

Local Councils, Internal Drainage Boards and other Smaller Authorities in England Annual Governance and Accountability Return 2017/18 Part 2

To be completed only by 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 Part 2 of the Annual Governance and Accountability Return 2017/18

1. Every smaller authority in England where the higher of gross income **or** gross expenditure was £25,000 or less **must** following the end of each financial year, complete Part 2 of the Annual Governance and Accountability Return in accordance with *Proper Practices*, unless the authority:
 - a) does not meet the qualifying criteria;
 - b) does not wish to certify itself as exempt
2. Smaller authorities where the higher of gross annual income **or** gross annual expenditure **does not exceed** £25,000 and meet the qualifying criteria as set out in the Certificate of Exemption **are exempt** from sending the completed Annual Governance and Accountability Return to the external auditor for a limited assurance review **provided** the authority **completes both** the
 - a) **Certificate of Exemption**, page 3 and returns it to the external auditor
 - b) **Annual Governance and Accountability Return (Part 2)** which is made up of:
 - **Annual Internal Audit Report (page 4)** to be completed by the authority's internal auditor.
 - **Section 1 – Annual Governance Statement (page 5)** to be completed by the authority.
 - **Section 2 – Accounting Statements (page 6)** to be completed by the authority.
3. The authority **must** approve Section 1 Annual Governance Statement before approving Section 2 Accounting Statements and both **must** be approved **before 2 July 2018**.

Publication Requirements

Smaller authorities must publish various documents on a public 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 2017/18**, page 4
- **Section 1 – Annual Governance Statement 2017/18**, page 5
- **Section 2 – Accounting Statements 2017/18**, 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

Providing the authority certifies itself as exempt, and completes and publishes the Annual Governance and Accountability Return, there is **no** requirement for the authority to have a limited assurance review.

Any smaller authority may, however, request a limited assurance review. In these circumstances the authority should **not certify itself as exempt, ie not complete** Certificate of Exemption, but complete Part 3 of the Annual Governance and Accountability Return 2017/18 and return it to the external auditor for review.

The cost to the smaller authority for the review will be £200 +VAT.

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 Local Audit and Accountability Act 2014.

Section 1 – Annual Governance Statement 2017/18

We acknowledge as the members of:

OSPRINGE 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 2018, 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 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.	✓		<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
			✓

This Annual Governance Statement is approved by this authority and recorded as minute reference:

047 (11)/18

dated

16/05/2018

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

Chairman

Clerk



W. L. L. L. L.

Section 2 – Accounting Statements 2017/18 for

OSPRINGE PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2017 £	31 March 2018 £	
1. Balances brought forward	22,504	27,660	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	7,000	7,250	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	7,228	7,050	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	2,286	1,800	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	—	—	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	6,786	7,830	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	27,660	32,330	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	27,660	32,330	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	44,786	47,000	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	—	—	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.

I certify that for the year ended 31 March 2018 the Accounting Statements in this Annual Governance and Accountability Return present fairly the financial position of this authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

W. Wood
Date 16/05/2018

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

16/05/2018

and recorded as minute reference:

047(111)/18

Signed by Chairman of the meeting where approval of the Accounting Statements is given

[Signature]

Annual Internal Audit Report 2017/18

OSPRINGE NAME OF AUTHORITY

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2018.

The internal audit for 2017/18 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	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	YES		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	YES		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	YES		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	YES		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			NOT COVERED NONE HELD
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.	YES		
H. Asset and investments registers were complete and accurate and properly maintained.	YES		
I. Periodic and year-end bank account reconciliations were properly carried out.	YES		
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.	YES		

K. (For local councils only)	Agreed? Please choose one of the following		
	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			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

20/04/18

Name of person who carried out the internal audit

LIONEL ROBBINS

Signature of person who carried out the internal audit



Date

20/04/18

*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).

**OSPRINGE PARISH COUNCIL
BANK RECONCILIATION
AS AT
31/03/2018**

Balances as per Statements:

OPC Current Account	50.00	
OPC Reserve Account	13,279.38	
OPC Allotment Account	0.00	
OPC Allotment Reserve Account	19,544.63	32,874.01

LESS

Payments made but not yet banked

Payee	Cheq No	Amount
K Lockwood		543.24
		<u>543.24</u>

Clerks Wages to 31/03/2018

ADD

Receipts on ledger not in bank

From	Ref	Amount
		<u>0.00</u>

TOTAL FUNDS IN BANK

32,330.77

Bank Balance on ledger at 1st April

27,659.72

Add Total Income on ledger

OPC Income	9,976.24	
Allotments Income	4,322.04	
		<u>14,298.28</u>

Deduct total expenditure:

Deduct allotmentsTotal Expenditure	2,636.00	
Deduct OPCTotal Expenditure	6,991.23	
		<u>9,627.23</u>

Balance as per ledger

32,330.77 Check

Difference

0.00

Reasons for diifference

Item	Amount	Proposed action

Explanation of variances – pro forma

Name of smaller authority: **Ospringe Parish Council**

Please provide **full explanations, including numerical values**, for the following:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- a breakdown of approved reserves if the total reserves (Box 7) figure is more than twice the annual precept/rates & levies value (Box 2).

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Section 2	2016/17 £	2017/18 £	Variance £	Variance %	Detailed explanation of variance (with amounts £)
Box 2 <i>Precept or Rates and Levies</i>	7,000	7,250	250	+3.57	Based on Council decision to set budget at a higher level.
Box 3 <i>Total other receipts</i>	7,228	7,050	178	-2.46	
Box 4 <i>Staff costs</i>	2,286	1,800	-486	-21.3	Less spent on Clerk due to a period of 3 months without a Clerk.
Box 5 <i>Loan interest/ capital repayments</i>	-----	-----	-----	-----	
Box 6 <i>All other payments</i>	6,786	7,830	1,044	+15.38	<p>Increased expenditure:</p> <p>Internal auditor fee £295.30</p> <p>PC funded Village Hall planning application £770</p> <p>Lighting energy-energy supplier not updating billing address, direct debit cancelled not by OPC £264.88</p> <p>Lighting Mtce £178.20</p> <p>Subscription increase £63.08</p> <p>Seminars and training £252.00</p> <p>Allotment maintenance £124.04</p> <p>Reduced expenditure:</p> <p>Gen OPC maintenance for posts on Forstal £ 160.68</p> <p>on lighting upgrade- KCC took on 5 lights £648.00</p> <p>Reduced expenditure on stationary £107.94</p> <p>Reduced expenditure on meeting room rent £345.00</p> <p>Mowing. £450.00</p>
Box 9 <i>Total fixed assets & long term investments & assets</i>	44,786	47,000	+2214	+4.49	<p>Based on Council's asset register,</p> <p>Prior year figure was different to asset register with no explanation</p>
Box 10 <i>Total borrowings</i>					
Explanation for 'high' reserves	<p>Box 7 is more than twice Box 2 because the authority held the following breakdown of reserves at the year end:</p> <p>Reserves £32,330</p> <p>Precept £2x 7,500 = £14,500</p> <p>£17,830 has been ring fenced towards the purchase of a Village Hall.</p>				