

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

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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](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)

# Section 1 – Annual governance statement 2015/16

We acknowledge as the members of:

Enter name of  
smaller authority here:

HOUGH ON THE HILL 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	has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.
		NA	✓

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

dated 10/16 (a)  
12/05/16

Signed by:

Chair

dated

*RA [Signature]*  
12 MAY 2016

Signed by:

Clerk

dated

*Frances [Signature]*  
12/05/16

\*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:

HOUGH ON THE HILL PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2015 £	31 March 2016 £	
1. Balances brought forward	6834	5081	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	5176	5397	Total amount of precept or (for IDBs) rates and levies received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	1156	13058	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	2582	2115	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	NIL	NIL	Total expenditure or payments of capital and interest made during the year on the smaller authority's borrowings (if any).
6. (-) All other payments	5503	3305	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	5081	18116	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	5081	18116	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	NIL	NIL	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	NIL	NIL	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)	<input type="checkbox"/>	<input checked="" 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

*Frances*

Date

12/05/2016

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

12/05/2016

and recorded as minute reference:

10/16(d)

Signed by Chair of the meeting approving these accounting statements.

*RA [Signature]*

Date

12/5/2016

# Annual internal audit report 2015/16 to

Enter name of smaller authority here:

Hough on The Hill 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.	✓		
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)

Name of person who carried out the internal audit: DAVID G.C. SLIGHT

Signature of person who carried out the internal audit: [Signature] Date: 27/04/2016

\*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).

**HOUGH ON THE HILL PARISH COUNCIL**

**BANK RECONCILIATION 31.3.16**

Balances b/fwd 1.4.15

Current account 1,829.78

Deposit account 3,252.33 5,082.11

Add receipts: 18,854.55

23,936.66

Less payments: 5,820.47

**18,116.19**

**Represented by:**

Current account bank statement 14,475.23

Less unrepresented cheque 15.00 14,460.23

Deposit account bank statement 3,655.96

**18,116.19**

# HOUGH ON THE HILL

## Section 5

### c) Explanations of significant variances on the Accounting Statements

We require explanations for significant variances (increases or decreases) of more than 15% between 2015 and 2016 in Boxes 2, 3, 4, 5, 6 and 9. Variances of less than 15% or less than £250 need not be explained.

Your explanations must be quantified, i.e. state how much of the variance is covered by each specific explanation. Your explanations must ensure that the variances for each Box are explained and quantified to within 15%.

Guidance is available at paragraph 6 on the back of the 2016 Annual Return and in the *Practitioners' Guide* – available on line at the NALC website.

You can set out your explanations of variances in any way you wish, but they should be clear and complete and easy to follow.

Our suggested method of how to identify variances that require explanation, and suggested layout for providing explanations are set out below and on page 12.

#### Identifying which variances require explanation

Positive and negative variances must be explained

Box on Section 2	2015 £	2016 £	Variance Increase (+) or decrease (-) (2016 less 2015) £	% (Variance divided by 2015 figure multiplied by 100)	Explanation required? Less than £250? - NO Less than 15% - NO More than 15% - YES
Box 2 Precept or Rates or Levies	<del>5834</del> 5176	<del>5287</del> 5397	+ 221	4.27	NO
Box 3 Total other receipts	1156	13058	+11902	1029.58	YES
Box 4 Staff costs	2582	2115	- 467	18.08	YES
Box 5 Loan interest/ capital repayments	—	—	—	—	—
Box 6 All other payments	5503	3305	- 2198	39.94	YES

Box 9 Total fixed assets plus long term investments and assets	—	—	—	—	—
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**Section 5**

**c) Explanations of significant variances on the Accounting Statements - continued**

**Suggested layout for explanations**

One sheet to be prepared for each variance that requires explanation.

<b>BOX NO</b> <u>3</u> .....	£
Figure in 2016 column	13058
Figure in 2015 column	1156
Variance (2016 figure less 2015 figure) A positive figure is an increase, a negative figure is a decrease	11902 +

Reasons (as many as are applicable)	Amount £
Reason 1 <u>Grants for new play equipment</u>	10903
Reason 2	
Reason 3	
Reason 4	
Unexplained	
Confirm unexplained amount is less than 15% of 2015 figure	

**Council Tax Support Grant (Applies only to Parish Councils and Meetings)**

The Council Tax Support Grant, if received, is paid over at the same time as the Precept. Please note that **only the Precept should be recorded in Box 2 (Precept or Rates and Levies )** on the Annual Return.

Council Tax Support Grant must be included in Box 3 (Total other receipts).

The Council Tax Support Grant, if paid, may be annotated separately on the documentation sent to the Council by the District/Borough Council when the payments are made. If it is not you will need to contact your District/Borough Council to find out how much Council Tax Support Grant has been paid for 2015/16.



**Section 5**

**c) Explanations of significant variances on the Accounting Statements - continued**

Suggested layout for explanations

One sheet to be prepared for each variance that requires explanation.

<b>BOX NO</b> ..... 4 .....	£
Figure in 2016 column	2 115
Figure in 2015 column	2582
Variance (2016 figure less 2015 figure) A positive figure is an increase, a negative figure is a decrease	- 467

Reasons (as many as are applicable)	Amount £
Reason 1 previous clerks pay included 2 months from	289
Reason 2 2013/4 (Feb. March)	
Reason 3	
Reason 4	
Unexplained	
Confirm unexplained amount is less than 15% of 2015 figure	

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**Section 5**
**c) Explanations of significant variances on the Accounting Statements - continued**
**Suggested layout for explanations**

One sheet to be prepared for each variance that requires explanation.

<b>BOX NO</b> ..... 6 .....	£
Figure in 2016 column	3305
Figure in 2015 column	5503
Variance (2016 figure less 2015 figure) A positive figure is an increase, a negative figure is a decrease	- 2198

Reasons (as many as are applicable)	Amount £
Reason 1 No community development costs	1541
Reason 2 Clerks expenses reduced as no community development costs	226
Reason 3 development costs	
Reason 4	
Unexplained	
Confirm unexplained amount is less than 15% of 2015 figure	

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