

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:

MORTON PARISH

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	16227	26719	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	28606	28606	Total amount of precept received or receivable in the year. Excludes any grants received.
3 (+) Total other receipts	5516	14585	Total income or receipts as recorded in the cashbook less the precept received (line 2). Include any grants received here.
4 (-) Staff costs	9702	3263	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 council's borrowings (if any).
6 (-) All other payments	13928	15499	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	26719	51148	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	26719 383145	51148 184345	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. <i>Ly-fine</i>
9 Total fixed assets plus other long term investments and assets	383145 0	184345 0	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the council as at 31 March <i>Ly-fine</i>
10 Total borrowings	0	0	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 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.

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

Ly-fine

Date 25/5/15

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

20/5/15

and recorded as minute reference:

11/05/15

Signed by Chair of the meeting approving these accounting statements.

AMC

Date 25/5/2015

Section 2 – Annual governance statement 2014/15

We acknowledge as the members of:

ENTER **MORTON PARISH**

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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.	<input type="checkbox"/>	<input type="checkbox"/>	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

11/05/15

dated 20/5/15

Signed by:

Chair

dated

Signed by:

Clerk

dated

*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.

This page is part of Section 3 - External auditor certificate and opinion 2014/15

Morton Parish Council
Audit Report for the year ended 31 March 2015

Matters reported

None

Other matters not affecting our opinion which we wish to draw to the attention of Morton Parish Council for the year ended 31 March 2015

Other receipts included in precept 2013/14

We reported in the 2013/14 audit report that other receipts of £480 had been incorrectly included in Box 2. The Council has not restated the comparative figures for 2013/14. Box 2 should state £28,126 and Box 3 should state £5,996 in the 2014 column on the 2015 Annual Return.

Income variance at Box 3 other receipts

Councils are required to provide an explanation of significant variances between income and expenditure when comparing the current and previous years, significant is taken as being greater than 15%. The Council has provided an explanation for the variance in box 3, as being attributable to £10,000 of Heritage Lottery Funding received in the year. This still leaves a variance of £1,411 unexplained.

Accounting for Fixed Assets

It has come to our attention that Box 9 of Section 1 of the Annual Return – the Accounting Statements includes fixed assets that have been devalued during the year.

Local councils are required to account for fixed assets at purchase cost. If this is not known a proxy cost should be substituted (e.g. insurance value). Commercial concepts of depreciation or impairment adjustments, etc are not appropriate for local councils. For reporting purposes therefore, the 'book' value of fixed assets will usually therefore stay constant until disposal. Where insurance value has been used as a proxy, it should not be adjusted for annual changes. Guidance on accounting for fixed assets is available in the NALC / SLCC publication "Governance and Accountability for Local Councils – A Practitioners Guide (England)" paragraphs 3.66 to 3.77.

The council should restate the 2015 figures on next year's Annual Return and write "restated" beneath the £ sign on the 2015 column.



for Grant Thornton UK LLP

Date 23 September 2015

Our ref DBY167

Section 4 – Annual internal audit report 2014/15 to

ENTER **MORTON PARISH**

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.			✓ PETTY CASH NOT USED.
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.	Yes	No	Not applicable
			✓

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

Name of person who carried out the internal audit **JOHN S. MARRIOTT**

Signature of person who carried out the internal audit **[Signature]** Date **15/05/2015**

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

Morton Parish Council Bank Reconciliation 14/15

At 30th March 2015

Current account balance	54,536.45
Business reserve account balance	<u>1,004.50</u>
	<u>55,540.95</u>
Unpresented cheques/receipts	(4,392.79)
Expected cashbook balance	<u>51,148.16</u>
Actual cash book balance	51,148.16
Difference	<u><u>0.00</u></u>

Morton Parish Council

Explanation of significant variances on Annual Return 2013/2014 to 2014/15

Box on section 1	2014 £	2015 £	Variance Increase (+) or decrease (-)	% variance	Explanation required ? Less than £250 - No More than 15% - Yes Less than 15% - No
Box 3 Total other receipts	5,516	14,585	9,069	164.4%	Yes
Box 4 Staff costs	9,702	3,263	-6,439	-66.4%	Yes
Box 6 All other payments	13,928	15,499	1,571	11.3%	No
Box 7 Balances carried forward	26,719	51,148	24,429	91.4%	Yes
Box 8 Total cash and short term investments	26,719	51,148	24,429	91.4%	Yes
Box 9 Total fixed assets	383,145	184,345	-198,800	-51.9%	Yes

Morton Parish Council**Explanation of significant variances on Annual Return 2014/2015**

Box no. 3	£
Figure in 2014	5,516
Figure in 2015	14,585
Variance	-9,069

Reasons for variance	£
Heritage Lottery Funding received but not spent before year end	10,000
Unexplained	931
Comfirm unexplained amount is less than 15% of 2013 figure	-10.3%

Morton Parish Council**Explanation of significant variances on Annual Return 2013/2014**

Box no. 4	£
Figure in 2014	9,702
Figure in 2015	3,263
Variance	6,439

Reasons for variance	£
Vast reduction in hours of Clerk as previous clerk was being paid for an average of 50 hours per month plus 22% pension contribution and replacement clerk paid for 14 hours per month and no pension contributions.	5,184

Unexplained	1,255
Confirm unexplained amount is less than 15% of 2013 figure	12.9%

Morton Parish Council**Explanation of significant variances on Annual Return 2014/2015**

Box No 7 & 8	£
Figure in 2014	26,719
Figure in 2015	51,148
Variance	-24,429

Reasons for variance	£
Heritage Lottery Grant for Outdoor gym	10,000
Repayment of VAT	1,016
Vast reduction in hours of Clerk as previous clerk was being paid for an average of 50 hours per month plus 22% pension contribution and replacement clerk paid for 14 hours per month and no pension contributions.	6,439
Money set aside for outdoor gym £7500 however only spent £3064	4,436
Unexplained	-2,538
Comfirm unexplained amount is less than 15% of 2013 figure	10.4%

Morton Parish Council**Explanation of significant variances on Annual Return 2014/2015**

Box no. 9	£
Figure in 2014	383,145
Figure in 2015	184,345
Variance	198,800

Reasons for variance	£
The Parish Council undertook a re-evaluation of the Assets and it was decided to make a prudent reassessment of the value of the Village Hall considering the current condition and it was resolved tht it be re-valued at £100,000at the meeting of 16 July 2014.	-200,000
Street furniture re-evaluated following purchase of new notice boards.	1,200
Comfirm unexplained amount is less than 15% of 2013 figure	0.0%