

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:

FRAMFIELD 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:

MINUTE REFERENCE
8
dated 24/05/2016

Signed by:

Chair

dated

Signed by:

Clerk

dated

PMO REQUIRED

24/05/2016

24/05/2016

24/05/2016

*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:

FRAMFIELD . PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2015 £	31 March 2016 £	
1. Balances brought forward	36850	46615	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	50198	50198	Total amount of precept or (for IDBs) rates and levies received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	82994	140880 2004	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	19832	21164 21164	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	2914	5828	Total expenditure or payments of capital and interest made during the year on the smaller authority's borrowings (if any).
6. (-) All other payments	100681	28194 16176	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	46615	55715 55730	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	45458	53749	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	162026	162026	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	78670	75930	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 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

Date

13/5/16

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

24/05/2016

and recorded as minute reference:

MINUTE REFERENCE

Signed by Chair of the meeting approving these accounting statements.

Date

24/05/2016

Annual internal audit report 2015/16 to

Enter name of
smaller authority here:

FRAMFIELD 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)

SEE REPORT

Name of person who carried out the internal audit

KETHIE ROBERTSON

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

13/05/2016

*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).

Attachment 1

Bank Reconciliation

Framfield Parish Council

Financial Year ending 31 March 2016

Balances per Bank Statements as at 31 March 2016

Barclays Community Account	£35,691.18	
Barclays Tracker Account	£119.19	
National Savings Account	£19,163.00	
Gratuity Account	<u>£5,380.23</u>	£60,353.60

Less Cheques not presented at 31 March 2016

Cheque Number	31. 3.16	1309	£963.54	
		1310	£916.34	
		1311	£2,964.80	
		1312	£150.00	
		1313	£1,314.00	
		OLB	£31.99	
		1315	£263.93	
				<u>£6,604.60</u>

Net balances as at 31 March 2016

£53,749.00

CASH BOOK

Opening Balances 1 April 2015

Barclays Community Account	£21,786.86	
Barclays Tracker Account	£119.14	
National Savings Account	£18,738.22	
Gratuity Account	<u>£4,813.65</u>	£45,457.87

Plus Receipts in the Year £68,158.80

£113,616.67

Less Payments in the Year £59,867.67

£53,749.00

Closing balances 31 March 2016

Barclays Community Account	£28,502.69	
Barclays Tracker Account	£119.19	
National Savings Account	£19,163.00	
Gratuity Account	<u>£5,964.12</u>	

£53,749.00

Attachment 2(ii)

Reconciliation between Box 7 and Box 8 in Section 1 (year ended 31 March 2016)

Framfield Parish Council

Total of Box 7 : Balances carried forward	55,715.10
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Deduct: Debtors:

VAT

1,966.10

Total Deductions

1,966.10

Sub Total

53,749.00

Total Additions

0.00

Total of Box 8 : Total Cash & Investments

53,749.00

Explanation of variances – pro forma

Framfield Parish Council

The 'Practitioners' Guide' provides guidance on explaining significant variances. 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);
- if the total reserves (Box 7) figure is more than twice the annual precept value (Box 2).

Section 2	2014/15 £	2015/16 £	Variance £	Variance %	Detailed explanation of variance (with amounts £)
Box 2 Precept or Rates and Levies	50198	50198	—		
Box 3 Total other receipts	82294	14088	68206		£80,000 loan from PWLB in 2014/15 £12,019 adjustment.
Box 4 Staff costs	19832	21164	1332		
Box 5 Loan interest/ capital repayments	2914	5828	2914	100%	Only 1 payment made in 2014/15, 2 in 2015/16
Box 6 All other payments	100681	28194	72487		Playground equipment in 2014/15, £80,000, donations £4,000 in 2014/15 £12,019 adjustment.
Box 9 Total fixed assets & long term investments & assets	162026	162026	—		
Box 10 Total borrowings	78670	75930	2740		Repayment of loan
Explanation for 'high' reserves	Box 7 is more than twice Box 2 because				

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East Sussex
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FRAMFIELD PARISH COUNCIL

Internal Audit Report 2015-2016

Introduction

1. In accordance with the Internal Audit Plan, Controls and Procedures have been tested, with Fraud and Risk Issues reviewed. These are managed, in line with the Governance and Accountability for Local Councils Practitioners' Guide (GALCP) and meet the needs of the Council. I confirm that I do not have any role within the Council and will carry out my duties without bias. The audit points listed below are for noting:
2. Adjustment to the Accounts. The Annual Return and Financial Reports as presented excluded some income & expenditure items that had been posted to a contra account. This was not in my opinion the correct accounting treatment. The Clerk and RFO agreed to and have restated the Income and Expenditure reports with a note to the face of the accounts and have amended the Annual Return to now correctly include both the income and expenditure which were of equal value. I have signed the Internal Audit section of the Annual return on this basis. The transactions that formed this adjustment are detailed in Appendix A to this report.
3. It was noted that while internal controls are in place the implementation and monitoring of those controls and communications between the Council, the Clerk and the RFO are such that the points made below and item 2 above were not addressed during the year. It is recommended that the Council consider how it can improve its communications on financial controls.

Audit Points to note

4. Review of Internal Audit 2014-15 recommendations.

- 4.1. Bank Reconciliations item 2. These are regularly completed and are correct but are not, as recommended in the prior year report signed as agreed to the bank statements by Councillors. The Clerk & RFO confirmed that Councillors will be presented with a standard format bank reconciliations and statement balances and be asked to review the reconciliations and approve them.
- 4.2. Financial regulations item 3. The clerk confirmed that the Council did not adopt the standard form of regulations provided by NALC but will review the regulation and include some extra levels of security around obtaining quotes much of which does already happen, but isn't formally monitored or detailed in the regulations.
- 4.3. Risk Assessment item 4. This was completed as recommended in May 2015
- 4.4. Asset register item 4. The Assets in the register and on the Annual Return are valued at replacement cost. This should be Original cost value. The Asset register does not show the location of the Assets. The Clerk confirmed that a review of what information is available and could be included in the register will be started in 2016.
- 4.5. Staff payments item 8. The Supporting documents noted have been provided.

5. Standing Orders & Financial Regulations.

The Finance Regulations were re-adopted in January 2015 and the Standing Orders in March 2014. Both will be re-adopted and or reviewed as needed in 2016. *It is recommended that the Financial Regulations be reviewed and Council considers adopting the NALC standard regulations.*

6. A formal review of the Councils Internal Audit Effectiveness. A formal review was not completed but the Clerk has confirmed a review will be included at a Council meeting in 2016-17

It is recommended that Council Members perform quarterly IA test with the RFO using sample transactions and report findings to the Council.

It is recommended that the IA effectiveness review formats as defined in the GALCP guide be considered.

7. Insurance – The Parish Council's Insurance cover is adequate. The minutes from September 2015 record the approval.

8. Budgetary Control

8.1. The Annual budget reports are prepared in support of the precept. The precept and the budget for 2016-17 were agreed and recorded in the minutes.

8.2. Council received reports of budget versus actual spend during the year. *It is recommended that the format be reviewed to include total reserves, that all income and expenditure logged in the financial records is included on reports presented to Council and that comparisons to budget are made at least quarterly.*

9. Income – The precept recorded in the minutes agrees to the Council Tax authority's notification

10. Petty Cash – There is no petty cash system and one is not required.

11. Payments

11.1. Payment Controls. Members do not authorise by signature invoices to be paid and do not sign cheque stubs. Payments authorised are correctly noted in the minutes. *It is recommended that Council members initial invoices and cheque stubs.*

11.2. Vat is properly accounted for and reclaimed from HMRC.

12. **Reserves** are reviewed by the Council annually and were approved at £19.2K The bank balances at 31 March 2016 were £53.7K This suggest a general reserve of £36.6K. *It is recommended that to improve transparency the earmarked and general reserve levels are presented to Council in financial reports.*

13. Agendas & Minutes are sent out in time and are well presented.

14. Trusts – The Parish Clerk has confirmed that the Council is a Sole Trustee and does meet its responsibilities

Keith Robertson FCMA
Internal Auditor
13 May 2016

Appendix A – Financial Reporting Adjustment 2015-16

On reviewing the receipts and payments posted in the cash book and the Income and Expenditure reports it was found that while all R&P were properly recorded and all bank reconciliations were correct some items were excluded from the I&E reports.

In 2015-16 the Council approved and carried out works within the Parish that were within its power to do so. The work was funded by residents, trusts and other authorities. The Council contracted and paid suppliers to complete the work. The income and the cost of the works were posted to a contra account and not included in I&E reports.

To correct the above an adjustment was made on the face of the accounts and corrections made to the Annual Report to include both the income and expenditure. The Receipts and Payments are noted below.

Receipts		Payments	
EHPC	£65.00	DRH Sheet Metal	£2,281.62
FF Trust	£2,281.62	Glasdon UK	£334.27
G. Swire	£4,543.11	BT	£83.17
FF Trust	£352.35	A.D. Woolgar	£1,600.00
FF Trust	£1,738.66	H & S Fabrics	£352.35
Hort. Soc	£1,600.00	Wealden D.C.	£4,403.11
BB Trust	£334.27	S. Moger	£1,738.66
FF Trust	£915.33	G. Swire	£140.00
EHPC	£188.43	BT	£26.39
		S. Moger	£915.33
		BT	£42.93
		BT	£50.94
		Horizon Skills	£50.00
	£12,018.77		£12,018.77

CONFIRMATION OF THE DATES FOR THE PERIOD OF EXERCISE OF PUBLIC RIGHTS

Framfield Parish Council

Either:

On behalf of Framfield Parish Council, I confirm that the dates set for the period of exercise of public rights are as follows:

Commencing on Monday 6 June 2016

and ending on Friday 15 July 2016

Or:

On behalf of Framfield Parish Council, I confirm that the dates set for the period of exercise of public rights are as follows:

Commencing on _____

and ending on _____

(Enter dates as appropriate which must be 30 working days inclusive and must include the first 10 working days of July 2016)

Signed:  _____

Role: Responsible Financial Officer
for Framfield Parish Council

Framfield Parish Council

NOTICE OF PUBLIC RIGHTS AND PUBLICATION OF UNAUDITED ANNUAL RETURN

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

Local Audit and Accountability Act 2014 Sections 26 and 27
The Accounts and Audit Regulations 2015 (SI 2015/234)

NOTICE	NOTES
<p>1. Date of announcement <u>1/6/2016</u> (a)</p> <p>2. Each year the body's Annual Return needs to be reviewed by an external auditor appointed by the Audit Commission. The unaudited Annual Return has been published with this notice. As it has yet to be reviewed by the appointed auditor, it is subject to change as a result of that review.</p> <p>Any person interested has the right to inspect and make copies of the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested. For the year ended 31 March 2016 these documents will be available on reasonable notice by application to:</p> <p>(b) <u>Tan Riddle</u> <u>Responsible Finance Officer</u> <u>01435 863203</u> (Rfo)</p> <p>commencing on (c) <u>Monday 6 June 2016</u></p> <p>and ending on (d) <u>Friday 15 July 2016</u></p> <p>3. Local government electors and their representatives also have:</p> <ul style="list-style-type: none"> The opportunity to question the appointed auditor about the accounting records; and The right to make an objection which concerns a matter in respect of which the appointed auditor could either make a public interest report or apply to the court for a declaration that an item of account is unlawful. Written notice of an objection must first be given to the auditor and a copy sent to the body. <p>The appointed auditor can be contacted at the address in paragraph 4 below for this purpose between the above dates only.</p> <p>4. The body's Annual Return is subject to review by the appointed auditor under the provisions of the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the NAO's Code of Audit Practice 2015. The appointed auditor is:</p> <p>PKF Littlejohn LLP Ref: SBA 2nd Floor 1 Westferry Circus Canary Wharf London E14 4HD (sba@pkf-littlejohn.com)</p> <p>5. This announcement is made by (e) <u>ANN NEOTON (Parish Clerk)</u></p>	<p>(a) Insert date of placing of the notice which must be not less than 1 day before the date in (c) below</p> <p>(b) Insert name, position and address/telephone number/ email address, as appropriate, of the Clerk or other person to which any person may apply to inspect the accounts</p> <p>(c) Insert date, which must be at least 1 day after the date of announcement in (a) above and at least 30 working days before the date appointed in (d) below</p> <p>(d) The inspection period between (c) and (d) must be 30 working days inclusive and must include the first 10 working days of July.</p> <p>(e) Insert name and position of person placing the notice – this person must be the responsible financial officer for the body</p>