

PENKETH PARISH COUNCIL

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:

Penketh 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:

C 2272
dated 16514

Signed by:

Chair

dated

Signed by:

Clerk

dated

6.9.16.

6.9.16

*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:

Penketh Parish Council

	Year ending		Notes and guidance				
	31 March 2015	31 March 2016					
1. Balances brought forward	135,686	150,214	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	170,257	170,257	Total amount of precept or (for IDBs) rates and levies received or receivable in the year. Exclude any grants received.				
3. (+) Total other receipts	97,434	87,905	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	144,945	167,008	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	108,217		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	150,214	73,259	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	150,689	143,584	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	1,204,146	1,206,631	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)	<table border="1"> <tr> <th>Yes</th> <th>No</th> </tr> <tr> <td></td> <td>X</td> </tr> </table>		Yes	No		X	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.
Yes	No						
	X						

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

G. Humphreys

Date

6.9.16.

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

16.5.16

and recorded as minute reference:

C2279.

Signed by Chair of the meeting approving these accounting statements.

[Signature]

Date

6.9.16.

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:

PENKETH

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).

(continue on a separate sheet if required)

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

Please see enclosed report

BDO LLP Southampton
United Kingdom

(continue on a separate sheet if required)

External auditor signature

[Signature]

External auditor name

**BDO LLP Southampton
United Kingdom**

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)

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ISSUES ARISING REPORT FOR
Penketh Parish Council
Audit for the year ended 31 March 2016

BDO

Introduction

The following matters have been raised to draw items to the attention of Penketh Parish Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2016. This report must be presented to a full meeting of the smaller authority for review.

The audit of the annual return may not disclose all shortcomings of the systems as some matters may not have come to the attention of the auditor. For this reason, the matters raised may not be the only ones that exist.

The matters listed below are explained in further detail on the page(s) that follow;

- Accounting Statements
 - Fixed assets included at a valuation
 - Budget
-

The following issue(s) have been raised as there are minor errors on the annual return which we wish to draw to the attention of the council so they do not occur again in future years.

Accounting Statements

What is the issue?

Box 6, other payments, has been left empty. It should state £168,109.

Why has this issue been raised?

The accounting statements have not been completed in accordance with Proper Practices and they do not add up.

What do we recommend you do?

Next year box 6 should be stated at £168,109 and the council should ensure that the accounting statements are fully completed in accordance with the regulations.

Further guidance on this matter can be obtained from the following source(s):

NALC/SLCC - A Practitioners' Guide

The following issue(s) have been raised to assist the council. The council is recommended to take action on the following issue(s) to ensure that the council acts within its statutory and regulatory framework.

Fixed assets included at a valuation

What is the issue?

It has come to our attention that fixed assets have been included in box 9 at a valuation amount. All assets should be included at cost.

A smaller authority should not adjust assets disclosed on the annual return for revaluations, depreciation or impairment. The only movements on assets should be the cost of additions or the cost value of any disposals.

Why has this issue been raised?

The accounting treatment is not in compliance with proper practices.

What do we recommend you do?

The Practitioners Guide states that all assets should be held at cost. In future the smaller authority should review the current Practitioners Guide to ensure that they are accounting for assets correctly.

The cost value of assets is not expected to change unless an asset is ever disposed of or scrapped.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in England - A Practitioners' Guide, NALC/SLCC

Budget

What is the issue?

Although a budget was prepared the amount of the budget and the resulting precept was not resolved at a meeting of the Council

Why has this issue been raised?

This is not in compliance with the Local Government Finance Act 1992

What do we recommend you do?

The council should ensure in future that the budget is reviewed and the precept agreed. A resolution should be passed to agree both the budget and the precept.

Further guidance on this matter can be obtained from the following source(s):

The Local Government Finance Act 1992

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 26 September 2016

INTERNAL AUDIT REPORT- 2015/2016
PENKETH PARISH COUNCIL

The internal audit of Penketh Parish Council was carried out by undertaking the following tests as specified on the Annual Return for Local Councils in England:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved, and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year end testing on the accuracy and completeness of the financial statements

Conclusion

On the basis of the internal audit work carried out, which was limited to the tests indicated above, in our view the council's system of internal controls is in place, adequate for the purpose intended and effective, subject to the recommendations reported in the action plan overleaf.

As part of the internal audit work for the next financial year we will follow up all recommendations included in the action plan.

JDH Business Services Ltd

JDH Business Services Limited

INTERNAL AUDIT REPORT- 2015/2016
PENKETH PARISH COUNCIL

	ISSUE	RECOMMENDATION	FOLLOW UP
1	<p>The council wrote out a cheque in January 2016 which has not yet been signed or sent out as the Council are waiting for works to be completed.</p> <p>It is currently in the accounts as an unresented cheque.</p>	<p><i>This amount should be included within the 15/16 accounts as a creditor and entered in the 16/17 cash book when the payment is made.</i></p>	
2	<p>The accounts have been prepared on a receipts and payments basis for 15/16 with adjustments made for 14/15 accruals.</p> <p>The Council's income and expenditure exceeds the £200,000 threshold so their accounts must be prepared on an income and expenditure basis.</p> <p>This appears to have been as a result of a recommendation from the external auditor that the bank reconciliation should reconcile the bank balance to the cash book.</p> <p>The format of the bank reconciliation used previously did not demonstrate this clearly.</p>	<p><i>The accounts must be amended to include the following:</i></p> <p><i>Debtor £1173.30</i></p> <p><i>Total Cash & Investments £143583.92</i></p> <p><i>VAT creditor £336.81</i></p> <p><i>Other creditors £71161.49</i></p> <p><i>The following balance will need to be amended on the annual return</i></p> <p><i>Total cash & short term investments = £143,584</i></p> <p><i>We have provided a suggested format for the bank reconciliation to the clerk that demonstrates that the cash book balances to the bank balances.</i></p>	
3	<p>Fixed assets balance has increased by £2485. We could not see from the asset register which assets have been added in 15/16.</p>	<p><i>The asset register should include the date of additions for new assets and the date of disposal.</i></p>	