

Local Councils, Internal Drainage Boards and other Smaller Authorities in England Annual return for the year ended 31 March 2016

Every smaller authority in England with an annual turnover of £6.5 million or less must complete an annual return at the end of each financial year in accordance with proper practices summarising its activities. In this annual return the term 'smaller authority'* includes a Parish Meeting, a Parish Council, a Town Council and an Internal Drainage Board.

The annual return on pages 2 to 4 is made up of three sections:

- Sections 1 and 2 are completed by the smaller authority. Smaller authorities must approve Section 1 before Section 2.
- Section 3 is completed by the external auditor.

In addition, the **internal audit report** is completed by the smaller authority's internal audit provider.

Each smaller authority must approve Sections 1 and 2 of this annual return no later than 30 June 2016.

Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Complete all highlighted sections. Do not leave any highlighted box blank. Incomplete or incorrect returns require additional external auditor work and may incur additional costs.

Send the annual return, together with the bank reconciliation as at 31 March 2016, an explanation of any significant year on year variances in the accounting statements, **your notification of the commencement date of the period for the exercise of public rights** and any additional information requested, to your external auditor by the due date.

Your external auditor will ask for any additional documents needed for their work. Unless requested, do not send any original financial records to the external auditor.

Once the external auditor has completed their work, certified annual returns will be returned to the smaller authority for publication or public display of Sections 1, 2 and 3. You must publish or display the annual return, including the external auditor's report, by 30 September 2016.

It should not be necessary for you to contact the external auditor for guidance.

More guidance on completing this annual return is available in the Practitioners' Guides that can be downloaded from www.nalc.gov.uk or from www.slcc.co.uk or from www.ada.org.uk

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

Section 1 – Annual governance statement 2015/16

We acknowledge as the members of:

Enter name of
smaller authority here:

FOSTON AND THURNTON - LE - CUY PARISH COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including 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 2016, that:

	Agreed		'Yes' means that this smaller authority:	
	Yes	No*		
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.	
2. We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or on 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 smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.		✓	considered the financial and other risks it faces and has 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 smaller 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	NA	has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.
			✓	

This annual governance statement is approved by this smaller authority and recorded as minute reference:

dated A.P.C.M.
04 MAY 16

Signed by:

Chair

lwather

dated

4/5/16

Signed by:

Clerk

PAHILL

dated

04 May 16

*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how this smaller authority will address the weaknesses identified.

Section 2 – Accounting statements 2015/16 for

Enter name of smaller authority here:

FOSTON AND TRUBTON-LE-CLAY PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2015 £	31 March 2016 £	
1. Balances brought forward	9070	8842	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	2500	2500	Total amount of precept or (for IDBs) rates and levies received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	81	1253	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	1520	1422	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the smaller authority's borrowings (if any).
6. (-) All other payments	1289	2372	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	8842	8801	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	8842	8801	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	5103	5103	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the smaller authority as at 31 March
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions.
	H/A		

I certify that for the year ended 31 March 2016 the accounting statements in this annual return present fairly the financial position of this smaller authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

R. Atter

Date

04 May 16

I confirm that these accounting statements were approved by this smaller authority on this date:

04 MAY 2016

and recorded as minute reference:

A.P.C.M.

Signed by Chair of the meeting approving these accounting statements.

Walker

Date

4/5/16

Section 3 – External auditor certificate and report 2015/16 Certificate

We certify that we have completed our review of the annual return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2016 in respect of:

Enter name of
smaller authority here:

FESTON AND THORNTON - LE - CLAY PARISH COUNCIL

Respective responsibilities of the body and the auditor

This smaller authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The smaller authority prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2016; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review the annual return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and does not provide the same level of assurance that such an audit would do.

External auditor report (ACNY0211)

Except for the matters reported below, on the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

- The smaller authority did not publish the final signed Annual Return by 30 September 2016, the date required by the Accounts and Audit Regulations 2015. This is as a result of the appointed auditor not having completed the review by this date.

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

- In the completion of section 4, the annual internal audit report, the internal auditor has drawn attention to weaknesses in relation to the adoption of financial risk assessment policies. The smaller authority has disclosed this by responding 'no' to Section 1, assertion 5. The body must ensure that action is taken to address these of weaknesses in a timely manner.

External auditor signature

Paul Littlejohn

External auditor name

PKF Littlejohn LLP

Date

4-10-16

Note: The NAO issued guidance applicable to external auditors' work on 2015/16 accounts in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

Annual internal audit report 2015/16 to

Enter name of smaller authority here:

FOSTON AND THORNTON - VE - CLAY PARISH COUNCIL

This smaller authority's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2016.

Internal audit has been carried out in accordance with this smaller 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 smaller authority.

Internal control objective	Agreed? Please choose only one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been kept properly throughout the year.	✓		
B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This smaller 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.			✓ N/A
G. Salaries to employees and allowances to members were paid in accordance with this smaller 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 and year-end bank account reconciliations were properly carried out.	✓		
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. (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 smaller authority adequate controls existed (list any other risk areas below or on separate sheets if needed)

Financial risk management needs to be more robust - advice has been given to the Council to implement this.

Name of person who carried out the internal audit SHEENA SPENCE

Signature of person who carried out the internal audit S.A. Spence. Date 26/04/2016

*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, internal audit must explain why not (add separate sheets if needed).

Guidance notes on completing the 2015/16 annual return

1. You must apply proper practices for preparing this annual return. Proper practices are found in the Practitioners' Guide* which is updated from time to time and contains everything you should need to prepare successfully for your financial year-end and the subsequent work by the auditor. NALC, SLCC and ADA have helplines if you want to talk through any problem you encounter.
2. Make sure that your annual return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Avoid making amendments to the completed return. Any amendments must be approved by the smaller authority, properly initialled and explanation provided. Annual returns containing unapproved or unexplained amendments will be returned and may incur additional costs. **Smaller authorities must approve the annual governance statement before approving the accounts.**
3. Use the checklist provided below. Use a second pair of eyes, perhaps a Councillor or Board Member, to review the annual return for completeness before sending it to the external auditor.
4. Do not send the external auditor any information not specifically asked for. Doing so is not helpful. However, you must tell the external auditor about any change of Clerk, Responsible Finance Officer or Chair.
5. Make sure that the copy of the bank reconciliation which you send to your external auditor with the annual return covers all your bank accounts. If your smaller authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree your bank reconciliation to Box 8 on the accounting statements (**Section 2 on page 3**). You must provide an explanation for any difference between Box 7 and Box 8. More help on bank reconciliation is available in the Practitioners' Guide*.
6. Explain fully significant variances in the accounting statements on **page 3**. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete analysis to support your explanation. There are a number of examples provided in the Practitioners' Guide* to assist you.
7. If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge. **From 2016 onwards, you must inform the auditor of the date set for the commencement of the period for the exercise of public rights.**
8. Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2015) equals the balance brought forward in the current year (Box 1 of 2016).
9. Do not complete Section 3 which is reserved for the external auditor.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All highlighted boxes have been completed?	✓
	All additional information requested, including the dates set for the period for the exercise of public rights , has been provided for the external auditor?	✓
Section 1	For any statement to which the response is 'no', an explanation is provided?	✓
Section 2	Smaller authority approval of the accounting statements is confirmed by the signature of the Chair of the approval meeting?	✓
	An explanation of significant variations from last year to this year is provided?	✓
	Bank reconciliation as at 31 March 2016 agreed to Box 8?	✓
	An explanation of any difference between Box 7 and Box 8 is provided?	✓
Sections 1 and 2	Trust funds – all disclosures made if a Council is a sole managing trustee? NB: Do not send trust accounting statements unless requested.	N/A
Internal Audit report	All highlighted boxes completed by internal audit and explanations provided?	✓

*Note: Practitioners' Guides are available from your local NALC, SLCC or ADA representatives or from www.nalc.gov.uk or www.slcc.co.uk or www.ada.org.uk.

FOSTON AND THORNTON LE CLAY PARISH COUNCIL
INTERNAL AUDIT REPORT – YEAR ENDED 31 MARCH 2016

	CHECK	COMPLIANCE?	ACTION RECOMMENDED TO COUNCIL
1	Cash book reconciled with invoices	Yes	None
2	VAT is correct in cash book linked to invoices	Yes	None
3	Separate column for VAT	Yes	None
4	Separate column for S137 payments	Yes	None
5	S137 powers checked	Yes	Not used this year
6	Number of cheque signatories. Confirmation of signatories initialling cheque book stubs	Yes	None
7	Bank reconciliation to 31 March provided	Yes	None
8	Financial regulations in place	No	Financial Regulations are required by the Accounts and Audit Regulations 2011. The Clerk has confirmed that the Council will be adopting these as soon as possible and that she will then inform YLCA when this has been done and send a copy of the relevant minute.
9	Financial risk assessment in place	No	Financial risk assessment required by the Accounts and Audit Regulations 2011. The Clerk has confirmed that the Council will be adopting these as soon as possible and that she will then inform YLCA when this has been done and send a copy of the relevant minute.
10	VAT has been reclaimed	Yes	None
11	Annual Return figures are correct	Yes (although 2015 figures not seen)	Clerk to scan and send a copy of the figures page of the Annual Return to ensure that the figures correspond with those produced by the clerk and YLCA at the internal audit exercise
12	Council has approved accounts by the specified date	Yes	Accounts to be approved on 4 May



13	Notice of Electors Rights displayed at the requisite time	Yes	Clerk is aware of the new legislation and of what she has to do to comply with this. ✓
14	Petty cash, if any, managed	Not applicable	
15	Budget drawn up	Yes	None
16	Bank statements reconciled to cash book and all statements present	Yes	The Council should take care to maximise the interest potential from the funds that it holds. A working balance should be maintained in the current account and other funds lodged in a deposit account which can make some interest at least. The Council may wish to consider permitting the Clerk to have access to Internet banking for the purposes of transferring money between accounts but with no access to make payments. If the Council wishes to go as far as giving the Clerk power to make payments, it may lawfully do so but will need to put checks and balances in place to mitigate against misuse of public funds.
17	Standing order on contracts adopted		This needs updating to concur with advice given by YLCA in August 2015 with regard to the Public Contracts Regulations 2015. The Clerk is to send a copy of the revised policy when adopted.
18	All payments listed in minutes, including loan payments and income from lettings and other sources	Yes	None
19	Clerk's expenses claimed and correct	Yes	None
20	Standing Orders for the regulation of business adopted		Standing orders are adopted but as they have reference to contracts they also need to be revised. A copy is to be sent to YLCA when this action has been done.
21	Copy of insurance policy seen and Fidelity check	Yes	None
22	Copy of precept request seen	Yes	None
23	Level of reserves within the recommendation of the Audit Commission	Yes	None
24	Significant variances explained	No	The Clerk is to send a copy when she has completed this form. ✱

25	Asset register submitted and checked against Annual Return, box 9	Yes	The £1 paid for the telephone kiosks is to be included in the register and the external auditor is to be informed of this.
26	a. Tax and NI properly applied b. Contract of employment in place? c. Real Time Information being carried out?		YLCA needs to evidence this – P32 forms as sent to HMRC are to be sent to YLCA. Council is advised to include a check of this form into its internal control system on a regular basis. There is a contract of employment in place but there is some doubt as to whether the Council is adhering to its provisions. YLCA is informed that the employee has not been awarded any incremental rises but the contract appears makes provision for the council to review the salary on an annual basis. YLCA understands that this has not happened and as a consequence the Council may be in breach of the employment contract. The Clerk has been advised to include the matter of review of the salary on the agenda as soon as possible.
27	Council's own internal control systems in place		RTI – P32s as above. There is a control system in place and indeed, the law says that there must be but does not define how this exercise is to be carried out. YLCA recommends to its members that it would like to see a reasonably in-depth control exercise carried out by the council and not just minor checks carried out at meetings. The clerk has been sent a pro forma for the council to do this. It is suggested that a couple of councillors do a cross referencing exercise of the council's financial records and information in accordance with the provisions in the pro forma.
28	Risk assessment completed for facilities open to the public		This is where a council owns property itself and to which the public is given access, such as a play area or village hall. The clerk discussed with YLCA whether the council has any responsibility for risk assessment for venues that are hired by the council such as the village hall for council meetings. The council is informed that there is no requirement for it to do an assessment of the room being hired – however, someone may wish to carry out a visual assessment as they go into the venue just to ensure there are no trip hazards that people need to be warned about (as an example).
29	Is the council a sole trustee of a charity?	No	None
30	Is the Council complying with the Transparency Code (councils with income or expenditure under £25,000 pa)		Clerk to direct YLCA to the site which holds the information required by the Transparency Code

31	Procedures for internet banking checked and spot checks made to ensure that the council is following its policy for such payments		N/A
31	Procedural issues	Yes	None
32	Council considered recommendations made in previous year's internal audit report	Not all	Council to ensure that it considers this internal audit report and to check that the Clerk has sent all of the information as requested.

Internal Audit Report carried out by Yorkshire Local Councils Associations.

Date completed: 26 April 2016.



Foston & Thornton-le-Clay Parish Council

Bank Reconciliation as as 31 March 2016

Balance b/f 01 April 2015	8841.48
Add receipts	3752.86
	<u>12594.34</u>
Less payments	3793.73
Balance c/f	<u>8800.61</u>

Balance at bank and in hand:

Investment account	2616.32
Current account	6184.29
Petty Cash	0.00
	<u>8800.61</u>

sub heads

Unpresented items:

Ref Amount

<u>0.00</u>	<u>0.00</u>	<u>8800.61</u>	8800.61	0.00
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holding money for

represented by:

PCs and non-accumulated funds,
all of funds.

Residual grants

Foston & Thornton-le-Clay Parish Council

Inc&Exp 3752.86
S/b Zero 0.00

RECEIPTS 2015-2016

Date	Description	Reference	Amount	Precept	Rent	3rd Party	Interest	VAT	Grass Cutting	Transparency Code
			3752.86	2500.00	364.00	146.52	19.48	43.60	49.26	630.00
23/04/2015	Various Cheques	1380.00	1380.00	1250.00	130.00					0.00
06/05/2015	Crabtree	52.00	52.00		52.00					0.00
18/05/2015	Village Draw Account	42.00	42.00			42.00				0.00
22/05/2015	Fund Raising Account	104.52	104.52			104.52				0.00
20/07/2015	HMRC	43.60	43.60					43.60		0.00
01/10/2015	RDC	1250.00	1250.00	1250.00						0.00
17/11/2015	NYCC	49.26	49.26						49.26	0.00
22/11/2015	YLCA	630.00	630.00							630.00
01/01/2016	Interest	19.48	19.48				19.48			0.00
24/02/2016	Allotment Rents	152.00	152.00		152.00					0.00
02/03/2016	Allotment Rents	30.00	30.00		30.00					0.00

Foston & Thornton-le-Clay Parish Council

Income and Expenditure Account Year Ending 31 March 2016

Ring Fenced Funding
 Parish Plan 98.89
 Phone Boxes 707.28
 Website 800.00
 Rights of Way 200.00
 Library 392.00
 Consultations 194.46
 Winter Weather 250.00
 Grass Cutting 727.44
 History Group 72.31
 Village Draw 42.00
 Community First Responder 104.52
 Transparency Code 630.00

4218.90

	31/03/2015	31/03/2016	Budget 2015-16	Budget 2016-17
Income				
Precept	2500.00	2500.00	2500.00	2500.00
Allotment Rents		364.00	235.00	
Monies from old bank accounts		146.52		
Grants	43.33	630.00		150.00
VAT Refund	18.00	43.60	45.00	250.00
Bank Interest	19.33	19.48		
NYCC Grass Cutting Allowance		49.26		
		Note 1		
Total Income	<u>2580.66</u>	<u>3752.86</u>	<u>2780.00</u>	<u>2900.00</u>
Expenditure				
Insurance	243.80	243.80	300.00	300.00
Parish Clerk	1520.09	1422.17	1360.00	1360.00
Legal Expenses		1205.00	1000.00	
Pension Auto Enrolment		295.00		
Village Hall Rent	144.00	162.00	175.00	190.00
Subscriptions	112.00	113.00	150.00	150.00
Audit Fees	60.00		200.00	100.00
History Group	316.83	21.86		
Exhibition Board Parts	218.00			
Training		16.43	50.00	
Parish News	91.20			
Bank Charges	6.75	6.45	5.00	5.00
Miscellaneous	53.17		225.00	
VAT Refund	43.60	228.00	100.00	160.00
Expenses - Parish Clerk		80.02		100.00
Expenses - Events				150.00
Allotment Expenditure			500.00	400.00
Capital Projects				50.00
VAT (To Reclaim)				
Total Expenditure	<u>2809.44</u>	<u>3793.73</u>	<u>4065.00</u>	<u>2965.00</u>
Surplus/(Deficit)	<u>-228.78</u>	<u>-40.87</u>	<u>-1285.00</u>	<u>-65.00</u>

Note 1 - YLCA Transparency Code Fund

Date: 06 April 2016