

# Local Councils in England

## Annual return for the financial year ended 31 March 2014

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Local councils in England with an annual turnover of £6.5 million or less must complete an annual return in accordance with proper practices summarising their activities at the end of each financial year. In this annual return the term 'local council' includes a Parish Meeting, a Parish Council and a Town Council.

The annual return on pages 2 to 5 is made up of four sections:

- Sections 1 and 2 are completed by the person nominated by the local council.
- Section 3 is completed by the external auditor appointed by the Audit Commission.
- Section 4 is completed by the local council's internal audit provider.

Each council must approve this annual return no later than 30 June 2014.

### 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 sections highlighted in green. Do not leave any green box blank. Incomplete or incorrect returns require additional external audit work and may incur additional costs.

Send the annual return, together with your bank reconciliation as at 31 March 2014, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your external auditor by the due date.

Your external auditor will identify and ask for any additional documents needed for audit. Therefore, unless requested, do not send any original financial records to the external auditor.

Audited and certified annual returns will be returned to the local council for publication or public display of sections 1, 2 and 3. You must publish or display the audited annual return by 30 September 2014.

It should not be necessary for you to contact the external auditor or the Audit Commission directly for guidance.

More guidance on completing this annual return is available in the Practitioners' Guide for local councils that can be downloaded from [www.nalc.gov.uk](http://www.nalc.gov.uk) or from [www.slcc.co.uk](http://www.slcc.co.uk)



# Section 1 – Accounting statements 2013/14 for

Enter name of reporting body here:

STURMER PARISH

Council/Meeting

Readers should note that throughout this annual return references to a 'local council' or 'council' also relate to a parish meeting.

	Year ending		Notes and guidance		
	31 March 2013 £	31 March 2014 £			
1 Balances brought forward	5745	6488	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 (+) Annual precept	4270	4700	Total amount of precept received or receivable in the year.		
3 (+) Total other receipts	1732	16907	Total income or receipts as recorded in the cashbook less the precept received (line 2). Include any grants received here.		
4 (-) Staff costs	600	600	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	NIL	NIL	Total expenditure or payments of capital and interest made during the year on the council's borrowings (if any).		
6 (-) All other payments	4659	18,600	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	6488	8895	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)		
8 Total cash and short term investments	6483	8858	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 other long term investments and assets	33,000	45000	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the council as at 31 March		
10 Total borrowings	NIL	NIL	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).		
11 Disclosure note	yes	no	yes	no	The council acts as sole trustee for and is responsible for managing trust funds or assets. The figures in the accounting statements above do not include any trust transactions.
Trust funds (including charitable)		✓		✓	

I certify that for the year ended 31 March 2014 the accounting statements in this annual return present fairly the financial position of the council and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

*R J Minter*

Date 27-05-14

I confirm that these accounting statements were approved by the council on this date:

27-05-2014

and recorded as minute reference:

P. 53, FINANCE (C) AUDIT.

Signed by Chair of the meeting approving these accounting statements.

*A Winters*

Date 27/5/14



# Section 2 – Annual governance statement 2013/14

We acknowledge as the members of:

EN STURMER PARISH Council/Meeting

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 2014, that:

	Agreed –		'Yes' means that the council:	
	Yes	No*		
1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	✓		prepared its accounting statements in the way prescribed by law.	
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 the council 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 has given all persons interested the opportunity to inspect and ask questions about the council's accounts.	
5 We carried out an assessment of the risks facing the council 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 council 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 the council.	
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 the council 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 Trust funds (including charitable) – in our capacity as the sole managing trustee we discharged our responsibility in relation to the accountability for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	yes	no	NA	has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.

This annual governance statement is approved by the council and recorded as minute reference

P 53, FINANCE (C) AUDIT

dated 27-05-2014

Signed by:

Chair *[Signature]* REQUIRED

dated 27/5/14.

Signed by:

Clerk *[Signature]* REQUIRED

dated 27-05-2014

\*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the council will address the weaknesses identified.



# Section 3 – External auditor certificate and opinion 2013/14

## Certificate

We certify that we have completed the audit of the annual return for the year ended 31 March 2014 of

EN STURMER PARISH COUNCIL

Council/Meeting

### Respective responsibilities of the council and the auditor

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

- summarises the accounting records for the year ended 31 March 2014; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to conduct an audit in accordance with guidance issued by the Audit Commission and, on the basis of our review of the annual return and supporting information, to report whether any matters that come to our attention give cause for concern that relevant legislation and regulatory requirements have not been met.

### External auditor report (ACEX0241)

Except for the matters reported below, on the basis of our review, 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.

There is an unexplained £37 discrepancy between Boxes 7 and 8 on the Annual Return (and £5 on the prior year figures). As a result, we do not have confidence in the figures in Section 1. The supporting documentation provided for audit indicates that the Council's accounts are prepared on a receipts and payments basis, as we would expect, therefore Boxes 7 and 8 should be equal each year. This was also raised as an 'other' matter in the prior year external auditor report and the Council has not addressed it.

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

The completed Annual Return and all relevant supporting information were not submitted for audit by the date requested.

External auditor signature *PKF Littlejohn LLP*

External auditor name PKF Littlejohn LLP

Date 23/9/14

Note: The auditor signing this page has been appointed by the Audit Commission and is reporting to you that they have carried out and completed all the work that is required of them by law. For further information please refer to the Audit Commission's publication entitled Statement of Responsibilities of Auditors and of Audited Small Bodies.



# Section 4 – Annual internal audit report 2013/14 to

The council'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 2014.

Internal audit has been carried out in accordance with the council'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 the council.

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 The council's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D The annual precept 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 council 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, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.	✓		
K Trust funds (including charitable) The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by the council (list any other risk areas below or on separate sheets if needed) adequate controls existed:

Name of person who carried out the internal audit M. A. WINCHESTER

Signature of person who carried out the internal audit M.A. Winchester Date 25/05/14

\*Note: 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 2013/14 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 audit. Both NALC and SLCC 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 green boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are drawn to the attention of and approved by the council, properly initialled and an explanation is provided to the external auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 3 Use the checklist provided below. Use a second pair of eyes, perhaps a council member or the Chair, to review your 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 notify the external auditor of 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 council 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 1). 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 2. 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.
- 8 Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2013) equals the balance brought forward in the current year (Box 1 of 2014).
- 9 Do not complete section 3. The external auditor will complete it at the conclusion of the audit.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All green boxes have been completed?	✓
	All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit.	✓
Section 1	Council approval confirmed by signature of Chair of meeting approving accounting statements?	✓
	An explanation of significant variations from last year to this year is provided?	✓
	Bank reconciliation as at 31 March 2014 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 council is a sole managing trustee? NB: Do not send trust accounting statements unless requested.	
Section 2	For any statement to which the response is 'no', an explanation is provided?	
Section 4	All green boxes completed by internal audit and explanations provided?	✓

\*Note: Governance and Accountability for Local Councils in England – A Practitioners' Guide is available from your local NALC and SLCC representatives or from [www.nalc.gov.uk](http://www.nalc.gov.uk) or [www.slcc.co.uk](http://www.slcc.co.uk)



Mrs R Mitson  
Sturmer Parish Council  
31 Brybank Road  
Haverill  
Suffolk  
CB9 7WD

Our ref EX0241  
Your ref SB08217

Email sba@pkf-littlejohn.com

24 September 2014

Dear Mrs R Mitson

## **Sturmer Parish Council Completion of the annual audit for the year ended 31 March 2014**

We have completed our audit of the Annual Return for Sturmer Parish Council for the year ended 31 March 2014. Please find enclosed the certified Annual Return for your attention.

The external auditor certificate and opinion is given in Section 3 of the Annual Return which details any matters arising from the audit. The Body must consider these matters and decide what, if any, action is required.

### **Action you are required to take at the conclusion of the audit**

The Accounts and Audit (England) Regulations 2011 (SI 2011/817) set out what you must do at the conclusion of the audit. In summary, you are required to:

- Prepare a "Notice of conclusion of the audit and right to Inspect the Annual Return", in line with the statutory requirements. We attach a pro forma notice you may use for this purpose.
- Display the "Notice" for a period of at least **14 days**, along with the certified Annual Return\*. [The Annual Return must be displayed so that at least Sections 1, 2 and 3 are visible. It is acceptable to display a copy of the Annual Return, as long as it is a true facsimile and bears a note saying where the original can be inspected].
- Keep copies of the Annual Return available for purchase by any person on payment of a reasonable sum.

\* Displaying the Annual Return on the Body's notice board(s) satisfies the publication requirements of Regulation 13 of the Accounts and Audit (England) Regulations 2011. However, publication could also include copying onto a website, publishing as a separate leaflet, or publishing in a newspaper or as part of a newsletter.

The information contained in this communication is confidential and may be legally privileged. It is intended solely for the use of the individual or entity to whom it is addressed and others authorised to receive it. If you are not the intended recipient you are hereby notified that any disclosure, copying, distribution or taking of any action in reliance on the contents of this information is strictly prohibited and may be unlawful.

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PKF Littlejohn LLP is a member firm of the PKF International network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member or correspondent firm or firms.



**Audit fee**

We enclose our fee note for the audit, which is in accordance with the audit fee scales set by the Audit Commission. Please arrange for this to be paid at the earliest opportunity.

**Please return the remittance advice with your payment, which should be sent to:**

**PKF Littlejohn LLP, Ref: Credit control (SBA), 2nd Floor, 1 Westferry Circus, Canary Wharf, London, E14 4HD**

Please include the reference EX0241 or Sturmer Parish Council as a reference when paying by BACS

**Audit timetable for 2014/15**

We would like to inform you of the timetable for next year's audit process to enable your Body to plan accordingly. The timetable will be broadly similar to that used this year, namely:

Audit packs to be sent out during the last full week in March 2015 (dependent on receipt of the printed Annual Returns from the Audit Commission)

- Provision for the exercise of electors' rights:*
- Notice period to start on Friday 24 April 2015
- Inspection period to start on Friday 8 May 2015
- Inspection period to end on Friday 5 June 2015
- Appointed date to be Monday 8 June 2015

The submission deadline for return of the completed Annual Return and associated documents will be Monday 8 June 2015, i.e. 10 weeks after the year end.

**Satisfaction survey**

We enclose a satisfaction survey for you to complete and return to us. Please return this to us by 1 December 2014, either by post or via email to [sba@pkf-littlejohn.com](mailto:sba@pkf-littlejohn.com).

Yours sincerely

PKF Littlejohn LLP



## Explanation of variances – pro forma for local councils

### Sturmer Parish Council

The NALC/SLCC 'Practitioners' Guide' (paragraph 2.15 onwards) provides guidance on explaining significant variances. Please provide explanations for the following:

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

Section 1	2012/13 £	2013/14 £	Variance £	Variance %	Detailed explanation of variance (with amounts £)
Box 2 Precept	4 270	4 700	430	10%	
Box 3 Other receipts	1,732	16,906	15,174	976%	GRANT FROM BRAINTREE DC MI FUND FOR GLADSTONE SHELTER FOR POCKET PARK (GRANT 15,000)
Box 4 Staff costs	600	600	0	0	—
Box 5 Loan interest/ capital repayments	NIL	NIL	NIL	NIL	
Box 6 Other payments	4 659	18 600	13 941	399%	PURCHASE OF GLADSTONE SHELTER + GROUNDWORK (£15,000 GRANT FROM BRAINTREE DC MI FUND)
Box 9 Fixed assets & long term assets	33,000	45,000	12,000	36%	PURCHASE OF GLADSTONE SHELTER FOR POCKET PARK   RAILWAY WALK.
Box 10 Borrowings	NIL	NIL	NIL		
Explanation for 'high' reserves	Box 7 is more than twice Box 2 because ....				



# Reconciliation between Box 7 and Box 8 in Section 1 – pro forma

(applies to Annual Returns prepared on an income and expenditure basis only)

**Sturmer Parish Council**

There should only be a difference between Box 7 and Box 8 where the Annual Return has 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>			8918
Deduct:	Debtors		
	• HMRC		
	•		
	•		
	•		
	•		
		60.00	
Deduct:	Payments made in advance (prepayments)		
	•		
	•		
<b>Total deductions</b>		60.00	8858
Add:	Creditors		
	•		
	•		
	•		
	•		
	•		
Add:	Receipts in advance		
	•		
	•		
<b>Total additions</b>			
<b>Box 8: Total cash and short term investments</b>			8858



**Sturmer Parish Council Bank Reconciliation 31 March 2014**

Audited Body name: **Sturmer Parish Council**

Financial year ending: **31 March 2014**

Prepared by: **Mrs Rachel Mitson (Parish Clerk)**

Date: **26 May 2014**

Approved by: **Mr David Porth (Chairman)**

Date: **27 May 2014 June**

**Balance per bank statements as at 31 March 2014**

Current account: £ 4,809.94

Savings account: £ 4,108.04.

Petty Cash £ Nil

**£8,917.98**

**Less unpresented cheques at 31 March 2013**

587 -£ £60.00

**£8,857.98**

**Add any unbanked monies at 31 March 2014**

£Nil

**£8,857.98**

**Net bank balance at 31 March 2014**

**£8,857.98**



Mrs R Mitson  
Sturmer Parish Council  
31 Brybank Road  
Haverill  
Suffolk  
CB9 7WD

Our ref EX0241  
Your ref SB08217  
Invoice no: SB20141718  
Email [sba@pkf-littlejohn.com](mailto:sba@pkf-littlejohn.com)

24 September 2014

## INVOICE

Professional services rendered in connection with the following:

External Audit of Annual Return for year ended 31 March 2014	£100.00
Additional charges (where applicable) as detailed on attached appendix A	£0.00
Additional fees (where applicable) as detailed on attached appendix B	£0.00
TOTAL NET	£100.00
VAT @ 20%	£20.00
TOTAL PAYABLE	£120.00

### PAYMENT IS DUE ON RECEIPT OF INVOICE

For payments by cheque, please return the remittance advice with your payment to:

PKF Littlejohn LLP, Credit Control (SBA), 2<sup>nd</sup> Floor, 1 Westferry Circus, Canary Wharf,  
London E14 4HD

For payments by credit transfer, our bank details are:-

HSBC Bank plc Sort Code: 40-02-31

Account number: 11070797

Account Name: PKF Littlejohn LLP

Please include EX0241 or Sturmer Parish Council as the reference.

For account queries, contact [creditcontrol@pkf-littlejohn.com](mailto:creditcontrol@pkf-littlejohn.com).