

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:

EAST HOATHLY WITH HALLAND 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
dated 23/05/2016

Signed by:

Chair

[Signature]

dated

23/05/2016

Signed by:

Clerk

[Signature]

dated

23/05/2016

*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:

EAST HOATHLY WITH HALLAND PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2015 £	31 March 2016 £	
1. Balances brought forward	103730	76343	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	39942	39942	Total amount of precept or (for IDBs) rates and levies received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	24902	14792	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	15144	15964	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	77087	29868	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	76343	85245	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	76343	85245	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	464037	483108	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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>	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

Vong Heath

Date 03/05/2016

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

23/05/2016

and recorded as minute reference:

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Signed by Chair of the meeting approving these accounting statements.

WJP

Date 23/05/2016

Annual internal audit report 2015/16 to

Enter name of smaller authority here:

EAST HOATHUM WITH HALLOW 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.			NA
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.	✓		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: KEITH ROBERTSON

Signature of person who carried out the internal audit: [Signature] 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).

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EAST HOATHLY with HALLAND 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 points listed below are for noting:

Audit

2. **Actions from prior year audit.** The RFO confirmed that no audit report was provided by the Internal Auditor for 2014-15. There were therefore no actions to review.
3. **End of Year Accounts 2015-16** – The accounts are accurately presented. Receipts and Payments are properly recorded and the information produced is accurate and comprehensive. The Annual Return was checked against the supporting documents and was found to be correct. Figures in the end of year return are supported by the accounts. Bank Reconciliations are regularly completed and are correct. The Internal Control Objectives defined in the Annual Return have all been met (Item F does not apply, see note 11 below)
4. **The Annual Income and Expenditure reports** provided for Audit agreed with the Annual Return. It is noted that the Council has defined the financial reports it reviews in meetings to exclude some income. *It is recommended that all financial reports include all receipts and payments and that the reports be re-titled as receipts and payments if that is the intended basis of these reports.*
5. **Bank reconciliations.** These are produced bi-monthly and checked by the RFO but there is no evidence of review by Council. *It is recommended that the bank reconciliation and supporting statements are presented to council for review and sign off at meetings.* It is noted that the Council is holding £241 in its accounts for 3rd party organisations. This is not recommended practice and should not continue. The Clerk has confirmed this will be addressed.
- 5.1. **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. **Risk Assessment-** An assessment was completed in May 2015.
7. **A 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 financial audits with the RFO using a small sample of transactions and report finding to the Council.*
8. **Insurance** – The Parish Council's Insurance cover is adequate and was renewed in Oct 2015. This was recorded in the Sept 2015 minutes.

9. Budgetary Control

- 9.1. 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.
- 9.2. Council received reports of budget versus actual spend during the year. *It is recommended that the format be reviewed to include reserve levels and that all income and spend is included.*
10. **Income** – The precept recorded in the minutes agrees to the Council Tax authority's notification.
11. **Petty Cash** – There is no petty cash system and one is not required.
12. **Payroll.** The RFO administers payroll for all staff. Payments to staff and HMRC and audited were found to be correct.
13. **Payments**
 - 13.1. Payment Controls. Members do not authorise by signature invoices to be paid and do not sign cheque stubs. Payments authorised are noted in the minutes. *It is recommended that Council members initial invoices and cheque stubs.*
 - 13.2. Vat is properly accounted for and reclaimed from HMRC.
 - 13.3. S137. The RFO confirmed that no S137 payments were made during the year.
14. **Reserves** are reviewed by the Council annually and were approved at £11K The bank balances at 31 March 2016 were £85.2K This suggest a general reserve of £74K. *It is recommended that to improve transparency the earmarked and general reserve levels are presented to Council in financial reports.*
15. **Assets.** The asset register is stated at replacement cost and agrees with the insurance value. Assets should be valued at original cost. The asset resister does/does not show location of assets. *It is recommended that a review of the asset register me made.*
16. **Agendas & Minutes** are sent out in time and are well presented. Check minute book for signatures
17. **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

Explanation of variances – pro forma

East Hoathly With Halland 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	39942	39942	0	0	
Box 3 Total other receipts	24902	14712	10190	41	LAST YEAR'S VAT CLAIM WAS £12K RE BUILDING WORKS, THIS YEAR ONLY £7K. ^{2014/15} 2014/15 YEAR ONE - OF RECEIPT £2K FOR DEFIBRILLATOR
Box 4 Staff costs	15144	15964	820	5	+ NATIONAL SAVINGS REPAYMENT £2K
Box 5 Loan interest/ capital repayments	0	0	0	0	
Box 6 All other payments	77087	29868	47219	-61	LAST YEAR BUILDING WORK IMPROVEMENTS COST £43K NET OF VAT.
Box 9 Total fixed assets & long term investments & assets	464037	483108	19071	4	
Box 10 Total borrowings	0	0	0	0	
Explanation for 'high' reserves	Box 7 is more than twice Box 2 because IT INCLUDES £11K AS A GRANT FOR PARISH WOODLANDS HELD IN A 20 YEAR PLAN SINCE 2011				

East Hoathly With Halland 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>01.06.2016</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. 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>MRS VERNE HEATH</u> <u>RESPONSIBLE FINANCE OFFICER</u> <u>-01825 840038</u></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 NEWTON-CLERK</u> <u>FOR RFO</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>