



Branston Parish Council



31 May 2018

Mazars LLP
Aykley Heads
Durham
DH1 5TS

Dear Sir/Madam

Re: **ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN FOR 2017/18**
BRANSTON PARISH COUNCIL

Please find enclosed the Annual Governance and Accountability Return for 2017/18 on behalf of Branston parish council.

Should you require any further information, please do not hesitate to contact me.

Regards

Kay Lear
Clerk/RFO
On behalf of Branston Parish Council

Local Councils, Internal Drainage Boards and other Smaller Authorities in England

Annual Governance and Accountability Return 2017/18 Part 3

To be completed by:

- all smaller authorities* where either the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; and
- any other smaller authorities that either:
 - are unable to certify themselves as exempt; or
 - have requested a limited assurance review.

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2017/18

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Part 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with Proper Practices.
2. The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:
 - The **annual internal audit report** is completed by the authority's internal auditor.
 - **Sections 1 and 2** are to be completed and approved by the authority.
 - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved **before 2 July 2018**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or requesting a limited assurance review, **must** send to the external auditor:
 - the Annual Governance and Accountability Return Sections 1, 2 and 3, together with
 - a bank reconciliation as at 31 March 2018
 - 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

Unless requested, do not send any original records to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed and is able to give an opinion on the limited assurance review, the Annual Governance and Accountability Return including **Section 3 – External Auditor Report and Certificate** will be returned to the authority.

Publication Requirements

Smaller authorities with either income or expenditure exceeding £25,000 **must** publish on a public website, under the Accounts and Audit Regulations 2015, the Annual Governance and Accountability Return:

- **Section 1 – Annual Governance Statement 2017/18**, page 4
- **Section 2 – Accounting Statements 2017/18**, page 5
- **Section 3 – The External Auditor Report and Certificate 2017/18**, page 6
- Notice of the period for the exercise of public rights and other information required by Regulation 15 (2), Accounts and Audit Regulations 2015.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

**for a complete list of bodies that may be smaller authorities refer to schedule 2 to Local Audit and Accountability Act 2014.*

Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2017/18

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this Annual Governance and Accountability Return. *Proper Practices* are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the Annual Governance and Accountability Return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Avoid making amendments to the completed Annual Governance and Accountability Return. Any amendments must be approved by the authority, properly initialled and accompanied by an explanation. If the Annual Governance and Accountability Return contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the annual internal audit report prior to approving the annual governance statement and before approving the accounts.
- Use the checklist provided below to review the Annual Governance and Accountability Return for completeness before sending it to the external auditor.
- Do not send the external auditor any information not specifically requested. However, you **must** inform your external auditor about any change of Clerk, Responsible Finance Officer or Chairman, and provide relevant email addresses and telephone numbers.
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the Annual Governance and Accountability Return covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the explanation.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs will be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2017) equals the balance brought forward in the current year (Box 1 of 2018).
- Please enter the authority's name **only** in Section 3 on Page 6. **Do not complete the remainder of that section**, which is reserved for the external auditor.
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights. From the commencement date for a single period of 30 consecutive working days, the accounts and accounting records can be inspected. Whatever period the RFO sets it **must** include a common inspection period – during which the accounts and accounting records of all smaller authorities must be available for public inspection – of the first ten working days of July.
- The authority **must** publish the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor.

| Completion checklist – 'No' answers mean you may not have met requirements | | Yes | No |
|--|--|-----|----|
| All sections | Have all highlighted boxes have been completed? | ✓ | |
| | Has all additional information requested, including the dates set for the period for the exercise of public rights , been provided for the external auditor? | ✓ | |
| Internal Audit Report | Have all highlighted boxes have been completed by the internal auditor and explanations provided? | ✓ | |
| Section 1 | For any statement to which the response is 'no', is an explanation provided? | ✓ | |
| Section 2 | Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting? | ✓ | |
| | Has an explanation of significant variations from last year to this year been provided? | ✓ | |
| | The bank reconciliation as at 31 March 2018 is agreed to Box 8? | ✓ | |
| | Has an explanation of any difference between Box 7 and Box 8 been provided? | ✓ | |
| Sections 1 and 2 | Trust funds – have all disclosures been made if the authority is a sole managing trustee? NB: do not send trust accounting statements unless requested or instructed. | — | |

*More guidance on completing this annual return is available in **Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices**, which can be downloaded from www.nalc.gov.uk or from www.slcc.co.uk or from www.ada.org.uk

Annual Internal Audit Report 2017/18

BRANSTON PARISH COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2018.

The internal audit for 2017/18 has been carried out in accordance with this 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 authority.

| Internal control objective | Agreed? Please choose one of the following | | |
|--|--|-----|----------------|
| | Yes | No* | Not covered** |
| A. Appropriate accounting records have been properly kept throughout the financial year. | ✓ | | |
| B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for. | ✓ | | |
| C. This 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 KEF | | ✓ |
| G. Salaries to employees and allowances to members were paid in accordance with this 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 authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

30/03/18 & 02/05/18

ALAN TOPLIS - TOPPLIS ASSOCIATES LTD

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

02/05/18

*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, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2017/18

We acknowledge as the members of:

BRANSTON PARISH COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for 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 2018, that:

| | Agreed | | 'Yes' means that this 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. | ✓ | | <i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i> | |
| 2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness. | ✓ | | <i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i> | |
| 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 authority to conduct its business or manage its finances. | ✓ | | <i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i> | |
| 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. | ✓ | | <i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i> | |
| 5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required. | ✓ | | <i>considered and documented the financial and other risks it faces and dealt with them properly.</i> | |
| 6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems. | ✓ | | <i>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.</i> | |
| 7. We took appropriate action on all matters raised in reports from internal and external audit. | ✓ | | <i>responded to matters brought to its attention by internal and external audit.</i> | |
| 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 authority and, where appropriate, have included them in the accounting statements. | ✓ | | <i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i> | |
| 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 | N/A | <i>has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.</i> |
| | | | ✓ | |

*Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the authority will address the weaknesses identified.

This Annual Governance Statement is approved by this authority and recorded as minute reference:

5711/22-5-18

dated

22/5/18

Signed by the Chairman and Clerk of the meeting where approval is given:

Chairman

Michael Acord

Clerk

KL

Other information required by the Transparency Codes (not part of Annual Governance Statement)

Authority web address

www.branstonparishcouncil.co.uk

Section 2 – Accounting Statements 2017/18 for

BRANSTON PARISH COUNCIL

| | Year ending | | Notes and guidance |
|---|--------------------|--------------------|---|
| | 31 March 2017 £ | 31 March 2018 £ | |
| 1. Balances brought forward | 93 786 | 114 848 | 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 | 42 960 | 45 695 | Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received. |
| 3. (+) Total other receipts | 61162 | 40946 | 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 | 17211 | 20891 | 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 authority's borrowings (if any). |
| 6. (-) All other payments | 65849 | 36917 | 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 | 114848 | 143681 | 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 | 114848 | 143681 | 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 | 216000 | 219000 | The value of all the property the authority owns – it is made up of all its fixed assets and long term investments 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) | 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 2018 the Accounting Statements in this Annual Governance and Accountability Return present fairly the financial position of this authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

SIGNATURE REQUIRED

Date

22/05/18

I confirm that these Accounting Statements were approved by this authority on this date:

22/05/18

and recorded as minute reference:

572/22/05/18

Signed by Chairman of the meeting where approval of the Accounting Statements is given

SIGNATURE REQUIRED

Mike Ackroyd

Section 3 – External Auditor Report and Certificate 2017/18

In respect of

ENTER NAME OF AUTHORITY

1 Respective responsibilities of the body and the auditor

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2018; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability 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.

2 External auditor report 2017/18

(Except for the matters reported below)* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other 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 authority:

(continue on a separate sheet if required)

3 External auditor certificate 2017/18

We certify/do not certify* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2018.

*We do not certify completion because:

External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DD/MM/YY

*Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2017/18 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

Confirmation regarding the exercise of public rightsLocal Council name: BRANSTON PARISH COUNCIL

The Council must inform the electorate of a 30 working day period during which public rights may be exercised.

The inspection period must include the first **10 working days** of July 2018. It must start the day after the annual return has been published on your website (or noticeboard for parish meetings) and publication must be as soon as practical after the unaudited annual return has been approved by the Authority.

Working days are defined as Monday – Friday. They **do not** include Saturdays, Sundays and Bank holidays.

(See calendar guide overleaf)

The inspection period commences on: MONDAY 4 JUNE 2018And ends on: FRIDAY 13 JULY 2018Signed:  Date: 23rd May 2018Position held: CLERK / RFO

Local Council name: BRANSTON PARISH COUNCIL

Confirmation of contact details

Please confirm the contact details for the Clerk, RFO (if not the clerk) and Chairman, to assist us in ensuring that our records are kept up to date:

| | | |
|---|--|---|
| Clerk's name: <i>Kay Lear</i> | RFO's name (if not clerk) <i>As clerk</i> | Chair's name <i>Michael Ackroyd</i> |
| Address: <i>30 West Edge</i> <i>Kay</i> <i>Burton on Trent</i> <i>Staffordshire</i> | Address: | Address: <i>9 Glencroft Close</i> <i>Branston</i> <i>Burton on Trent</i> <i>Staffordshire</i> |
| Telephone: Home: <i>01283 530554</i> Work: <i>—</i> | Telephone: Home: Work: | Telephone: Home: Work: <i>07836613241</i> |
| e-mail: <i>clerk.branston.parish</i> <i>council@gmail.com</i> | e-mail: | e-mail: <i>mike.ackroyd</i> <i>@hotmail.com</i> |

Please return this form in the envelope provided, together with the Annual Return and other information requested.

Section 2 - Branston Parish Council

STATEMENT OF ACCOUNTS - 31ST MARCH 2018

RECEIPTS

| | |
|--|-----------------|
| Precept | 45695.00 |
| Tax grant | 2093.00 |
| VAT | 9862.14 |
| Grants/S106 (includes Pavilion projects) | 22725.00 |
| Peacewood | 100.00 |
| Pavilion (room hire) | 6165.86 |
| Total | 86641.00 |

PAYMENTS

| | |
|--------------------------|-----------------|
| Staff costs | 20891.76 |
| Stationery | 681.41 |
| Room hire | 15.00 |
| Chair allowance | 41.70 |
| Postage/telephone | 344.87 |
| Training/travelling | 845.64 |
| Maintenance | 11986.21 |
| Projects | 9947.50 |
| Pavilion | 6806.18 |
| Audit/insurance | 2033.98 |
| Membership | 823.00 |
| Section 137/Bank charges | 191.25 |
| VAT | 3199.86 |
| Total: | 57808.36 |

Cash book: 31st March 2018

| | |
|---------------------------------|-------------|
| Opening balance 31st March 2017 | £114,848.89 |
| Income | 86641.00 |
| Total | £201,489.89 |

| | |
|------------------|------------|
| Less expenditure | £57,808.36 |
|------------------|------------|

Total cashbook 31st March 2018

£143,681.53

Bank: 31st March 2018

| | |
|----------------|--------------------|
| Yorkshire bank | £111,701.16 |
| Lloyds bank | £33,387.20 |
| Total | £145,088.36 |

Less unpresented cheques:

| | |
|----|---------|
| 56 | 150.00 |
| 79 | 320.83 |
| 83 | 45.00 |
| 84 | 628.00 |
| 85 | 150.00 |
| 89 | 24.00 |
| 90 | 89.00 |
| | 1406.83 |

Bank balance 31st March 2018

143681.53

SECTION 2 - BRANSTON PARISH COUNCIL

Bank reconciliation 31st March 2018

Cash book: 31st March 2018

| | |
|---------------------------------|-------------|
| Opening balance 31st March 2017 | £114,848.89 |
| Income | 86641.00 |
| Total | £201,489.89 |
| Less expenditure | £57,808.36 |

Total cashbook 31st March 2018 **£143,681.53**

Bank: 31st March 2018

| | |
|----------------|-------------|
| Yorkshire bank | £111,701.16 |
| Lloyds bank | £33,387.20 |
| Total | £145,088.36 |

Less unrepresented cheques:

| | |
|----|---------|
| 56 | 150.00 |
| 79 | 320.83 |
| 83 | 45.00 |
| 84 | 628.00 |
| 85 | 150.00 |
| 89 | 24.00 |
| 90 | 89.00 |
| | 1406.83 |

Bank balance 31st March 2018 **143681.53**

Signed:

Klear, Clerk / RTO

On behalf of Branston Parish Council

BRANSTON PARISH COUNCIL

ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN FOR 2017/18

SIGNIFICANT VARIANCES

BOX 3 (Decrease £20216)

Grant was received towards the purchase of a MUGA in 2016/17

BOX 4 (Increase £3680)

Increase as a result of appointment of Utilities Assistant. Clerk also joined the LGPS in 2017/18

BOX 6 (Decrease £25932)

Final payment of MUGA in 2016/17

BOX 9 (Increase£3000)

Additional asset purchases

| | |
|----------|--------|
| Barrier | £850 |
| Planters | £1,950 |
| Trolley | £200 |

Local council name: BRANSTON PARISH COUNCIL

Notice of appointment of date for the exercise of public rights

Accounts for the year ended 31st March 2018

The Local Audit and Accountability Act 2014, and
The Accounts and Audit (England) Regulations 2015 (SI 234)

| | |
|---|--|
| <p>1. Date of announcement: <u>23rd May 2018</u> (a)</p> <p>2. Each year the Council's/Meeting's (b) Annual Return is audited by an auditor appointed by Public Sector Audit Appointments Limited. Any person interested has the right to inspect and make copies of the accounts to be audited and all books, deeds, contracts, bills, vouchers and receipts relating to them. For the year ended 31 March 2018 these documents will be available on reasonable notice on application to:</p> <p>(c) <u>Ms K Lear, Clerk / RFO</u> <u>Tel: 01283 530554 Mobile 07949 242480</u> <u>Email: clerk@bramptonparishcouncil.gov.uk</u></p> <p>commencing on (d) <u>Monday 4 June 2018</u></p> <p>and ending on (e) <u>Friday 13th July 2018</u> <u>At a mutually convenient date / time</u> <u>Monday to Friday</u></p> <p>3. Local Government Electors and their representatives also have:</p> <ul style="list-style-type: none"> • the opportunity to question the auditor about the accounts; and • the right to make objections to the accounts or any item in them. Written notice of an objection must first be given to the auditor and a copy sent to the Council/Meeting (f). <p>The auditor can be contacted at the address in paragraph 4 below for this purpose during the inspection period at 2 above.</p> <p>4. The audit is being conducted under the provisions of the Local Audit and Accountability Act 2014, the Accounts and Audit (England) Regulations 2015 and the National Audit Office' Code of Audit Practice. Your audit is being carried out by:</p> <p>Mazars LLP, Aykley Heads, Durham, DH1 5TS</p> <p>5. This announcement is made by (g) <u>Klear, Clerk / RFO</u></p> | <p>(a) Insert date of placing of this notice on your website.</p> <p>(b) Delete as appropriate.</p> <p>(c) Insert name, position and contact details of the Clerk or other person to whom any person may apply to inspect the accounts.</p> <p>(d) And (e) The inspection period must include 2 July 2018 to 13 July 2018 inclusive and be 30 working days in total.</p> <p>(f) Delete as appropriate</p> <p>(g) Insert name and position of person placing the notice</p> |
|---|--|

TOPLIS ASSOCIATES LTD.

STREETHAY LODGE
STREETHAY
LICHFIELD
STAFFORDSHIRE WS13 8LR

TEL: 01543-419202

4 May, 2018

The Chairman
Branston Parish Council
c/o Mrs K Lear - Clerk
30 Forest Edge Way
Burton on Trent
Derbyshire
DE13 0PQ

Dear Councilor

Conclusion of Internal Audit of your Parish Council For the year ended 31st March 2018

Following the completion of my work for the above year we are writing to inform the Council that having carried out the year-end review I have been able to sign the Annual Governance and Accountability Return ("AGAR") without any qualification.

The independent internal examination of the Councils governance, financial affairs and certification of the 2017-18 AGAR to the External Auditor was carried out in accordance with the standards laid out in the Accounts and Audit Regulations, 2015 (as amended) and embodied in the Governance and Accountability Practitioners Guide 2018.

In summary, we covered the following areas in our examination:

- Proper Bookkeeping
- Financial Regulations, Standing Orders and Payment Controls
- Risk Management and Insurance arrangements
- Budgetary Controls
- Income Controls
- Payroll Controls
- Asset Control
- Bank Accounts and Reconciliation
- Year End Procedures.

This year we have also carried out a review of your web site to evaluate its conformance to the Local Government Transparency Code 2015 which is to be viewed as a minimum standard.

You will be aware that the new requirements of the General Data Protection Regulation ("GDPR") come into effect from late May this year. We note that you still have to fully address this matter and would remind you that the regulation comes in to force at the end of May 2018.

We made two visits during the fiscal year and were accorded with full co-operation by your Clerk. Any issues which we raised with the Clerk during the conduct of our work have either been satisfactorily rectified or are noted below.

A copy of our Annual Internal Audit certification (page 3 of the AGAR) for 2017-18 is attached.

In respect of the new Council year we make the following observations and recommendations for your consideration:

1. We note that your general reserves at the end of the audit year (c£145k) indicate that you have a "cover" of 3.54 (the ratio of net funds to annual precept). This is well above the maximum considered allowable and you may well be asked by the External Auditor to justify this high level.

From our discussions with the Clerk it is obvious that you do intend to use a considerable part of the general funds on major projects in the future but have never voted to earmark these funds. We wish to point out to you that the correct procedure to be followed in these cases is to Earmark Funds for specific projects (having agreed them in full council and properly recorded them).

Earmarked funds:

- a. Can be a static sum or dynamic to reflect cumulative savings over a period of years for a major project;
- b. Can be un-Earmarked at any time (again by agreement of the full council);
- c. Are excluded from net funds when calculating the cover ratio

We recommend that you now consider Earmarking some of your monies at the next full council meeting so that if the External Auditor queries the cover level you can demonstrate intent albeit after the end of the audit year in question. You should note that the External Auditor can ask to see signed supporting minutes to prove earmarking and can also ask for documents to support planned projects;

2. Before the end of the current fiscal year (2018/19) your council should again review the level of Earmarked Funds and adjust them according to your future plans;
3. We have reviewed the amount of receipts which your council is receiving from various types of lettings and would point out that you are now at around a level which HM Customs and Revenue consider parish councils to be effectively "trading" and must register for and charge VAT (at 20%) on relevant income.

Normal levels for registration for VAT in businesses do not apply to parish councils. We understand that your Clerk had raised this matter but as the year progressed and income rose this item has become more critical. This matter now requires urgent investigation (see 5 below);

4. It is clear from a review of your VAT reclaim that you are claiming VAT back on items which are part of your trading activities and are not items of expenditure to support your democratic activities. Unless you are fully registered as a trading organisation this type of reclaim is not allowed. This matter requires urgent investigation (see 5 below);
5. Analysis of your VAT reclaim and of your levels of trading to determine what should have VAT imposed can be determined by a full scale detailed review of each of each of the 2017/18 income and expenditure records maintained by you Clerk. This process of examining every invoice and receipt
6. can be carried out by your Clerk but she will undoubtedly require some training and we would recommend that SPCA be approached to provide training and support;
7. Your council is at a major crossroads and your Clerk has indicated that you have plans to embark on two major expenditure projects. Whilst these are completely permissible you have a duty as a council to demonstrate value for money and that in particular building projects are supported by proper feasibility studies, business plans and sensitivity assessment. We have serious concerns about value for money and viability aspects of both of your projects and would seek an urgent meeting with yourself and key members to understand your projects, to explain our concern, to discuss the matter further and to satisfy ourselves that you understand the economics of the projects as well as the risks. It could be that registering or not registering for VAT as a trading parish council may completely change the feasibility of the projects or at least cause your council to consider their viability and value for money;

8. The amount of money carried in your Yorkshire Bank deposit account is considerably above the coverage afforded by the Financial Services Compensation Scheme (c£85k), We recommend that you consider opening an account with another deposit taker (such as CCLA) to spread some of the risk. You should also note that at certain short periods in the year this comment would also be true of the Lloyds Bank current account. Should you decide not to implement this recommendation your council must publish an investment strategy and specifically show how the risk is being mitigated;
9. We recommend that during the fiscal year your council should review the current Risk Assessment to ensure that it still reflects the current environment. Your council should then minute its ratification;
10. During the fiscal year your council should review your Standing to ensure that they still reflect the current environment. Your council should then minute that ratification. We understand that Finance Regulations have recently been ratified;
11. Copies of both your current Standing Orders, Finance Regulations and Risk Assessment should be displayed on your councils web site and each document must show the latest date of revision and ratification;
12. You are reminded that when the council discusses, amends or ratifies significant documents copies should be made available on your web site for members of the public to view. These documents should be either appendices to published minutes and agenda papers or as separate documents on the web site (preferably with a hypertext link to facilitate ease of searching).

It is your Council's responsibility to note these comments and to consider what action should be taken. In particular we recommend immediate attention to items 1, 3 & 4 above.

Can we take this opportunity to remind you that when the AGAR comes back from the External Auditor you do have a duty to display the accompanying notice of Completion of Audit on each of your usual notice boards and on your council's web site. The complete AGAR, the notice of Completion of Audit and any auditor's comments or qualifications should also be displayed on your web site to allow electors to see the complete card and read the External Auditors comments if they wish to do so. Please do remember to retain a copy of the notice of Completion of Audit on file as proof that you have followed the requirements of the Local Government Act.

You should also minute the External Auditors approval of the AGAR and any qualification or comments made and take action where necessary.

I shall make my next visit in October but please do not hesitate to contact me should you require advice in the meantime.

Yours sincerely,

A handwritten signature in black ink that reads "Alan Vordis". The signature is written in a cursive style with a large, stylized 'V'.