

# 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.



## Guidance notes on completing Part 2 of the Annual Governance and Accountability Return 2017/18, Sections 1 and 2

- Where an authority is exempt from the requirement for a limited assurance review, it need not submit its Annual Governance and Accountability Return to the external auditor. However, as part of a more proportionate regime, the authority **must** comply with the requirements of the Transparency Code for Smaller Authorities.
- The authority **must** comply with Proper Practices in completing this Annual Governance and Accountability Return and the Certificate of Exemption. 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.
- The authority **should** receive and note the annual internal audit report prior to approving the annual governance statement and before approving the accounts.
- Make sure that the Annual Governance and Accountability Return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Avoid making amendments to the completed annual return. Any amendments must be approved by the authority and properly initialled.
- Use the checklist provided below to review the Annual Governance and Accountability Return for completeness at the meeting at which it is signed off.
- You **should** inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant email addresses and telephone numbers.
- It is recommended that the authority has numerical and narrative explanations for significant variances in the accounting statements on **page 4**, should a question be raised by a local elector. There is guidance provided in the *Practitioners' Guide\** that may assist.
- Make sure that the accounting statements add up and the balance carried forward from the previous year (Box 7 of 2017) equals the balance brought forward in the current year (Box 1 of 2018).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights. From the commencement date for a single period of 30 consecutive working days, the accounts and accounting records can be inspected. Whatever period the RFO sets **must** include a common inspection period – during which the accounts and accounting records of all smaller authorities must be available for public inspection – of the first ten working days of July.
- The authority **must** publish 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.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?	✓	
	Have the dates set for the period for the exercise of public rights been published?		
Internal Audit Report	Have all highlighted boxes have been completed by the internal auditor and explanations provided?		
Section 1	For any statement to which the response is 'no', is an explanation available should a question be raised by a local elector and/or an interested party?		
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?		
	Is an explanation of significant variations from last year to this year available, should a question be raised by a local elector and/or an interested party?		
	Is an explanation of any difference between Box 7 and Box 8 available, should a question be raised by a local elector and/or an interested party?		
Sections 1 and 2	Trust funds – have all disclosures been made if the authority is a sole managing trustee?		

\*More guidance on completing this annual return is available in *Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices*, which can be downloaded from [www.nalc.gov.uk](http://www.nalc.gov.uk) or from [www.slcc.co.uk](http://www.slcc.co.uk) or from [www.ada.org.uk](http://www.ada.org.uk)



## Annual Internal Audit Report 2017/18

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.			
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 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)	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

Name of person who carried out the internal audit

Signature of person who carried out the internal audit

Date

\*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 2017/18

We acknowledge as the members of:

KIRK DEIGHTON 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' means that this 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.	✓			<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	<i>has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.</i>

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

MINUTE REFERENCE 12.2

dated

11/05/18

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

Chairman

*David Richardson*

Clerk

*P. ...*



## Section 2 – Accounting Statements 2017/18 for

	Year ending		Notes and guidance
	31 March 2017 £	31 March 2018 £	
			<i>Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.</i>
1. Balances brought forward	6,785	8,337	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	4,523	4,845	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	323	6,044	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	110	0	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	1400	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	3,184	11,549	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	8,337	6,277	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	8,337	5,665	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>
9. Total fixed assets plus long term investments and assets	11	441	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).
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.
			<i>N.B. The figures in the accounting statements above do not include any Trust transactions.</i>

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



Date

11/05/18

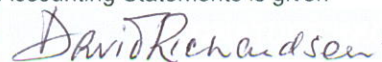
I confirm that these Accounting Statements were approved by this authority on this date:

11/05/18

and recorded as minute reference:

MINUTE REF: 12.2

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



KIRK DEIGHTON PARISH COUNCIL

Summary Receipts and Payments Account  
Year Ended 31 March 2018

	Y/E 31/3/17	Y/E 31/3/18
	£	£
Balance brought forward at 1 April	6,785.00	8,337.00
Add: Total Receipts	4,846.00	10,889.00
	<b>11,631.00</b>	<b>19,226.00</b>
Less: Total Payments	(3,294.00)	(13,561.00)
<b>Balance carried forward at 31 March</b>	<b>8,337.00</b>	<b>5,665.00</b>
Add: Cheques not cashed		612.00
The cumulative funds re represented by the Kirk Deighton HSBC Community account	<b>£8,337.00</b>	<b>£6,277.00</b>

I hereby certify that these accounts present a fair picture of the financial position of Kirk Deighton Parish Council for the 2017/18 year.

Signed P. J. ...

Date 11/5/2018

Clerk to the Parish Council

Signed David Richards

Date 11/5/2018

Chairman of the Parish Council

KIRK DEIGHTON PARISH COUNCIL

Summary Receipts and Payments Account  
Year Ended 31 March 2018

	Y/E 31/03/17 £	Y/E 31/3/18 £	Reason for variance
Balance at 1 April b/fwd	6,785	8,337	
<b>Receipts</b>			
Parish Precept	4523	4,845	
HBC Grant	185	92	
VAT recovered	0	2160	
NYCC grass cutting contribution	138	0	£161 still owed
Transparency Fund	0	2392	
Loan From Village Hall		1400	
<b>Total Receipts</b>	<b>4846</b>	<b>10,889</b>	
<b>Payments</b>			
Clerk & HMRC payment		0	No salary taken
Admin expenses	22	0	
PAYE administration	0	0	
Insurance	274	275	
YLCA fees	192	195	
Hire of Meeting Room	0	70	1 x invoice paid twice
Parish Magazine	30	30	
Bus Shelter - lighting	71	99	
Bus Shelter - cleaning	0	0	
British Legion wreath	30	30	
Grass cutting	2248	2109	£37.95 owed
Seats, shelters & signs	283	41	
Expenditure of contingency	34	0	
Shell Memorial refurbishment	0	8133	
PC & Hardware		590	
Website		450	
IT maintenance		104	
Info Commissioner		35	
Repayment of Loan		1400	
<b>Total Payments</b>	<b>3184</b>	<b>13,561</b>	
Total receipts less payments	1,552	-2,672	
<b>Balance at 31 March c/fwd</b>	<b>8,337</b>	<b>5,665</b>	
Cheques not cashed:		612	
Actual balance to cfwd:		<b>6,277</b>	

KIRK DEIGHTON PARISH COUNCIL

FINANCIAL YEAR ENDED 31 MARCH 2018

Prepared by: Penny Warneken, Clerk to the Parish Council  
09-May-18

<b>Bank Reconciliation</b>	£
Balance per bank statement at 31 March 2018	
Current Account:	6,277.46
<b>Net balance at 31 March 2018</b>	<b>6,277.46</b>

**Receipts and Payments Book**

Opening balance 1 April 2017	8,337.19
Add: Receipts in the year	10,889
Less: Payments in the year	-13,561
Add: Cheques not cashed	612
<b>Closing balance as at 31 March 2018</b>	<b>6,277.46</b>



## Bank reconciliation – pro forma

Name of smaller authority: Kirk Deighton Parish Council

County area (local councils and parish meetings only): \_\_\_\_\_

### Financial year ending 31 March 2018

Prepared by Penny Warneken, Clerk (Name and role)

Date 8 May 2018

Balance per bank statements as at 31 March 2018:	£	£
HSBC current account		6,277.46
		<hr/>
Less: any un-presented cheques at 31 March 2018		
Cheque No: 607	203.72	
Cheque No: 608	409.20	
		<hr/>
		(612.92)
Add: any un-banked cash at 31 March 2018		0
		<hr/>
Net balances as at 31 March 2018 (Box 8)		<u>5,664.54</u>

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

#### CASH BOOK:

Opening Balance 1 April 2017 (Prior year Box 8)		8,337
Add: Receipts in the year	10,889	
Less: Payments in the year	(13,561)	
		<hr/>
Closing balance per cash book [receipts and payments book] as at 31 March 2018 (must equal net balances above – Box 8)		<u>5,665</u>

(See [example](#) for guidance if required)

## Explanation of variances – pro forma

Name KIRK DEIGHTON PARISH COUNCIL of smaller authority:

County \_\_\_\_\_ area \_\_\_\_\_ (local \_\_\_\_\_ councils \_\_\_\_\_ and \_\_\_\_\_ parish \_\_\_\_\_ meetings \_\_\_\_\_ only: \_\_\_\_\_)

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).

Section 2	2016/17 £	2017/18 £	Variance £	Variance %	Detailed explanation of variance (with amounts £)
<b>Box 2</b> Precept or Rates and Levies	4,523	4,845	+ 322	7.12	
<b>Box 3</b> Total other receipts	323	6,044	+ 5721	1871	TRANSPARENCY FUND £2392 VAT REPAYMENT £2160 LOAN £1400 GRANT £92
<b>Box 4</b> Staff costs	110	0	(110)	0	NO SALARY TAKEN BY CLERK
<b>Box 5</b> Loan interest/ capital repayments	0	1400	+ 1400	1400	REFURBISHMENT OF WAR MEMORIAL HEANT TERP. CASH FLOW PROBLEM. SHORT TERM LOAN FROM K.D. VILLAGE HALL (£1400)
<b>Box 6</b> All other payments	3,184	11,549	+ 8,365	363	SHELL MEMORIAL £8,133 PLUS £232 OF EXTRA COSTS.
<b>Box 9</b> Total fixed assets & long term investments & assets	11	441	+ 430	4009	COMPUTER + PRINTER £430
<b>Box 10</b> Total borrowings	0	0	0	0	
<b>Explanation for 'high' reserves</b>	Box 7 is more than twice Box 2 because the authority held the following breakdown of reserves at the year end:  NOT APPLICABLE				