

✓
25/5/16



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:

WELBOURN 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.	✓		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.	✓		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.	✓		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 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.	✓		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.	✓		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.	✓		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.	✓		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
			✓
			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 this smaller authority and recorded as minute reference:

2016 05.11.00

dated 11 MAY 2016

Signed by:

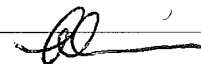
Chair

dated

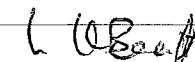
Signed by:

Clerk

dated



19/5/16



19 MAY 2016

*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:

WELBOURN PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2015 £	31 March 2016 £	
1. Balances brought forward	11723	13165	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	16772	17367	Total amount of precept or (for IDBs) rates and levies received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	4687	5936	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	2804	3642	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	NONE	NONE	Total expenditure or payments of capital and interest made during the year on the smaller authority's borrowings (if any).
6. (-) All other payments	17213	17813	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	13165	15013	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	13165	15013	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	409623	409623	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	NONE	NONE	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 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

L. C. R. a. B.

Date 21 April 2016

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

13/04/2016

and recorded as minute reference:

2016 04-08-01

Signed by Chair of the meeting approving these accounting statements.

[Signature]

Date 19th May 2016

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:

WEL BOURN PARISH COUNCIL

Respective responsibilities of the body and the auditor

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

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

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

External auditor report

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

SEE ATTACHED

(continue on a separate sheet if required)

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

SEE ATTACHED

(continue on a separate sheet if required)

External auditor signature

Grant Thornton UK LLP

External auditor name

Grant Thornton UK LLP

Date

29 September 2016

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)

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

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

Matters reported

**Signing and approval of the Annual governance statement and the Accounting statements;
certification of the Accounting statements by the Responsible Financial Officer**

The Accounts and Audit Regulations 2015 and the Local Audit and Accountability Act 2014 set out the statutory requirements for approval of the Annual governance statement and the Accounting statements:

- The Regulations stipulate that the Annual Governance Statement must be considered, approved and signed before the Accounting statements at Section 2 by resolution of members of the authority meeting as a whole. This is explicit at sections 6(3) and 6(4) of the Regulations (Review of internal control system), where in particular, it states at 6(4)(a) that the Annual Governance Statement must be 'approved in advance of the relevant authority approving the statement of accounts ...' This is also reinforced in the 2016 Practitioners' Guide (at 1.43) which highlights mandatory 'proper practices' referred to in statute.

- Regulation 12(1) of the Accounts and Audit Regulations 2015 stipulates that the Responsible Financial Officer must sign and date the Accounting statements to certify that it presents fairly the financial position of the authority and its income and expenditure, or properly presents receipts and payments as the case may be. Regulation (2) stipulates that when the Responsible Financial Officer has complied with paragraph (1) the authority must, in the following order:

- (a) consider the statement of accounts by the members meeting as a whole;
- (b) approve the statement of accounts by resolution; and
- (c) ensure the statement of accounts is signed and dated by the person presiding at the meeting at which that approval is given.

The Responsible Financial Officer must, therefore, certify the Accounting statements before the authority considers, approves and signs them.

(continued)

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

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

Matters reported - continued

**Signing and approval of the Annual governance statement and the Accounting statements;
certification of the Accounting statements by the Responsible Financial Officer - continued**

The Parish Council has not complied with the Regulations in respect of a number of requirements:

- it has considered, approved and signed the Annual Governance Statement (Section 1) on 11 May 2016, which is after the Accounting Statements (Section 2) that were approved on 13 April 2016;
- the Responsible Financial Officer certified the Accounting statements on 21 April 2016, after the approval of the statements on 13 April 2016;
- the Annual governance statement was signed by the Chair and Clerk on 19 May 2016, after approval on 11 May 2016;
- the Chair has signed the Accounting statements on 19 May 2016, after approval on 13 April 2016.

In future, the Parish Council must ensure that it complies with the Regulations to ensure that it approves the Annual governance statement and the Accounting statements and certifies the Accounting statements in line with requirements.

In our view, the correct answer to Section 1, Assertion 1 is 'No'.

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

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

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

Period for the exercise of public rights

The Local Audit and Accountability Act 2014 (the Act), sections 26 and 27, and the Accounts and Audit Regulations 2015 (the Regulations), sections 14 and 15, set out the requirements for the period for the exercise of public rights of objection, inspection and questioning of the external auditor. In particular section 14(1) of the Regulations stipulates that the rights of objection, inspection and questioning of the external auditor conferred by sections 26 and 27 of the Act may be exercised within a single period of 30 working days. Also section 15(1)(b) of the Regulations stipulates that the period covers the first 10 working days of July of the financial year immediately following the end of the financial year to which the statement relates.

The Parish Council published its Notice indicating the period for the exercise of public rights commenced on 10 June and ended on 10 July. This does not cover the first 10 working days of July as required by the Regulations and is less than the 30 working days required. For any days under those 30 working days, a member of the public has been denied their rights in respect of objection, inspection and questioning of the external auditor.

In the future, the Parish Council must ensure that it complies with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 to ensure that the dates for the exercise of public rights are properly calculated and published and cover a single period of 30 working days. The Parish Council should also consider the impact of this failure on its disclosures in the 2016/17 Annual Return.

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

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

Other matters continued

Annual Internal Audit Report, Objective K, Trust funds

Objective K in respect of Trust funds was left unanswered for 2015/16 on the Annual Return. The Council has confirmed that it does not act as a sole trustee nor is it responsible for managing trust funds or assets and so this box should read 'Not applicable'.

In future the Council should ensure the annual return is complete (i.e. no empty highlighted boxes).

Annual Internal Audit Report, Review of accounting statements, Objective J

The Internal Auditor has answered 'Not covered' to Objective J in respect of her review of the accounting statements, stating that there has been no interim review. The Council's view is that an end of period review is sufficient. The Council should ensure that the entries on the internal audit report are discussed with the Internal Auditor and the scope of the audit is agreed.

Annual Internal Audit Report, Risk Assessment, Objective C

The Internal Auditor has ticked 'Yes' to Objective C and noted that there is a Risk Assessment in progress as of the 22 April 2016 but it was not updated during the financial year.

As a minimum, members should: -

- take steps to identify the key risks facing the Parish Council
- evaluate potential consequences to the Council if an event identified as a risk takes place; and
- decide upon appropriate measures to avoid, reduce or control the risk or its consequences.

This might involve insurance or the implementation of internal controls.

More guidance on risk management can be found in the NALC / SLCC publication "Governance and Accountability for Local Councils – A Practitioners Guide (England)" at paragraphs 2.99 to 2.116.

The Clerk's letter dated the 20 May 2016 confirmed that the Risk assessment was now done and approved by Council.



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

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

Other matters continued

Annual Internal Audit Report, Monitoring of budget, Objective D

The Internal Auditor has informed us that she had not seen an adequate budgetary process and that it was monitored regularly against the budget during the financial year. The Clerk's letter dated the 20 May 2016 states that the monthly account spreadsheets which provide a running comparison between the current spending of the Council against the forecast budget were presented to the Internal Auditor. The Council's view is that the answer to Objective D should be 'Yes'. However, we have had no confirmation of this from the Internal Auditor. The Council should ensure that the entries on the internal audit report are discussed with the Internal Auditor and she then confirms any changes to her original report.

Grant Thornton UK LLP

Grant Thornton UK LLP

Date *29 September 2016*

Our ref LIN408

Annual internal audit report 2015/16 to

Enter name of smaller authority here:

WELBURN PARISH COUNCIL

This smaller authority's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2016.

Internal audit has been carried out in accordance with this smaller authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this smaller authority.

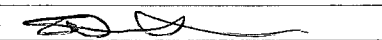
Internal control objective	Agreed? Please choose only one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been kept properly throughout the year.	✓		
B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓*		Risk assessed process in prog
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.			✓ not seen
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.	✓		would like to see more detail.
G. Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.	✓*		more detail / submit to el. re
H. Asset and investments registers were complete and accurate and properly maintained.	✓		update more reg.
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.			✓ no internal review

K. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable

For any other risk areas identified by this smaller authority adequate controls existed (list any other risk areas below or on separate sheets if needed)

1) Review of terms of ref. now in prog. 2) Greater debit + back up papers attached to minutes posted on wall. 3) Internal audit 4) Terms of ref. to be given to int. auditor.

Name of person who carried out the internal audit STEPHANIE THORNE

Signature of person who carried out the internal audit  Date 22 / 04 / 2016

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).