaller authorities* where the higher of gross income or gross expenditure was £25,000 or less, that meet the qualifying criteria, and that wish to CERTIFY themselves as EXEMPT from a limited assurance review

Guidance notes on completing Form 2 of the Annual Governance and Accountability Return 2025/26

1. Every smaller authority in England where the higher of gross income or gross expenditure was £25,000 or less **must**, after the end of each financial year, complete Form 2 of the Annual Governance and Accountability Return in accordance with *Proper Practices*, unless the authority:
 - a) does not meet the qualifying criteria for exemption; or
 - b) does not wish to certify itself as exempt
2. Smaller authorities where the higher of all gross annual income or gross annual expenditure **does not exceed** £25,000 and that meet the qualifying criteria as set out in the Certificate of Exemption **are able to declare themselves exempt** from sending the completed Annual Governance and Accountability Return to the external auditor for a limited assurance review **provided** the authority **completes**:
 - a) The **Certificate of Exemption**, page 3 and returns a copy of it to the external auditor **either** by email or by post (not both) **no later than 30 June 2026** Failure to do so will result in reminder letter(s) for which the Authority will be charged £40 +VAT for each letter; and
 - b) The **Annual Governance and Accountability Return (Form 2)** which is made up of:
 - c) **Annual Internal Audit Report (page 4)** must be completed by the authority's internal auditor.
 - d) **Section 1 – Annual Governance Statement (page 5)** must be completed and approved by the authority.
 - e) **Section 2 – Accounting Statements (page 6)** must be completed and approved by the authority. **NOTE: Authorities certifying themselves as exempt SHOULD NOT send the completed Annual Governance and Accountability Return to the external auditor.**
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 2026**

Publication Requirements

Smaller authorities **must** publish various documents on a publicly available website as required by the Accounts and Audit Regulations 2015, the Local Audit (Smaller Authorities) Regulations 2015 and the Transparency Code for Smaller Authorities. These include:

- **Certificate of Exemption**, page 3
- **Annual Internal Audit Report 2025/26**, page 4
- **Section 1 – Annual Governance Statement 2025/26**, page 5
- **Section 2 – Accounting Statements 2025/26**, page 6
- Analysis of variances
- Bank reconciliation
- Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015.

Limited Assurance Review

Any smaller authority may request a limited assurance review. If so, the authority should not certify itself as exempt or complete the Certificate of Exemption. Instead it should complete Form 3 of the AGAR 2025/26 and return it to the external auditor together with the supporting documentation requested by the external auditor. The cost to the authority for the review will be **£210 +VAT**.

Provided that the authority certifies itself as exempt, and completes and publishes the documents listed under 'Publication Requirements', there is no requirement for the authority to have a review.

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.

Annual Internal Audit Report 2025/26

LAXTON PARISH COUNCIL

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

18/05/2026 20/05/2026
Signature of person who carried out the internal audit J. Rackham Date 20/05/2026

*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 1 – Annual Governance Statement 2025/26

We acknowledge as the members of:

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

*For any statement to which the response is 'no', an explanation **must** be published

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

28/5/26

and recorded as minute reference:

LPC/52026/0001

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

Chair

Clerk

Information required by the Transparency Code (not part of the Annual Governance Statement)

	Yes	No
The authority website is up to date and the information required by the Transparency Code has been published.	☐	☐

HTTPS://LAXTONPARISHCOUNCIL.EASTRIDING.GOV.UK PAGE ADDRESS

Section 2 – Accounting Statements 2025/26 for

LAXTON PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2025 £	31 March 2026 £	
1. Balances brought forward	7,145	6,017	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	7,640	7,728	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	1,364	1,029	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	2,464	2,251	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	3,141	3,141	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	4,527	3,451	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	6,017	5,931	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	6,017	5,931	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	12,270	12,350	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	8,677	5,921	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.

 REQUIRED

Date

28/05/2026

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

28/5/26

as recorded in minute reference:

LPC/52026/0001

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

 REQUIRED

Bank reconciliation – pro forma

Laxton Parish Council

Financial year ending 31 March 2026

Prepared by T. Rackham – Internal Auditor (Name and role)

Date 20 May 2026

Balance per bank statements as at 31 March 2026:

Current Account

£

£

5,871

5,871

Petty Cash float (if applicable)

Less: any unpresented cheques at 31 March 2026

60

Add: any un-banked cash at 31 March 2026

Net balances as at 31 March 2026 (Box 8)

5,931

The net balances reconcile to the Cash Book (receipts and payments account) for the year, as follows:

CASH BOOK:

Opening Balance 1 April 2025 (Prior year Box 8)

6,017

Add: Receipts in the year

8,757

Less: Payments in the year

8,843

Closing balance per cash book [receipts and payments book] as
At 31 March 2026 (must equal net balances above – Box 8)

5,931

Explanation of Variances – pro forma for local councils

Laxton Parish Council

Section 1	2024/25 £	2025/26 £	Variance £	Variance %	Detailed explanation of variance (with amounts £)
Box 2 <i>Precept</i>					
	7,640	7,728	88	1	
Box 3 <i>Other receipts</i>	1,364	1,029	335	25	The council received less grants than last year
Box 4 <i>Staff Costs</i>	2,464	2,251	213	9	
Box 5 <i>Loan interest/ capital Repayments</i>	3,141	3,141	-	-	
Box 6 <i>Other payments</i>	4,527	3,451	1,076	24	Postage 605 less than last year, Insurance 264 less and Street lights 223 less
Box 9 <i>Fixed assets & Long term assets</i>	12,270	12,350	80	1	
Box 10 <i>Borrowings</i>	8,677	5,921	2,756	32	Loan repayments
Explanation for 'high' reserves	Box 7 is more than twice Box 2 because N/A				