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: STOCKTON-ON-THE-FOREST 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.
		N/A	

This annual governance statement is approved by this smaller authority and recorded as minute reference:

A.P.C.M

dated 25 May 2016

Signed by:

Chair [signature]

dated 25/05/2016.

Signed by:

Clerk [signature]

dated 25 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: STOCKTON-ON-THE-FOREST PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2015 £	31 March 2016 £	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	24468	22750	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	6653	6618	Total amount of precept or (for IDBs) rates and levies received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	1142	1650	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	3436	4304	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 smaller authority's borrowings (if any).
6. (-) All other payments	6077	3885	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	22750	22829	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	22750	22829	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	53934	53934	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	0	0	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)		N/A.	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

Date 25 May 2016

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

25 May 2016

and recorded as minute reference:

A.P.C.M.

Signed by Chair of the meeting approving these accounting statements.

Date 25/05/2016.

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: STOCKTON-ON-THE-FOREST 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 (ACNY0536)

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.

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

Section 2, Box 8 no explanation has been provided for the difference of £400 between the cash book figure and reconciled bank balance on the bank reconciliation of £22,429.

The smaller authority has not provided an adequate explanation for the variance between the prior and current year values in Boxes 3, 4, and 6 of Section 2.

The Annual Return was not accurately completed before submission for review as the figures in Section 2, Box 2 and 3 for the prior year have not been restated in line with our 2014/15 report, these should read £6,637 and £1,158, respectively.

External auditor signature: PKF Littlejohn LLP

External auditor name: PKF Littlejohn LLP

Date: 30 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)

Annual internal audit report 2015/16 to

Enter name of smaller authority here: STOCKTON – ON – THE – FOREST 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.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			NO PETTY CASH HELD
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.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		

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

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

Name of person who carried out the internal audit: JANET L. BENNETT

Signature of person who carried out the internal audit: Janet L Bennett Date: 04/05/2016

YORKSHIRE INTERNAL AUDIT SERVICES

*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 2015/16 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 work by the auditor. NALC, SLCC and ADA 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 highlighted boxes), and is properly signed and dated. Avoid making amendments to the completed return. Any amendments must be approved by the smaller authority, properly initialled and explanation provided. Annual returns containing unapproved or unexplained amendments will be returned and may incur additional costs. **Smaller authorities must approve the annual governance statement before approving the accounts.**
3. Use the checklist provided below. Use a second pair of eyes, perhaps a Councillor or Board Member, to review the 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 tell the external auditor about 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 smaller authority 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 2 on page 3)**. 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 3**. 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. **From 2016 onwards, you must inform the auditor of the date set for the commencement of the period for the exercise of public rights.**
8. Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2015) equals the balance brought forward in the current year (Box 1 of 2016).
9. Do not complete Section 3 which is reserved for the external auditor.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All highlighted boxes have been completed?	✓
	All additional information requested, **including the dates set for the period for the exercise of public rights**, has been provided for the external auditor?	✓
Section 1	For any statement to which the response is 'no', an explanation is provided?	✓
Section 2	Smaller authority approval of the accounting statements is confirmed by the signature of the Chair of the approval meeting?	✓
	An explanation of significant variations from last year to this year is provided?	✓
	Bank reconciliation as at 31 March 2016 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 a Council is a sole managing trustee? NB: Do not send trust accounting statements unless requested.	N/A
Internal Audit report	All highlighted boxes completed by internal audit and explanations provided?	✓

*Note: Practitioners' Guides are available from your local NALC, SLCC or ADA representatives or from www.nalc.gov.uk or www.slcc.co.uk or www.ada.org.uk.

YORKSHIRE INTERNAL AUDIT SERVICES
26 STOCKWELL ROAD KNARESBOROUGH NORTH YORKSHIRE HG5 0JZ
TELEPHONE 01423 797817

Mrs Fiona Hill
Clerk to Stockton on the Forest Parish Council
The Byre
Fieldhouse Farm
Thornton-le-Clay
York
YO60 7QA

Dear Mrs Hill

To the Chairman and Members of Stockton on the Forest Parish Council
Internal Audit of Accounts for the Financial Year ending 31 March 2016

I am pleased to inform you that the internal audit has been completed. I have reviewed the internal controls in place at the Council and carried out appropriate tests and checks on the accounts and other management arrangements to confirm that the systems of financial and other controls over the Council's activities and operating procedures are effective.
No matters arose from this work to give cause for concern and I can confirm that internal controls are operating as expected. I have reviewed action taken on matters raised in my previous report and further comment on the Council's balances and reserves is noted below. There is one additional matter to bring to members' attention detailed in the following paragraphs.
Section 4 of the Annual Return (the Annual Internal Auditors Report) has been completed as required.

Balances and Reserves

Most councils budget to carry forward a balance, to cover contingencies or specific spending plans. In setting the budget the council will estimate what balance will be taken into the new year, decide what balance it wants to carry forward and charge the difference against the new year's precept. It is generally accepted that general revenue reserves are usually within the range of three to twelvemonths of gross expenditure. The amount of general reserve should be risk assessed and approved by the council.

The balances held by the Council at 31st March (after allowing for reserved Section 106 monies) for a number of years have considerably exceeded that.

I recommended last year that when reviewing the current budget and determining the budget and precept level for 2015/16 the Council should review the balances held and determine the level of general reserves it wished to hold and identify any realistic potential projects it may wish to set aside funds for.
For 2016/17 the precept level was agreed at the same time as the annual budget but this still did not show any significant planned spending for the future.
The balances held by the Council at 31st March 2016 (after allowing for reserved Section 106 monies) again represent twice the level of the precept and approximately two years of budgeted expenditure.
When setting the next year's precept I again recommend to the Council that it does this taking into account the unearmarked balances already held and identified future need.

Grants

During my review of the council minutes I noticed that, as in previous years, a grant had been awarded to the local church. I am aware that the council has a policy for awarding grants but it is not clear under which powers this grant has been given. Despite the general power of competence the Local Government Act of 1894 prohibits parish councils contributing towards the maintenance of church buildings. The government is considering revoking this piece of legislation but I am unaware if it has yet done so. This subject has arisen at a number of parish councils who have contacted the Yorkshire Local Councils Association (YLCA) for advice. Their view appears to be that if the project for which the church wants the money is for the benefit of the whole community then that is acceptable.
You may wish to seek further advice on this matter yourselves for any future requests of a similar nature.

I would like to thank the Clerk for her assistance and attention during my visit.

Yours sincerely

JL Bennett
25 July 2016

PARTNERS ~ KC Stephenson Tel: 0113 2585610
RF Entwistle Tel 01423 797817
PRINCIPAL AUDITOR ~ Mrs JL Bennett Tel: 01924 260573

Stockton-on-the-Forest Parish Council

Bank Reconciliation as as 31 March 2016

Balance b/f 01 April 2015		22750.10
Add receipts		8267.50
		31017.60
Less payments		8588.87
Balance c/f		22428.73

Balance at bank and in hand:

Investment account	10751.49
Current account	12867.29
Petty Cash	0.00
	23618.78

Unpresented items:

Ref	Amount
100964	70.00
101073	400.00
101098	256.05
101099	72.00
101100	392.00
0.00	1190.05

22428.73

0.00

Stockton-on-the-Forest Parish Council

RECEIPTS 2015-2016

Inc&Exp	8267.50
S/b Zero	0.00

Date	Description	Reference	Amount	Precept	Interest	VAT	Grant			
			8267.50	**7050.00**	**5.46**	**582.04**	**630.00**	**0.00**	**0.00**	0.00
30/04/2015	CYC	Giro	3525.00	3525.00						0.00
02/06/2015	HMRC		582.04			582.04				0.00
08/06/2015	Interest		1.44		1.44					0.00
07/09/2015	Interest		1.34		1.34					0.00
30/09/2015	CYC		3525.00	3525						0.00
07/12/2015	Interest		1.34		1.34					0.00
22/12/2015	YLCA		630.00				630.00			0.00
07/03/2016	Interest		1.34		1.34					0.00
										0.00
										0.00
										0.00

Stockton-on-the-Forest Parish Council

PAYMENTS 2015-2016

Inc&Exp 8588.87
S/b Zero 0.00

Date	Description	Reference	Amount	Parish Clerk	Play Area	Bus Shelters	Insurance	Expenses	Audits	Grants	Pension	Training	Subs			S137	VAT	8588.87
			8588.87	4240.75	1311.37	100.00	655.42	144.64	280.00	950.00	295.00	16.43	392.00	0.00	0.00	0.00	203.26	0.00
29/04/2015	Fiona Hill	101056	256.04	256.04														0
29/04/2015	Aspects Horticultural	101057	139.09		115.91												23.18	0
29/04/2015	HMRC	101058	378.56	378.56														0
	Cheque lost	101059																0
20/05/2014	Fiona Hill	101060	256.04	256.04														0
20/05/2015	Aspects Horticultural	101061	139.09		115.91												23.18	0
24/06/2015	Fiona Hill	101062	256.04	256.04														0
24/06/2015	Aspects Horticultural	101063	139.09		115.91												23.18	0
24/06/2015	Zurich	101064	655.42				655.42											0
24/06/2015	HMRC	101065	192.00	192.00														0
24/06/2015	Fiona Hill	101066	46.80					46.80										0
29/07/2015	Fiona Hill	101067	256.08	256.08														0
29/07/2015	Aspects Horticultural	101068	139.09		115.91												23.18	0
29/07/2015	Stump Removal Yorkshire Ltd	101069	95.00		95.00													0
29/07/2015	Yorskhire Internal Audit Services	101070	280.00						280.00									0
26/08/2015	Fiona Hill	101071	256.08	256.08														0
26/08/2015	Aspects Horticultural	101072	139.09		115.91												23.18	0
26/08/2015	Holy Trinity Church	101073	400.00							400.00								0
26/08/2015	David Crossley	101074	50.00			50.00												0
30/09/2015	Fiona Hill	101075	273.44	273.44														0
30/09/2015	HMRC	101076	196.20	196.20														0
30/09/2015	Fiona Hill	101077	67.06					67.06										0
Canx	Cancelled	101078	0.00															0
30/09/2015	Aspects Horticultural	101079	139.09		115.91												23.18	0
30/09/2015	Jet Screen	101080	67.20		56.00												11.2	0
30/09/2015	Bus Shelter Cleaning	101081	50.00			50.00												0
28/10/2015	Fiona Hill	101082	256.05	256.05														0
28/10/2015	Aspects Horticultural	101083	139.09		115.91												23.18	0
28/10/2015	Playsafety	101084	106.80		89.00												17.8	0
28/10/2015	Ardent	101085	295.00								295.00							0
28/10/2015	Stockton on the Forest PCC	101086	400.00							400.00								0
25/11/2015	Fiona Hill	101087	256.05	256.05														0
16/12/2015	Fiona Hill	101088	256.02	256.02														0
16/12/2015	Fiona Hill	101089	16.43									16.43						0
27/01/2016	Fiona Hill	101090	256.05	256.05														0
27/01/2016	HMRC	101091	192.00	192.00														0
27/01/2016	Mr D Craggs	101092	200.00		200.00													0
24/02/2016	Fiona Hill	101093	256.05	256.05														0
24/02/2016	HMRC	101094	192.00	192.00														0
24/02/2016	Fiona Hill	101095	30.78					30.78										0
	Cancelled	101096																0
24/02/2016	SOFEY - Allotment	101097	150.00							150.00								0
30/03/2016	Fiona Hill	101098	256.05	256.05														0
30/03/2016	Aspects Horticultural	101099	72.00		60.00												12.00	0
30/03/2016	YLCA	101100	392.00										392.00					0