

# 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 <b>the dates set for the period for the exercise of public rights</b> , 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

ENTER NAME OF AUTHORITY  
**NORTH HYDEHAM 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).

Date(s) internal audit undertaken

05/04/2018

Name of person who carried out the internal audit

STEDENIE FLETCHER AUDITOR

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date

05/04/2018

\* F: - NO PETTY CASH ACCOUNT USED

\*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:

### North Hykeham 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' 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	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:

F&P 2/18 Minute 6

dated 21/06/2018

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

AUTHORITY WEBSITE ADDRESS

## Section 2 – Accounting Statements 2017/18 for

### North Hykeham Town Council

	Year ending		Notes and guidance
	31 March 2017 £	31 March 2018 £	
1. Balances brought forward	642,846	284,207	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	442,970	493,146	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	216,593	172,998	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	239,330	216,260	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	25,493	25,493	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	753,380	315,981	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	284,207	392,617	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	221,698	403,509	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>
9. Total fixed assets plus long term investments and assets	2,274,943	2,292,830	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	281,938	269,914	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

*Anne Preece* SIGNATURE REQUIRED

Date

21/06/18 MM/YY

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

21/06/18 YY

and recorded as minute reference:

F&P 2/18 Minute 6

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

*[Signature]* SIGNATURE REQUIRED

LOCAL COUNCILS IN ENGLAND AND WALES

ANNUAL RETURN

FOR THE YEAR ENDED 31 March 2018

North Hykeham Town Council

SECTION 1 - THE STATEMENT OF ACCOUNTS

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

Responsible Financial Officer ELAINE PREECE Date 21/06/18

I confirm that these accounts are approved by the Council and recorded as council minute reference F&P 218 Minute 6 Dated 21/06/18

Signed on behalf of the above Council (Chair)  Date 21/06/18

	<u>Last Year £</u>	<u>This Year £</u>	<u>General Notes for Guidance</u>
1 Balances brought forward	642,846	284,207	Total balances & reserves at the beginning of the year as recorded in the Council Financial Records
2 Annual Precept	442,970	493,146	Total amount of Precept income received in the year
3 Total other receipts	216,593	172,998	Total income or receipts as recorded in the cashbook minus the Precept
4 Staff costs	239,330	216,260	Total expenditure or payments made to and on behalf of all council employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and expenses
5 Loan interest/Capital repayments	25,493	25,493	Total expenditure or payments of capital and interest made during the year on the Council borrowings
6 Total other payments	753,380	315,981	Total expenditure or payments as recorded in the cashbook minus employment costs (Line 4) and loan / interest expenditure / payments (Line 5)
7 Balances carried forward	284,207	392,617	Total balances and reserves at the end of the year. [Must equal (1+2+3)-(4+5+6)]
8 Total Cash & Investments	221,698	403,509	The sum of all current and deposit bank accounts, cash holdings and investments held as at 31 March
9 Total Fixed Assets	2,274,943	2,292,830	The recorded current book value at 31 March of all tangible fixed assets owned by the Council as recorded in the asset register
10 Total Borrowings	281,938	269,914	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 1;
- \* Bank Reconciliation as at 31 March


30th June 2017

31st March 2018

		<b>Current Assets</b>	
3,135	Debtors	4,195	
66,790	VAT Debtor	6,930	
36,050	Santander Current A/c	218,036	
79,889	Santander Direct Saver	80,187	
118	Santander Bus Deposit (A&L)	118	
689	Coop Corporate A/c	90	
104,952	Clydesdale	105,078	
<b>291,622</b>			<b>414,635</b>
<b>291,622 Total Assets</b>			<b>414,635</b>
		<b>Current Liabilities</b>	
3,005	Creditors	1,785	
4,411	Accruals	20,103	
0	Receipts In Advance	130	
<b>7,416</b>			<b>22,018</b>
<b>284,207 Total Assets Less Current Liabilities</b>			<b>392,617</b>
		<b>Represented By</b>	
284,207	General Reserves		392,617
<b>284,207</b>			<b>392,617</b>

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 : 21/06/2018

Signed :  
Responsible  
Financial  
Officer

  
Date : 21/06/2018

**CONFIRMATION OF THE DATES OF THE PERIOD FOR THE  
EXERCISE OF PUBLIC RIGHTS**

Name of smaller authority: **North Hykeham Town Council**

County Area (local councils and parish meetings only): \_\_\_\_\_

**On behalf of the smaller authority, I confirm that the dates set for the period for the exercise of public rights are as follows:**

Commencing on Thursday 21<sup>st</sup> June 2018

and ending on Thursday 2<sup>nd</sup> August 2018

**(Please enter the dates set by the smaller authority as appropriate which must be 30 working days inclusive and must include the first 10 working days of July 2018.**

**We have suggested the following dates: Monday 4 June – Friday 13 July 2018.**

**The latest possible dates that comply with the statutory requirements are Monday 2 July – Friday 10 August 2018.)**

**Signed:**         Aimee Preece        

**Role:**         Town Clerk & RFO        

**FOR SMALLER AUTHORITIES SUBJECT TO A REVIEW ONLY:  
PLEASE SUBMIT THIS FORM TO PKF LITTLEJOHN LLP WITH  
THE AGAR PART 3 AND OTHER REQUESTED DOCUMENTATION**



## Bank reconciliation – pro forma

Name of smaller authority: North Hykeham Town Council

### Financial year ending 31 March 2018

Prepared by Elaine Preece Town Clerk and RFP

Date 21/06/18

Balance per bank statements as at 31 March 2018:	£	£
Santander Current A/C	218,036	
Santander Direct Saver	80,187	
Santander Business Deposit	118	
Coop Corporate A/c	90	
Clydesdale	105,078	
		<hr/>
		403,509
Petty cash float (if applicable)		
Less: any un-presented cheques at 31 March 2018		
		<hr/>
Add: any un-banked cash at 31 March 2018		
		<hr/>
Net balances as at 31 March 2018 (Box 8)		<hr/> <b>403,509</b>

***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)	284,207
Add: Receipts in the year	666,144
Less: Payments in the year	557,734
Closing balance per cash book [receipts and payments book] as at 31 March 2018 (must equal net balances above – Box 8) (See <a href="#">example</a> for guidance if required)	<hr/> <b>392,617</b>

## Explanation of variances – pro forma

Name of smaller authority: \_\_\_\_\_ **North Hykeham Town Council** \_\_\_\_\_

County area (local councils and parish meetings only): \_\_\_\_\_

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>	442,970	493,146	50,176	11.3	Not applicable
<b>Box 3</b> <i>Total other receipts</i>	216,593	172,998	43,595	20.1	Not anticipated at time of precept: S 106 Chapel Fields           17,132 Room hire                         18,111 Pitch fees                         6,595 Events                             2,043 <b>TOTAL</b> <b>43,881</b>
<b>Box 4</b> <i>Staff costs</i>	239,330	216,260	23,070	9.6	Not applicable
<b>Box 5</b> <i>Loan interest/ capital repayments</i>	25,493	25,493	0		Not applicable
<b>Box 6</b> <i>All other payments</i>	753,380	315,981	437,399	58.1	Majority of new building (Community HUB) expenditure in 2016/2017. Eg Gelders contracted value £713,000
<b>Box 9</b> <i>Total fixed assets &amp; long term investments &amp; assets</i>	2,274,943	2,292,830	17,887	0.8	Not applicable
<b>Box 10</b> <i>Total borrowings</i>	281,938	269,914	12,024	4.3	Not applicable
<b>Explanation for 'high' reserves</b>	Increase in reserves due to: Committee underspend £43,349 (timing complications no Town Clerk in post majority of financial year) S106 money                     £27,850 Community HUB               £35,650 (5% contract Gelders retention fee) Street Lighting                £ 1,561 <b>TOTAL</b> <b>£108,410</b>				

## 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: **North Hykeham Town Council**

County area (local councils and parish meetings only): \_\_\_\_\_

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.

<b>Box 7: Balances carried forward</b>		£	£
			<b>392,617</b>
Deduct:	Debtors	4,195	
	VAT Debtor	6,930	
		<b>11,125</b>	
Deduct:	Payments made in advance (prepayments)		
<b>Total deductions</b>			<b>11,125</b>
Add:	Creditors	1,785	
		<b>1,785</b>	
Add:	Receipts in advance	130	
	Accruals	20,103	
		<b>20,233</b>	
<b>Total additions</b>			<b>22,017</b>
<b>Box 8: Total cash and short term investments</b>			<b>403,509</b>

## Contact details

Name of smaller authority: **North Hykeham Town Council**

County Area (local councils and parish meetings only): **North Hykeham Town Council**

Please complete this form and send it back to us with the AGAR or exemption certificate

	<b>Clerk/RFO (Main contact)</b>	<b>Chair</b>
<b>Name</b>	Elaine Preece	Cllr Jim Charters
<b>Addresses</b>	Fen Lane North Hykeham Lincoln LN6 8UZ	15 Shearwater Road, Lincoln LN6 0XX
<b>Daytime telephone number</b>	01522 681537	01522 853164
<b>Mobile telephone number</b>	07584257345	07977 430141
<b>Email address</b>	<a href="mailto:townclerk@northhykehamtowncouncil.gov.uk">townclerk@northhykehamtowncouncil.gov.uk</a>	<a href="mailto:jim.charters@northhykehamtowncouncil.gov.uk">jim.charters@northhykehamtowncouncil.gov.uk</a>