

**Date:** 3<sup>rd</sup> May 2018

**Title:** Report Item 5 – Annual Audit and Return 2018

**By:** K Larkin (Parish Clerk/RFO)

**Purpose:** To report on the Annual Audit and Return 2018

**Recommendations:**

- a) To review and approve the council's draft Final Accounts 2017/18
- b) To confirm the effectiveness of the council's Internal Audit regime between 1 April 2017 and 31 March 2018
- c) To consider and approve the Annual Governance Statements 2018
- d) To consider and approve the Annual Accounting Statements 2018, with supporting end of year bank reconciliation and Explanation of Variances
- e) To approve the suggested period from Monday 4 June to Friday 13 July 2018 for the exercise of electors' rights in relation to the Unaudited Annual Return

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1. The parish council's draft Final Accounts for 2017/18 have previously been circulated and published in the Annual Village Report 2018, but the council has not yet had an opportunity to review and formally approve them. The council is invited to do so now.
  2. In May 2017 the council re-appointed Peter J Consultants to serve as their Internal Auditors for a further year, 2017-2018. The auditor's annual inspection for 2017-18 took place on 17 April 2018 and was carried out in accordance with the Plan set out on pages 3 and 4 of this report. The council is invited to confirm the effectiveness of this regime for another year.
  3. The internal auditor was satisfied with the council's governance and accounting, and a copy of his report is appended (page 5). However, the council still needs to bear in mind two recommendations made in the internal auditor's 2017 report: (1) that they should consider including Key Person cover and (2) Cyber Crime cover when their insurance policy is renewed (due on 1<sup>st</sup> June 2018).
  4. The council's External Auditors, appointed by the SAAA Ltd, are PKF Littlejohn LLP. Their report for the year 2016/17 stated that no matters had come to their attention giving cause for concern that relevant legislative and regulatory requirements had not been met.
  5. The External Auditor requires the parish council to submit the following information to them for the 2017-18 audit, no later than 11 June 2018:

- Annual Governance and Accountability Return 2017/18 Part 3
  - Confirmation of the dates the parish council will set for the exercise of public rights in relation to the annual audit (Monday 4 June to Friday 30 July 2018)
  - Bank Reconciliation for the end of the financial year 2017-18
  - Explanation of Variances between the headline accounting figures for 2016-17 and those for 2017-18
  - Internal Auditor's report 2017/18
6. A copy of the draft AGAR Return 2017-18 Part 3 is attached (pages 6-11). There are two sections the parish council has to complete. In the Annual Governance Statement (Section 1) the council is able to make all the affirmations required to ensure it has sound systems of internal control. In the Annual Accounting statement (Section 2), the council can similarly certify that the accounts have been properly prepared and are supported by the end of year bank reconciliation (attached on page 12) and the Explanation of Variances (attached on page 13).
  7. A copy of the fixed asset register as at 31 March 2018 is also attached (page 14), though the External Auditor does not require to see it. The new Kanope play equipment has been included in the register (£22,905), and £10,000 has been deducted from the general 'play area equipment' item to reflect the demolition of two older pieces of equipment that were at the end of their useful life. The new safety surfacing has not been included, not having been installed by the end of March 2018.
  8. The electorate must be informed of a single period of 30 working days during which public rights may be exercised in relation to the Annual Return. This period must include the first 10 working days of July, and the External Auditor has suggested appropriate dates, which the parish council will be ready to implement. A notice to that effect, with a statement of the public's rights, forms the final attachment to this report (pages 15-17), and will be posted by the clerk on Friday 1st June 2018.

## INTERNAL AUDIT PLAN – REVIEW of RISK

### Insurance: Buildings

Other Council Assets

Public Liability

Employers Liability

Hirers Liability/Indemnity

Consequential Loss: a) loss of Revenue – b) Business Interruption

Officials Indemnity (Zurich include under Public Liability) (Hiscox > in Policy Doc)

Personal Accident (Allianz/Aon: Councillors > 85 check cover) (Aviva: no cover > 90)

(Zurich: reduced cover > 90) (Hiscox – cover to 90)

Fidelity Guarantee (Member/Employee Dishonesty) - Aviva & Zurich standard £100k

Legal Expenses

Libel & Slander

### Security & Maintenance: Quotes & Tenders

Contractors' Targets & Performance monitoring

Book-keeping information backed-up and stored safely (including Passwords)

### Banking/Finance: Signatories on Bank Accounts - Parish Councils can now opt for a single signature

Credit References taken on Signatories by Bank

Credit References taken by Council on Signatories (NALC Fin Regs 5.1) – needed?

Cheque stubs or invoice summaries signed

Leasing/HP/Borrowing. PWLB Balances on-line

If non-PWLB loan, provide evidence of loan outstanding

Electronic/Internet Banking - Parish Councils can now opt for a single Password

Credit/Debit Card facilities - Parish Councils can have Cards - single signature

### Health & Safety - Emergency spending limits delegated to Clerk - Policy in writing if > 5 staff

### Legal Powers – Payments minuted with details of which Local Government Act (LGA) provides authorisation (may also be covered in Council's Financial Regulations)

- LGAs not needed if General Power of Competence held (Clerk with CiLCA – 2/3 elected Councillors)
- Payments under LGA 1972 - S137 (list relevant Para) 2014/15=£7.20 per Elector (15/16 = £7.36)

### Register of Councillors' Interests (Public access)

#### Meetings: Agenda/Minutes – Personal Interest

- Prejudicial Interest > Public Perception Significant Personal Interest

### Local Government Transparency Code: Publishing Requirements from 4/15 a) Exp/Income < £25k pa

b) T/o £25k - £200k (no LGTC requirements), c) T/o £200k - £6.5m

### Internal Controls: Effectiveness reviewed annually in full Council & minuted (GALCP 2014 Page 50)

#### Procedure documented:

- re Complaints/Enquiries: Code of Practice – a) Councillors/Staff – b) Parishioners

- re Responses to Consultation Requests

- re handling of correspondence, circulation, responses, filing, retention

Procedure (documentation not needed) for monitoring Grants or Loans made or received

Procedure (documentation not needed) for Recording/Monitoring Councillors' Gifts & Hospitality received

Employees' Code of Conduct

### Outstanding Litigation

Freedom of Information Act 2000 – Core Model or Bespoke Version adopted. Declaration sent & acknowledged. Publication Scheme completed and minuted. Complaints Procedure for ICO.

Data Protection Act: Personal Data (not employees) held electronically - register at [www.ico.gov.uk](http://www.ico.gov.uk)

Risk Assessment: Risks assessed as Low/Medium/High or Severity/Likelihood. Monitoring Regime

Internal Audit: Effectiveness of Internal Auditor checked. Appointment Minuted.

## INTERNAL AUDIT PLAN – REVIEW of BOOK-KEEPING

Current number of Electors:

Current number of Councillors:

Rules: Internal Financial Regulations (Code of Conduct – Financials) – Annual Review  
Standing Orders (Code of Conduct – Procedural) – Annual Review

Receipts & Payments Accounting – (If R or P <£200k for the year or for one of two preceding years) – or  
Income & Expenditure Accounting – (If R or P >£200k for 3 consecutive years) – or  
Income & Expenditure Accounting – (If I or E >£200k for 3 consecutive years) – or  
UK GAAP Accounting Compliance – (If Turnover >£6.5m for 3 consecutive years)

Cash Book or Ledgers

Petty Cash Regime

Invoices re Income – Transaction Chase (Invoice → Cash Book → Bank)

– Precept (Invoice → Cash Book → Bank) Support Grants listed in A/Return Box 3

Invoices re Outgoings – Transaction Chase (Invoice → Cash Book → Bank)

Aged Debtors & Creditors. Significant variances year-on-year to be reported with the Annual Return  
EU Late Payment Directive: 2011/7/EU – 30 days Settlement of Invoices

VAT Registered/not Registered: Claims under HMRC VAT Notice 749 (Local Authorities) Para 12  
VAT Claim/Return (including Petty Cash Items) – backdated Max 3 years

Contracts of Employment or Letters of Appointment}

Terms & Conditions, Job Description } Annually reviewed – References taken re new Staff

Staff Performance Appraisals (SLCC has template)

Salary Calculations (P11 or equivalent, P35 & P60), Payroll Package

P11D needed if: Salary >£8.5k pa + a) travel expenses > HMRC limits, b) Work from Home Allowance

I/Revenue Return PAYE/NIC – RTI (whenever salaries/wages are paid)

Report to HMRC, even if Payment is below NIC/PAYE limit (name, amount, hours worked, frequency)

Gratuities: cannot be paid, unless a contractual obligation existed prior to 16/01/2012

: report to External Auditor, with amount, calculation, advice from NALC/SLCC, Contract

Annual Return – current and previous year, comments from External & Internal Auditors

Annual Return – Precept in Box 2, Support Grant in Box 3

Annual Return – supporting Accounting Statements to be reviewed by full Council, not Committee

Reasons for Variances year on year to accompany the A/Return:

Littlejohn: if >15% & >£200 – BDO Stoy Hayward: if >10% & >£100

Reasons for movements to/from Zero to accompany the A/Return

Bank Reconciliations checked: a) to A/Return b) during the year c) by a Councillor or Nominee & signed

Reserves – reasons why they exceed 200% of Precept to accompany Annual Return

Precept Budgeting Process > Budget and Variance Analysis, ongoing Monitoring

Register of Assets & Investments (No Depreciation applied)

Term Investments, ie those that change in value – list in Asset Register & Box 9 at cost or proxy value

Assets listed – see GALC 2014: 3.66-3.77: Donations value at Nil

Assets listed – see GA Guide 2016: from 1/04/2016 Basis of Valuation can be changed – restate 3/2016

Assets held by Council as Custodian Trustee listed – but not in Box 9

Trust arrangements : Separate Bank Accounts, Books, Meetings & Minutes re Charity

Only note “yes” on Section 1 of Annual Return if Council is Sole Trustee

Returns to PRS/PPL (1% + VAT)

Minutes of Meetings – final page signed by Chairperson (each page numbered & initialled) – stored safely  
Agenda for Meetings not to include “Any Other Business”

Receipts from Asset Disposals > £10k only used for Capital Expenditure or Debt Reduction

Meetings (minimum of 4x pa) not held on Licensed Premises. OK if alcohol is not served at the time

Public Notices re Annual Audit – displayed for required period

Property: Non-Domestic Rating Assessment. Small Business Rate Relief should be applied

**Peter J Consultants**

Lyoth Cottage, Lyoth Lane, Lindfield, West Sussex RH16 2QA

Email: [peter.j.consultants@btinternet.com](mailto:peter.j.consultants@btinternet.com)

Tel: 01444 412423 – Mob: 07763 174800

**EAST DEAN & FRISTON PARISH COUNCIL  
Internal Audit & Annual Review – 31/03/2018**

In accordance with my Internal Audit Plan, Controls and Procedures have been tested, with Fraud and Risk Issues reviewed - these are well managed, as set out in the Governance and **Accountability for Local Councils Practitioners' Guide** 2018 and meet the needs of the Council. I would only comment by exception. I confirm that I do not have any role within the Council. I will carry out my duties without bias and follow the Public Sector Internal Audit Standards 2012 - to enable the Council to comply with these Standards and the Accounts & Audit Regulations 2015.

There are not any matters to raise – well done.

Peter Frost

Peter J Consultants

17/04/2018



# Local Councils, Internal Drainage Boards and other Smaller Authorities in England

## Annual Governance and Accountability Return 2017/18 Part 3

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### 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? <b>NB:</b> 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](http://www.nalc.gov.uk) or from [www.slcc.co.uk](http://www.slcc.co.uk) or from [www.ada.org.uk](http://www.ada.org.uk)

## Annual Internal Audit Report 2017/18

### EAST DEAN AND FRISTON PARISH 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.	✓		
<b>K. (For local councils only)</b>	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).

Date(s) internal audit undertaken

DD/MM/YY

Name of person who carried out the internal audit

Peter Frost ENTER NAME OF INTERNAL AUDITOR

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

17/04/2018

\*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:

### EAST DEAN AND FRISTON PARISH 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 means that this 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 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
			✓

\*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:

MINUTE REFERENCE  
 dated MINUTE REFERENCE

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

Chairman SIGNATURE REQUIRED  
 Clerk SIGNATURE REQUIRED

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

Authority web address

[www.edfparishcouncil.org.uk](http://www.edfparishcouncil.org.uk)

## Section 2 – Accounting Statements 2017/18 for

### EAST DEAN AND FRISTON PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2017 £	31 March 2018 £	
1. Balances brought forward	36,136	48,057	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	48,110	48,110	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	5,706	19,116	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	13,961	13,844	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 authority's borrowings (if any).
6. (-) All other payments	27,934	61,315	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	48,057	40,124	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	48,057	40,124	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	171,449	185,766	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	0	0	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 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

SIGNATURE OF RFO

DATE

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

DATE

and recorded as minute reference:

MINUTE REFERENCE

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

SIGNATURE OF CHAIRMAN



## Section 3 – External Auditor Report and Certificate 2017/18

In respect of

EAST DEAN AND FRISTON PARISH COUNCIL

### 1 Respective responsibilities of the body and the auditor

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2018; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability 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.

### 2 External auditor report 2017/18

(Except for the matters reported below)\* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with *Proper Practices* and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (\*delete as appropriate).

(continue on a separate sheet if required)

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

(continue on a separate sheet if required)

### 3 External auditor certificate 2017/18

We certify/do not certify\* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2018.

\*We do not certify completion because:

External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DD/MM/YY

\*Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews for 2017/18 in Auditor Guidance Note AGN/02. The AGN is available from the NAO website ([www.nao.org.uk](http://www.nao.org.uk))

Bank reconciliation  
EAST DEAN and FRISTON PARISH COUNCIL

Financial year ending 31 March 2018

For the period from 01 April 2017 to 31 March 2018

Prepared by KJA Larkin, Clerk/RFO  
31/03/2018

Approved by .....Chairman/Vice Chairman/Authorised signatory  
05/04/2018

Balance per bank statements as at 31 March 2018:

	£	£
Current account	25,841.04	
Reserve account	14,278.50	
Interest on old closed account	4.39	
		40,123.93

Less: payments pending as at 31 March 2018:

None

Net bank balance as at 31 March 2018: 40,123.93

The net balance reconciles to the Cash Book (Receipts and Payments account)  
for the year as follows:

CASH BOOK

Opening balance 01 April 2017	48,057.29
Add receipts	67,225.73
Less payments	(75,159.09)
Closing balance per cash book as at 31 March 2018:	<u>40,123.93</u>



## Explanation of variances – pro forma

Name of smaller authority: EAST DEAN AND FRISTON PARISH COUNCIL

County area (local councils and parish meetings only): WEALDEN DISTRICT OF EAST SUSSEX

Please provide full explanations, including numerical values, for the following:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- a breakdown of approved reserves if the total reserves (Box 7) figure is more than twice the annual precept/rates & levies value (Box 2).

Section 2	2016/17 £	2017/18 £	Variance £	Variance %	Detailed explanation of variance (with amounts £)
<b>Box 2</b> <i>Precept or Rates and Levies</i>	48,110	48,110	-	-	
<b>Box 3</b> <i>Total other receipts</i>	5,706	19,116	+13,410	+335%	Big Lottery Fund grant of £10,000 for play equipment. SGN Ltd donation of £1,000 for play equipment.  East Sussex County Council £1,500 for verge cutting
<b>Box 4</b> <i>Staff costs</i>	13,961	13,844	-	-	
<b>Box 5</b> <i>Loan interest/ capital repayments</i>	-	-	-	-	
<b>Box 6</b> <i>All other payments</i>	27,934	61,315	+ 33,381	+ 219%	Play equipment £23,000 War Memorial £6,845 Other assets £1,500
<b>Box 9</b> <i>Total fixed assets &amp; long term investments &amp; assets</i>	171,449	185,766	+ 14,317	+ 8.35%	New play equipment and other minor assets, partially offset by demolition of two old items of play equipment
<b>Box 10</b> <i>Total borrowings</i>	n/a	n/a	n/a	n/a	
<b>Explanation for 'high' reserves</b>	Box 7 is more than twice Box 2 because the authority held the following breakdown of reserves at the year end:				

FIXED ASSETS REGISTER  
MARCH 2018

Item	Date acquired	Location	Cost or value
1x Lenovo laptop	40457	Parish Office	600
1x Laser colour printer	40452	Parish Office	426
1x external hard drive	40452	Parish Office	49
1x Lenovo PC	40452	Parish Office	600
1x filing cabinet	2016	Village Hall	145
Memorial Recreation Ground	21335	Title ESX369720	1
Pavilion Building	1956	Recreation Ground	44,747
Pavilion Contents		Recreation Ground	1,070
Friston Green	1972	Friston	1
Hard area	1970	Downlands Way By	1
Shopping Precinct Car Park	1999	Title SX19884	1
Land east of Pean Dean for FP19	1970	Title SX12787	1
Land beyond The Link	1943	Title SX 11446	1
10' wide for bridleway	1943	Title SX11447	1
BR33	1943	Title SX11491	1
War Memorial	1950	Village Green	20,000
War Memorial Railings and Gate		Village Green	1,605
Best Kept Village Sign		Village Green	1
Best Kept Village Plaques x 5		Village Green	1
Flag Pole	1960	Village Green	312
Village sign	1930	Old Village Hall Garden	2,050
Flint Bus Shelter	1984	A259 East Dean	8,203
Wood Bus Shelter	1992	A259 East Dean	2,810
Wood Bus Shelters x 2	1992	A259 Friston	5,286
Notice Boards x 3		Downlands Way; VH; Friston	1,540
Public seats x 32		Per separate schedule	12,185
Gates and fencing		Various	5,005
Play area equipment	1959/91/92/05/06	Recreation Ground	34,399
Play area - Kanope	2017	Recreation Ground	22,905
Play Area Safety surfacing		Recreation Ground	16,882
Play area Fencing and Gates		Recreation Ground	2,906
Tennis net and posts	2012	Recreation Ground	294
Flags	Various	Village Hall	285
Gavel, engraved		Parish Office	100
4 x Pioneer litter bins	2017	Various	1,352
<b>TOTAL</b>			<b>185,766</b>

Smaller authority name: EAST DEAN AND FRISTON PARISH COUNCIL

**NOTICE OF PUBLIC RIGHTS AND PUBLICATION  
OF UNAUDITED ANNUAL GOVERNANCE &  
ACCOUNTABILITY RETURN**

**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018**

**Local Audit and Accountability Act 2014 Sections 26 and 27  
The Accounts and Audit Regulations 2015 (SI 2015/234)**

NOTICE	NOTES
<p>1. Date of announcement <u>1 JUNE 2018</u> (a)</p> <p>2. Each year the smaller authority's Annual Governance and Accountability Return (AGAR) needs to be reviewed by an external auditor appointed by Smaller Authorities' Audit Appointments Ltd. The unaudited AGAR has been published with this notice. As it has yet to be reviewed by the appointed auditor, it is subject to change as a result of that review.</p> <p>Any person interested has the right to inspect and make copies of the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records must be made available for inspection by any person interested. For the year ended 31 March 2018, these documents will be available on reasonable notice by application to:</p> <p>(b) <u>KATRINA LARKIN (PARISH CLERK/R.F.O.)</u> <u>01323 811870</u> <u>clerk@dfpc@gmail.com</u></p> <p>commencing on (c) <u>Monday 4 June 2018</u></p> <p>and ending on (d) <u>Friday 13 July 2018</u></p> <p>3. Local government electors and their representatives also have:</p> <ul style="list-style-type: none"><li>• The opportunity to question the appointed auditor about the accounting records; and</li><li>• The right to make an objection which concerns a matter in respect of which the appointed auditor could either make a public interest report or apply to the court for a declaration that an item of account is unlawful. Written notice of an objection must first be given to the auditor and a copy sent to the smaller authority.</li></ul> <p>The appointed auditor can be contacted at the address in paragraph 4 below for this purpose between the above dates only.</p> <p>4. The smaller authority's AGAR is subject to review by the appointed auditor under the provisions of the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the NAO's Code of Audit Practice 2015. The appointed auditor is:</p> <p>PKF Littlejohn LLP (Ref: SBA Team) 1 Westferry Circus Canary Wharf London E14 4HD (sba@pkf-littlejohn.com)</p> <p>5. This announcement is made by (e) <u>KATRINA LARKIN</u> <u>PARISH CLERK / R.F.O.</u></p>	<p>(a) Insert date of placing of the notice which must be not less than 1 day before the date in (c) below</p> <p>(b) Insert name, position and address/telephone number/ email address, as appropriate, of the Clerk or other person to which any person may apply to inspect the accounts</p> <p>(c) Insert date, which must be at least 1 day after the date of announcement in (a) above and at least 30 working days before the date appointed in (d) below</p> <p>(d) The inspection period between (c) and (d) must be 30 working days inclusive and must include the first 10 working days of July</p> <p>(e) Insert name and position of person placing the notice - this person must be the responsible financial officer for the smaller authority</p>



## LOCAL AUTHORITY ACCOUNTS: A SUMMARY OF YOUR RIGHTS

Please note that this summary applies to all relevant smaller authorities, including local councils, internal drainage boards and 'other' smaller authorities.

### The basic position

The [Local Audit and Accountability Act 2014](#) (the Act) governs the work of auditors appointed to smaller authorities. This summary explains the provisions contained in Sections 26 and 27 of the Act. The Act and the [Accounts and Audit Regulations 2015](#) also cover the duties, responsibilities and rights of smaller authorities, other organisations and the public concerning the accounts being audited.

As a local elector, or an interested person, you have certain legal rights in respect of the accounting records of smaller authorities. As an interested person you can inspect accounting records and related documents. If you are a local government elector for the area to which the accounts relate you can also ask questions about the accounts and object to them. You do not have to pay directly for exercising your rights. However, any resulting costs incurred by the smaller authority form part of its running costs. Therefore, indirectly, local residents pay for the cost of you exercising your rights through their council tax.

### The right to inspect the accounting records

Any interested person can inspect the accounting records, which includes but is not limited to local electors. You can inspect the accounting records for the financial year to which the audit relates and all books, deeds, contracts, bills, vouchers, receipts and other documents relating to those records. You can copy all, or part, of these records or documents. Your inspection must be about the accounts, or relate to an item in the accounts. You cannot, for example, inspect or copy documents unrelated to the accounts, or that include personal information (Section 26 (6) – (10) of the Act explains what is meant by personal information). You cannot inspect information which is protected by commercial confidentiality. This is information which would prejudice commercial confidentiality if it was released to the public and there is not, set against this, a very strong reason in the public interest why it should nevertheless be disclosed.

When smaller authorities have finished preparing accounts for the financial year and approved them, they must publish them (including on a website). There must be a 30 working day period, called the 'period for the exercise of public rights', during which you can exercise your statutory right to inspect the accounting records. Smaller authorities must tell the public, including advertising this on their website, that the accounting records and related documents are available to inspect. By arrangement you will then have 30 working days to inspect and make copies of the accounting records. You may have to pay a copying charge. The 30 working day period must include a common period of inspection during which all smaller authorities' accounting records are available to inspect. This will be 2-13 July 2018 for 2017/18 accounts. The advertisement must set out the dates of the period for the exercise of public rights, how you can communicate to the smaller authority that you wish to inspect the accounting records and related documents, the name and address of the auditor, and the relevant legislation that governs the inspection of accounts and objections.

### The right to ask the auditor questions about the accounting records

You should first ask your smaller authority about the accounting records, since they hold all the details. If you are a local elector, your right to ask questions of the external auditor is enshrined in law. However, while the auditor will answer your questions where possible, they are not always obliged to do so. For example, the question might be better answered by another organisation, require investigation beyond the auditor's remit, or involve disproportionate cost (which is borne by the local taxpayer). Give your smaller authority the opportunity first to explain anything in the accounting records that you are unsure about. If you are not satisfied with their explanation, you can question the external auditor about the accounting records.



The law limits the time available for you formally to ask questions. This must be done in the period for the exercise of public rights, so let the external auditor know your concern as soon as possible. The advertisement or notice that tells you the accounting records are available to inspect will also give the period for the exercise of public rights during which you may ask the auditor questions, which here means formally asking questions under the Act. You can ask someone to represent you when asking the external auditor questions.

Before you ask the external auditor any questions, inspect the accounting records fully, so you know what they contain. Please remember that you cannot formally ask questions, under the Act, after the end of the period for the exercise of public rights. You may ask your smaller authority other questions about their accounts for any year, at any time. But these are not questions under the Act.

You can ask the external auditor questions about an item in the accounting records for the financial year being audited. However, your right to ask the external auditor questions is limited. The external auditor can only answer 'what' questions, not 'why' questions. The external auditor cannot answer questions about policies, finances, procedures or anything else unless it is directly relevant to an item in the accounting records. Remember that your questions must always be about facts, not opinions. To avoid misunderstanding, we recommend that you always put your questions in writing.

### **The right to make objections at audit**

You have inspected the accounting records and asked your questions of the smaller authority. Now you may wish to object to the accounts on the basis that an item in them is in your view unlawful or there are matters of wider concern arising from the smaller authority's finances. A local government elector can ask the external auditor to apply to the High Court for a declaration that an item of account is unlawful, or to issue a report on matters which are in the public interest. You must tell the external auditor which specific item in the accounts you object to and why you think the item is unlawful, or why you think that a public interest report should be made about it. You must provide the external auditor with the evidence you have to support your objection. Disagreeing with income or spending does not make it unlawful. To object to the accounts you must write to the external auditor stating you want to make an objection, including the information and evidence below and you must send a copy to the smaller authority. The notice must include:

- confirmation that you are an elector in the smaller authority's area;
- why you are objecting to the accounts and the facts on which you rely;
- details of any item in the accounts that you think is unlawful; and
- details of any matter about which you think the external auditor should make a public interest report.

Other than it must be in writing, there is no set format for objecting. You can only ask the external auditor to act within the powers available under the [Local Audit and Accountability Act 2014](#).

### **A final word**

You may not use this 'right to object' to make a personal complaint or claim against your smaller authority. You should take such complaints to your local Citizens' Advice Bureau, local Law Centre or to your solicitor. Smaller authorities, and so local taxpayers, meet the costs of dealing with questions and objections. In deciding whether to take your objection forward, one of a series of factors the auditor must take into account is the cost that will be involved, they will only continue with the objection if it is in the public interest to do so. They may also decide not to consider an objection if they think that it is frivolous or vexatious, or if it repeats an objection already considered. If you appeal to the courts against an auditor's decision not to apply to the courts for a declaration that an item of account is unlawful, you will have to pay for the action yourself.

For more detailed guidance on public rights and the special powers of auditors, copies of the publication [Local authority accounts: A guide to your rights](#) are available from the NAO website.

If you wish to contact your authority's appointed external auditor please write to the address in paragraph 4 of the *Notice of Public Rights and Publication of Unaudited Annual Governance & Accountability Return*.