

Local Councils in England

Annual return for the financial year ended 31 March 2015

Local councils in England with an annual turnover of £6.5 million or less must complete an annual return in accordance with proper practices summarising their activities at the end of each financial year. In this annual return the term 'local council' includes a Parish Meeting, a Parish Council and a Town Council.

The annual return on pages 2 to 5 is made up of four sections:

- Sections 1 and 2 are completed by the person nominated by the local council.
- Section 3 is completed by the external auditor appointed by the Audit Commission.
- Section 4 is completed by the local council's internal audit provider.

Each council must approve this annual return no later than 30 June 2015.

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 sections highlighted in green. Do not leave any green box blank. Incomplete or incorrect returns require additional external audit work and may incur additional costs.

Send the annual return, together with your bank reconciliation as at 31 March 2015, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your external auditor by the due date.

Your external auditor will identify and ask for any additional documents needed for their work. Therefore, unless requested, do not send any original financial records to the external auditor.

Once the auditor has completed their work, certified annual returns will be returned to the local council 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 2015.

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' Guide for local councils that can be downloaded from www.nalc.gov.uk or from www.slcc.co.uk

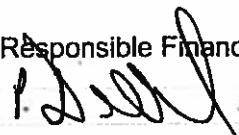
Section 1 – Accounting statements 2014/15 for

Enter name of reporting body here: **HORDEN PARISH COUNCIL** Council/Meeting

Readers should note that throughout this annual return references to a 'local council' or 'council' also relate to a parish meeting.

| | Year ending | | Notes and guidance |
|--|--------------------|--------------------|---|
| | 31 March 2014 £ | 31 March 2015 £ | |
| 1 Balances brought forward | 385,518 | 381,684 | 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 (+) Annual precept | 363,161 | 362,857 | Total amount of precept received or receivable in the year. Excludes any grants received. |
| 3 (+) Total other receipts | 273,701 | 256,651 | Total income or receipts as recorded in the cashbook less the precept received (line 2). Include any grants received here. |
| 4 (-) Staff costs | 360,375 | 361,046 | 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 council's borrowings (if any). |
| 6 (-) All other payments | 280,321 | 249,995 | 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 | 381,684 | 390,151 | Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6) |
| 8 Total cash and short term investments | 391,177 | 410,253 | 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 other long term investments and assets | 4,011,024 | 2,541,981 | The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the council 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 Disclosure note 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 2015 the accounting statements in this annual return present fairly the financial position of the council and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer


Date **15/06/2015**

I confirm that these accounting statements were approved by the council on this date:

10/06/2015

and recorded as minute reference:

F+9P 15/16/021

Signed by Chair of the meeting approving these accounting statements.



Date **15-6-2015**

Section 2 – Annual governance statement 2014/15

We acknowledge as the members of:

HEDGE PARISH COUNCIL

Council/Meeting

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 2015, that:

| | Agreed – | | 'Yes' means that the council: |
|---|----------|-----|--|
| | Yes | No* | |
| 1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices. | ✓ | | prepared its accounting statements in the way prescribed by law. |
| 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 the council 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 has given all persons interested the opportunity to inspect and ask questions about the council's accounts. |
| 5 We carried out an assessment of the risks facing the council 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 council 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 the council. |
| 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 the council 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 Trust funds (including charitable) – in our capacity as the sole managing trustee we discharged our responsibility in relation to the accountability for the fund(s)/assets, including financial reporting and, if required, independent examination or audit. | ✓ | | has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts. |

This annual governance statement is approved by the council and recorded as minute reference

F+9P 15/16/021

dated 10/06/15

Signed by:

Chair

dated

Signed by:

Clerk

dated

J White

15-6-2015

J White

P. [Signature]

15/06/2015

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

Section 3 – External auditor certificate and report 2014/15

Certificate

We certify that we have completed our review of the annual return, and discharged our responsibilities under the Audit Commission Act 1998 as transitionally saved, for the year ended 31 March 2015 in respect of:

HORDEN PARISH

Council/Meeting

Respective responsibilities of the body and the auditor

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

- summarises the accounting records for the year ended 31 March 2015; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to review the annual return in accordance with guidance issued by the Audit Commission (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)

An appropriate risk assessment has not been minuted during the year as evidence that the Council has assessed and taken appropriate steps to manage all the risks it faces. This is contrary to Regulation 4(2) of the Accounts and Audit (England) Regulations 2011.

BDO LLP Southampton
United Kingdom

(continue on a separate sheet if required)

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

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

20/4/15

Note: The Audit Commission issued guidance in its Standing Guidance, which is applicable to external auditors' work on 2014/15 accounts.

Section 4 – Annual internal audit report 2014/15 to

Horden Parish Council

Council/Meeting

The council'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 2015.

Internal audit has been carried out in accordance with the council'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 the council.

| 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 The council's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for. | ✓ | | |
| C The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. | | ✓ | |
| D The annual precept 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 council 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, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded. | ✓ | | |
| K Trust funds (including charitable) The council met its responsibilities as a trustee. | | | |
| | ✓ | | |

For any other risk areas identified by the council (list any other risk areas below or on separate sheets if needed) adequate controls existed:

See Internal Audit Report.

Name of person who carried out the internal audit *GORDON FLETCHER (C.M.I.I.A.)*

Signature of person who carried out the internal audit *G Fletcher*

Date *20/05/2015*

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).

Guidance notes on completing the 2014/15 annual return

- 1 You must apply proper practices for preparing this annual return. Proper practices are found in the Practitioners' Guide* which is updated from time to time and contains everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines if you want to talk through any problem you encounter.
- 2 Make sure that your annual return is complete (i.e. no empty green boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are drawn to the attention of and approved by the council, properly initialled and an explanation is provided to the external auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 3 Use the checklist provided below. Use a second pair of eyes, perhaps a council member or the Chair, to review your annual return for completeness before sending it to the external auditor.
- 4 Do not send the external auditor any information not specifically asked for. Doing so is not helpful. However, you must notify the external auditor of any change of Clerk, Responsible Finance Officer or Chair.
- 5 Make sure that the copy of the bank reconciliation which you send to your external auditor with the annual return covers all your bank accounts. If your council holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree your bank reconciliation to Box 8 on the Accounting Statements (Section 1). You must provide an explanation for any difference between Box 7 and Box 8. More help on bank reconciliation is available in the Practitioners' Guide*.
- 6 Explain fully significant variances in the accounting statements on page 2. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete analysis to support your explanation. There are a number of examples provided in the Practitioners' Guide* to assist you.
- 7 If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
- 8 Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2014) equals the balance brought forward in the current year (Box 1 of 2015).
- 9 Do not complete section 3. The external auditor will complete it at the conclusion of the audit.

| Completion checklist – 'No' answers mean you may not have met requirements | | Done? |
|--|--|-------|
| All sections | All green boxes have been completed? | |
| | All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit. | |
| Section 1 | Council approval confirmed by signature of Chair of meeting approving accounting statements? | |
| | An explanation of significant variations from last year to this year is provided? | |
| | Bank reconciliation as at 31 March 2015 agreed to Box 8? An explanation of any difference between Box 7 and Box 8 is provided? | |
| Sections 1 and 2 | Trust funds – all disclosures made if council is a sole managing trustee? NB: Do not send trust accounting statements unless requested. | |
| Section 2 | For any statement to which the response is 'no', an explanation is provided? | |
| Section 4 | All green boxes completed by internal audit and explanations provided? | |

*Note: Governance and Accountability for Local Councils in England – A Practitioners' Guide is available from your local NALC and SLCC representatives or from www.nalc.gov.uk or www.slcc.co.uk

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ISSUES ARISING REPORT FOR
Horden Parish Council
Audit for the year ended 31 March 2015

BDO

Introduction

The following matters have been raised to draw items to the attention of Horden Parish Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2015.

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;

- Risk Assessment
 - Assets
 - Budget
 - Precept Minute
 - Approval of last year's audit
-

The following issue(s) have resulted in the annual return being qualified. They indicate a weakness in the council's procedures and require the council to take immediate action.

Risk Assessment

What is the issue?

The council have not carried out a risk assessment as part of its review of the effectiveness of internal control during the year.

Why has this issue been raised?

This is a breach of regulation 4 of the Accounts and Audit (England) Regulations 2011 which requires authorities to review the effectiveness of internal control which includes arrangements for the management of risk.

What do we recommend you do?

The council must ensure that a risk assessment is carried out as part of its review of the effectiveness of internal control before the end of the financial year. This review of effectiveness of internal control and risk assessment must be reviewed and minuted as evidence of the review being undertaken annually before the end of the financial year.

The council should decide which risks it faces and how it is going to reduce the impact of these risks on the council's ability to provide its services. An example of the risks and how they can be handled is included in "A Practitioner's Guide" published by NALC & SLCC. An example risk table is available on our extranet to assist the council in assessing and clarifying their risks. If the council decides to utilise this table then it should be reviewed in detail, modified and adapted to the council's specific needs. If you do not have access to the internet, contact us and we can supply you with a copy.

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 Audit Briefing, Winter 2012 - BDO LLP

The following issue(s) have been raised to assist the council in improving its internal controls or working practices. The council is recommended to consider these but is under no statutory obligation to act upon them.

Assets

What is the issue?

The council have included charity assets in the prior year on its annual return. All historically held assets have been reviewed during the year and those held by the charity have now been removed.

Why has this issue been raised?

The value of fixed assets as recorded on the annual return was overstated in the prior year.

What do we recommend you do?

The council must include all fixed assets owned by the council in Section 1 of the Annual Return. This should be the value of all fixed assets recorded in the fixed assets register, measured at cost value. Assets comprise of land, buildings, plant and equipment, vehicles, etc property that will be of economic benefit to the council over a period substantially longer than one financial year.

Assets which are held as community assets such as playing fields which are not likely to be sold, war memorials etc should be included in the accounts at their historical cost or given a £1 value.

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

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.

Budget

What is the issue?

Although a precept was set by the due date, and the council did prepare a budget to support this, the budget did not appear to take into consideration the level of reserves held by the Council when calculating the precept figure.

Why has this issue been raised?

The council may have contravened Part 1, Chapter IV, Para 50 3 (b) of the Local Government Finance Act 1992 which states that every authority must 'make calculations required' under the 'calculation of budget requirement', and they must also estimate the amount of the financial reserves which the authority estimates that it will use...

What do we recommend you do?

The council must ensure in future years that an adequate budget is prepared to support its decision making process and to assist the financial management during the financial year. Consideration of the level of reserves held should be made as the Council has no power to hold reserves.

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
The Local Government Finance Act 1992

Precept Minute

What is the issue?

Although a budget was prepared and approved the precept resulting from this budget was not minuted as accepted. The minute which resolved the precept actually recorded the Precept plus the Council Tax Support grant.

Why has this issue been raised?

The Council must ensure that it ensures it resolves the precept excluding any grants in future.

What do we recommend you do?

When next years budget is reviewed and the precept resolved the Council must ensure it resolves just the precept, which is subsequently claimed.

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
The Local Government Finance Act 1992

Approval of last year's audit

What is the issue?

Although the external auditor's report for the year to 31 March 2014 was discussed at a meeting the



Council has not been minuted its acceptance of the report or of any findings made.

Why has this issue been raised?

The council may not be acting in accordance with the Audit Commission Act 1998, as transitionally saved. It is a requirement of this Act that all reports and/or recommendations made by the auditors are considered by the council.

What do we recommend you do?

The council must ensure all subsequent audit reports are reported to the council and minuted as received. If recommendations are made, an action plan should be drawn up to ensure that the recommendations are carried out.

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

Audit Commission Act 1998 - Office of Public Sector Information website
Local Council Administration, 8th Edition, Charles Arnold-Baker, Chapter 18.15 to 18.18

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 30 September 2015
