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
   - Annual Internal Audit Report 2017/18

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

MABLETHORPE & SUTTON TOWN 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.			✓
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)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed). NO PETTY CASH HELD.

Date(s) internal audit undertaken: 18/05/18

Name of person who carried out the internal audit: MRS L CROFT

Signature of person who carried out the internal audit: L Croft

Date: 18/05/18

*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:

MABLETHORPE & SUTTON TOWN 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	Agreed No*	N/A	'Yes' means that this authority:
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 authority to conduct its business or manage 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 authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓			*considered and documented the financial and other risks it faces and 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 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:	N/A: ✓	*has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.*

*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:

11 (c)

dated 21/05/2018

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

Chairman

Clerk

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

http://parishes.lincolnshire.gov.uk/MablethorpeandSutton

Section 2 – Accounting Statements 2017/18 for

MABLETHORPE & SUTTON TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2017 £	31 March 2018 £	*Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.*
1. Balances brought forward	121,043	108,369	*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	247,163	342,382	*Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.*
3. (+) Total other receipts	54,282	105,093	*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	75,424	102,522	*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	3,668	3,668	*Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).*
6. (-) All other payments	235,026	264,590	*Total expenditure or payments as recorded in the cash-book less staff costs (line 4) and loan interest/capital repayments (line 5).*
7. (=) Balances carried forward	108,369	185,064	*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	108,774	179,815	*The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – **To agree with bank reconciliation.***
9. Total fixed assets plus long term investments and assets	1,195,561	1,196,901	*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	37,917	35,914	*The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).*

	Yes	No	
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)		✔	*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

Date 21/05/2018

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

21/05/2018

and recorded as minute reference:

11(d)

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

Explanation of Variances - pro forma

Name of smaller authority: **MABLETHORPE & SUTTON TOWN COUNCIL**

Please provide full explanations, including numerical values, for the following:
- variances of more than 15% between totals for individual boxes (except variences of less than £200
- a breakdown of approved reserves of the toal reserves (Box 7) figure is more than twice the annual precept/rates & levies value (Box 2)

Section 2	2016/17 £	2017/18 £	Variance £ Increase (+) or decrease (-) (2017/18 less 2016/17) £	Variance % (Variance divided by 2017 figure multiplied x 100) %	Explanation required? Less than £200? - NO More than 15% - YES Less Than 15% - NO	Detailed explanation of variance	Amount £
Box 2 PRECEPT	247,163	**342,382**	95,219	**38.52%**	**YES**		
						c'fwd	95,219
						Administration & Equipment	8,344
						Maintenance (Public Property) Beach Huts	41,700
						Grass Verges	25,700
						CCTV	11,300
						Publicity / Election Costs	4,925
						Grants (s.137)	3,250
						Total	**95,219**
Box 3 Total other receipts	54,282	**87,110**	32,828	**60.48%**	**YES**		
						c'fwd	32,828
						Beach Hut Income	14,845
						Mablethorpe Community Hall Sinking Fund	17,983
						Total	**32,828**
Box 4 Staff costs	75,424	**102,522**	27,098	**35.93%**	**YES**		
							27,098
						Additional Employees (Salaries)	19,308
						Additional Employees (Pension (TC Contributions)	3,620
						Additional Employees (NI (TC contributions))	4,170
						Total	**27,098**
Box 5 Loan interest / capital repayments	3,668	**3,668**	**0**	**0.00%**	**NO**	'Not applicable'	
Box 6 All other payments	235,026	**246,587**	**11,561**	**4.92%**	**NO**	'Not applicable'	
Box 9 Total fixed assets	1,195,561	**1,196,901**	**1,340**	**0.11%**	**NO**	'Not applicable'	
Box 10 Total borrowings	37917.00	**35914.00**	**-2003.00**	**-5.28%**	**NO**	'Not applicable'	

Explanation for 'high' reserves

	£	Box 2 £	Variance		More than twice box 2?	Explanation	Amount £
Box 7	£ 185,084	£ **342,382**	£ 157,298.00		**NO**	'Not applicable'	

Reconciliation between Box 7 and Box 8 in Section 2 – pro forma

(applies to Accounting Statements prepared on an income and expenditure basis only)

Name of smaller authority:

Mablethorpe & Sutton Town Council

There should only be a difference between Box 7 and Box 8 where the Accounting Statements (Section 2 of the AGAR) have been prepared on an income and expenditure basis and there have been adjustments for debtors/prepayments and creditors/receipts in advance at the year end. Please provide details of the year end adjustments, showing how the net difference between them is equal to the difference between Boxes 7 and 8.

		£	£
Box 7: Balances carried forward			**185,064**
Deduct:	Debtors • VAT (to reclaim)	**(14,846)**	
Deduct:	Payments made in advance (prepayments) • Subscriptions 2018/19	**(4,780)**	
Total deductions			**(19,626)**
Add:	Creditors (must not include community infrastructure levy (CIL) receipts)	**0.00**	
Add:	Receipts in advance (must not include deferred grants/loans received) • Advance Income 2018/19	**14,377**	
Total additions			**14,377**
Box 8: Total cash and short term investments			**179,815**

Bank reconciliation – pro forma

Name of smaller authority:

MABLETHORPE & SUTTON TOWN COUNCIL

Financial year ending 31 March 2018

Prepared by: **Steve Fletcher, Town Clerk & RFO**

Date: **10/05/2018**

		£	£
Balance per bank statements as at 31 March 2018:			
1 - Community Account		98,432.26	
2 - Base Tracker Account		97,408.18	
3 - Business Reserve		8,063.68	
4 - Mayors Fundraising Account		4,461.67	
			208,365.79
	(Rounded up to nearest £)		**208,366**
Petty cash float (if applicable)		0.00	**0.00**
Less: any unpresented cheques at 31 March 2018			
See attached sheet		(28,550.64)	
	(Rounded up to nearest £)	**(28,551)**	
			(28,551)
Add: any un-banked cash at 31 March 2018		0.00	0.00
Net balances as at 31 March 2018 (Box 8)			**179,815**

The net balances reconcile to the Cash Book (receipts and payments account) for the year, as follows:

CASH BOOK:

Opening Balance 1 April 2017 (Prior year Box 8)	108,774
Add: Receipts in the year	447,475
Less: Payments in the year	(370,780)
Closing balance per cash book [receipts and payments book] as at 31 March 2018 (must equal net balances above – Box 8)	**185,439**

Printed on : 10/05/2018

At : 10:39

Mablethorpe & Sutton Town Council LIVE 2017/2018

Balance Sheet as at 31st March 2018

31st March 2017					31st March 2018
		Current Assets			
3,646		VAT Control Account	14,846		
2,032		Prepayments	4,780		
0		Community Account	70,722		
8,048		Business Reserve	8,064		
97,143		Base Tracker	97,408		
4,151		Mayors Fundraising Account	3,621		
115,021				**199,441**	
	115,021	**Total Assets**			**199,441**
		Current Liabilities			
568		Community Account	0		
5,114		Creditors	0		
970		Accruals	14,377		
6,652				**14,377**	
	108,369	**Total Assets Less Current Liabilities**			**185,064**
		Represented By			
	63,153	General Reserves			86,715
	45,216	Ear Marked Reserves			98,349
	108,369				**185,064**

The above statement represents fairly the financial position of the authority as at 31st March 2018 and reflects its Income and Expenditure during the year.

Signed : Chairman ____________________ Date : 21/05/2018

Signed : Responsible Financial Officer ____________________ Date : 21/05/2018

ANNUAL RETURN - ENGLAND

FOR THE YEAR ENDED 31 MARCH 2018

Mablethorpe & Sutton Town Council LIVE 2017/2018

SECTION 2 - THE STATEMENT OF ACCOUNTS

I certify that the accounts contained in this return present fairly the financial position of the council, are consistant with the underlying financial records and have been prepared on the basis of Income and Expenditure.

Responsible Financial Officer	[signature]	Date	21/05/2018
I confirm that these accounts are approved by the Council and recorded as council minute reference	11(b)	Dated	21/05/2018
Signed on behalf of the above Council (Chair)	[signature]	Date	21/05/2018

		Last Year £	This Year £	General Notes for Guidance
1	Balances brought forward	**121,043**	**108,369**	Total balances & reserves at the beginning of the year as recorded in the Financial Records
2	Annual Precept	**247,163**	**342,382**	Total amount of Precept income received in the year
3	Total other receipts	**54,282**	**105,093**	Total income or receipts as recorded in the cashbook minus the Precept
4	Staff costs	**75,424**	**102,522**	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 expenses
5	Loan interest/Capital repayments	**3,668**	**3,668**	Total expenditure or payments of capital and interest made during the year on borrowings
6	Total other payments	**235,026**	**264,590**	Total expenditure or payments as recorded in the cashbook minus employment costs (Line 4) and loan I interest expenditure I payments (Line 5)
7	Balances carried forwrd	**108,369**	**185,064**	Total balances and reserves at the end of the year. [Must equal (1+2+3)-(4+5+6)]
8	Total Cash & Investments	**108,774**	**179,815**	The sum of all current and deposit bank accounts, cash holdings and investments held as at 31 March
9	Total Fixed Assets	**1,195,561**	**1,196,901**	The recorded current book.value at 31 March of all tangible fixed assets as recorded in the asset register
10	Total Borrowings	**37,917**	**35,914**	The outstanding capital balances as at 31 March of all loans from third parties (usually PWLB)

The following documents should accompany the accounts when submitted to the auditor:

* A brief explanation of significant variations from last year to this year in Section 2;
* Bank Reconciliation as at 31 March