

VAK  
28/06/16

# 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)

\*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:

**WHETSTONE 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.	YES		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.	YES		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.	YES		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.	YES		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.	YES		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.	YES		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.	YES		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.	YES		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
			N/A

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

39 d).

dated: 23/06/16

Signed by:

Chair

*[Signature]*

23/6/16

dated

Signed by:

Clerk

dated

*[Signature]*

20/6/16

**\*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

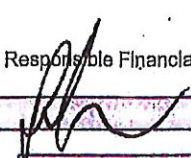
Enter name of smaller authority here:

**WHETSTONE PARISH COUNCIL**

	Year ending		Notes and guidance
	31 March 2015 £	31 March 2016 £	
1. Balances brought forward	137,773	178,650	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	170,722	180,500	Total amount of precept or (for IDBs) rates and levies received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	62,159	40,116	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	110,242	123,457	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	6,025	6,025	Total expenditure or payments of capital and interest made during the year on the smaller authority's borrowings (if any).
6. (-) All other payments	75,737	88,071	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	178,650	181,713	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	179,826	173,731	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	916,458	1,145,408 <sup>PS</sup> <del>1,066,159</del>	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	32,162	27,279	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.
		NO	

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: 20/6/16

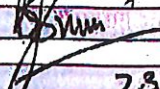
I confirm that these accounting statements were approved by this smaller authority on this date:

23/6/16

and recorded as minute reference:

39 c)

Signed by Chair of the meeting approving these accounting statements.

  
Date: 23/6/16

# Section 3 – External auditor certificate and report 2015/16 Certificate

We certify that we have completed our review of the annual return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year-ended 31 March 2016 in respect of:

Enter name of  
smaller authority here:

Whetstone Parish Council

## Respective responsibilities of the body and the auditor

This smaller authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The smaller authority prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2016; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review the annual return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and does not provide the same level of assurance that such an audit would do.

## External auditor report

(Except for the matters reported below)\* on the basis of our review of the annual return, in our opinion the information in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (\*delete as appropriate).

SEE ATTACHED

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the smaller authority:

SEE ATTACHED

(continue on a separate sheet if required)

External auditor signature

Grant Thornton UK LLP

External auditor name

Grant Thornton UK LLP

Date

26/9/16

Note: The NAO issued guidance applicable to external auditors' work on 2015/16 accounts in Auditor Guidance Note AGN/02. The AGN is available from the NAO website ([www.nao.org.uk](http://www.nao.org.uk))

# Annual internal audit report 2015/16 to

Enter name of smaller authority here:

**WHETSTONE 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.			NO PETTY CASH.
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 **JACQUELINE COX**

Signature of person who carried out the internal audit  Date **17/06/2016**

\*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).

This page is part of Section 3 - External auditor certificate and opinion 2015/16

**Whetstone Parish Council**  
**Audit Report for the year ended 31 March 2016**

**Matters reported**

**Period for the exercise of public rights**

The Local Audit and Accountability Act 2014 (the Act), sections 26 and 27, and the Accounts and Audit Regulations 2015 (the Regulations), sections 14 and 15, set out the requirements for the period for the exercise of public rights of objection, inspection and questioning of the external auditor. In particular section 14(1) of the Regulations stipulates that any rights of objection, inspection and questioning of the external auditor conferred by sections 26 and 27 of the Act may only be exercised within a single period of 30 working days.

(i) The Parish Council approved its Annual governance statement and Accounting statements on 23 June 2016, but published them on its website on 12 May 2016 with a commencement date for the exercise of public rights on 24 June 2016. This means that the Council has published uncertified and unapproved accounts.

(ii) In addition, the Parish Council published its Notice indicating the period for the exercise of public rights commenced on 24 June 2016 and ended on 8 August 2016. This is more than the 30 working days as required by the Regulations. For any days over those 30 working days, a member of the public would have no formal rights in respect of objection, inspection and questioning of the external auditor. As the external auditor, this year we have withheld our certification of the Annual Return until the end of the period published by the Council in its Notice to ensure that public rights are not perceived to be denied due to an incorrect Notice.

In the future, the Council must ensure that it complies with the Local Audit and Accountability Act 2014, sections 26 and 27, and the Accounts and Audit Regulations 2015, sections 14 and 15 to ensure that the dates for the exercise of public rights are properly calculated and published and cover a single period of 30 working days.

(iii) In our view, the correct response to Assertion 1 on Section 1 of the Annual Return in 2015/16 should be 'No'. The Council should also consider the impact of this failure on its disclosures in the 2016/17 Annual Return.

This page is part of Section 3 - External auditor certificate and opinion 2015/16

**Whetstone Parish Council  
Audit Report for the year ended 31 March 2016**

**Other matters not affecting our opinion which we wish to draw to the attention  
of Whetstone Parish Council for the year ended 31 March 2016**

**Order of signing the Annual governance statement (Section 1) and the Accounting  
statements (Section 2)**

(iv) The Parish Council has considered, approved and signed the Annual Governance Statement (Section 1) as minute reference 39d and the Accounting Statements (Section 2) as minute reference 39c on the same day. This appears to be in the wrong order. The Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be considered, approved and signed before the Accounting statements at Section 2 by resolution of members of the authority meeting as a whole. In future, the Parish Council should ensure that the minute references clearly demonstrate that the Annual Governance Statement was considered, approved and signed before the Accounting statements.

**S1 pre-signed by the Clerk before the date of approval**

(v) The Parish Council has considered and approved the Annual Governance Statement (Section 1) on 23 June 2016. The Clerk has pre-signed the Annual Governance Statement (Section 1) on 20 June 2016, which is before the date of approval. The signature of the Clerk on Section 1 is confirmation of approval in accordance with the Accounts and Audit Regulations 2015 and should be on the same date as approval. In future, the Parish Council should ensure that the Annual Governance Statement (Section 1) is signed when it is approved by the Council.

Grant Thornton UK LLP

Grant Thornton UK LLP

Date 26/9/16

Our ref LCS276

estate. He had attended Planning Committee as a ward member to talk on behalf of Cosby residents to speak against a planning application which had been refused by the Committee.

RESOLVED: That the written and verbal reports given be received.

**99. REPORTS FROM REPRESENTATIVES ON OUTSIDE BODIES**

None.

**100. FINANCE**

**a) TO RECEIVE ACCOUNTS AND CONFIRM BALANCE SHEET**

RESOLVED: That the accounts paid up to the end of October 2016 were confirmed. The bank reconciliation statement was signed by the Chairman on behalf of Council.

**b) TO RECEIVE THE EXTERNAL AUDITORS REPORT FOR ACCOUNTING PERIOD TO YEAR ENDING 31<sup>ST</sup> MARCH 2016**

The Clerk presented the External auditors report and accompanying notes. The Clerk reported the following in response to Grant Thornton audit report page 1 – Matters Reported - **Period for exercise of public rights**. The report was tabled and page 1 of 2 marked as (i),(ii) and (iii).

These were reported as follows:

- (i) The Clerk had spoken to the Lead Auditor at Grant Thornton after emailing them and disagreeing with this statement which was incorrect. Whetstone Parish Council had published its notice for elector's rights as per the date stated, as the 14 day period previously stated as being required from the commencement date had been removed off the notice. 12<sup>th</sup> May 2016 was the date that the RBS Rialtis accounts system used by the Council for its financial accounts were closed down for year end and those system accounting statements were published as draft on the website for members of the public to view if they wished. At no point were the Annual Governance Statement and Accounting Statements of the annual return published online as they were not yet generated. They were only generated once the internal auditor had completed the internal audit and completed that section of the annual return form.

This was presented to Council on 23<sup>rd</sup> June 2016. At this point, and on the following day, 24<sup>th</sup> June, the clearly labelled approved by Council but as yet un-certified copy of the annual return was then published on the website. The statement was therefore challenged with Grant Thornton as being untrue and incorrect.

- (ii) The 30 day period had always been given as 30 clear days i.e. first day the notice is placed, then 30 clear days, then the notice is removed. The Clerk /RFO had used this practice as a fair and transparent system for the public should they wish to inspect the accounts and had done this for 9 years without any comment or penalty. The point was noted by Grant Thornton but insisted that 30 days was statute, not "32" as had been given on the dates of notice. This was argued as being a minor point not and certainly not one affecting opinion.
- (iii) The Clerk had argued this with the Lead Auditor as being unjust based on the two previous points. The Lead Auditor was not in agreement and suggested that if "85% of all parishes were not compliant, we could have a serious problem".



The Clerks argument was that the matters above, if accepted, were all matters after the accounting period and purely indicating access to the completed years accounting period, to which no issues at all had been raised in either matters affecting or not affecting opinion by the Auditors.

To mark this box as a NO meant that the Council had NOT put in place arrangements for effective financial management during the year and for the preparation of the accounting statements. This again had been argued with the lead Auditor.

The Clerk had sought the opinion of the Internal Auditor who was disappointed with the External Audit Report and was happy to report to Council that Whetstone Parish Council had a very strong and robust system in place for all of its financial management, and that the opinions made were the opinion of an auditor.

RESOLVED: That the matters reported affecting opinion were not accepted.

That the Clerk leave the Annual Governance Statement Box 1 as YES. That Council were happy that Council had put in place arrangements for effective financial management during the year and for the preparation of the accounting statements. That the matters raised were not warranting a matter affecting opinion and that the Clerk write to Head of Grant Thornton making them aware of the decision.

In response to Grant Thornton audit report page 2 – Matters Reported but not affecting opinion, the report was tabled and page 2 of 2 marked as (iv) and (v) were reported as follows:

- (iv) **Order of signing** – This was accepted as an error as last year's order of annual minutes were a "cut and paste" and due to this year's annual return swapping the order of the sections 1 and 2 around, this was not spotted and minuted accordingly as per the incremental minute order, and as per the agenda.
- (v) **S1 Pre signed by Clerk** – This was accepted and was signed as per the date of agenda generation and sent out as a copy in agenda packs. The order of signing, and dating if indeed there needs to be one, should be stated, as this could not be found as being needed as such in the notes accompanying the return.

RESOLVED: That the matters reported not affecting opinion be received.

RESOLVED: That the external auditors report be received and comments noted, but that Council are not in agreement with its conclusion for the reasons given above.

#### **101. CLERKS REPORT**

The Clerk reported the following: The Park Vets had agreed to be the host for one defibrillator. The second site was being investigated. The Stepping Stones tree and hedge grant application had been successful. The Clerk informed Members that he hoped to apply for an LCC Energy Audit Grant application. If successful, this would lead to a maximum £5000 matched funding grant application for new technology installation into public buildings. He was wished every success in this application.