Guidance notes on completing Part 2 of the Annual Governance and Accountability Return 2017/18, Sections 1 and 2

- Where an authority is exempt from the requirement for a limited assurance review, it need not submit its Annual Governance and Accountability Return to the external auditor. However, as part of a more proportionate regime, the authority **must** comply with the requirements of the Transparency Code for Smaller Authorities.
- The authority **must** comply with Proper Practices in completing this Annual Governance and Accountability Return and the Certificate of Exemption. 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.
- The authority **should** receive and note the annual internal audit report prior to approving the annual governance statement and before approving the accounts.
- 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 return. Any amendments must be approved by the authority and properly initialled.
- Use the checklist provided below to review the Annual Governance and Accountability Return for completeness at the meeting at which it is signed off.
- You **should** inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant email addresses and telephone numbers.
- It is recommended that the authority has numerical and narrative explanations for significant variances in the accounting statements on **page 4**, should a question be raised by a local elector. There is guidance provided in the *Practitioners' Guide** that may assist.
- Make sure that the accounting statements add up and 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).
- 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 **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?	yes	
	Have the dates set for the period for the exercise of public rights been published?	yes	
Internal Audit Report	Have all highlighted boxes have been completed by the internal auditor and explanations provided?	yes	
Section 1	For any statement to which the response is 'no', is an explanation available should a question be raised by a local elector and/or an interested party?	yes	
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?	yes	
	Is an explanation of significant variations from last year to this year available, should a question be raised by a local elector and/or an interested party?	yes	
	Is an explanation of any difference between Box 7 and Box 8 available, should a question be raised by a local elector and/or an interested party?	yes	
Sections 1 and 2	Trust funds – have all disclosures been made if the authority is a sole managing trustee?		

*More guidance on completing this annual return is available in ***Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices***, which can be downloaded from **www.nalc.gov.uk** or from **www.slcc.co.uk** or from **www.ada.org.uk**

Certificate of Exemption

To be completed only by smaller authorities where the higher of gross income or gross expenditure did not exceed £25,000 in the year of account ended 31 March 2018, and that wish to certify themselves as exempt from a limited assurance review under Section 9 of the Local Audit (Smaller Authorities) Regulations 2015

There is no requirement to have a limited assurance review or to submit an Annual Governance and Accountability Return to the external auditor, **provided** that the authority has certified itself as exempt at a meeting of the authority after 31 March 2018 and a completed Certificate of Exemption is submitted notifying the external auditor.

SOULBY PARISH COUNCIL

certifies that during the financial year 2017/18, the higher of the authority's gross income for the year **or** gross annual expenditure, for the year did not exceed **£25,000**

Annual gross income for the authority 2017/18: 3278.25

Annual gross expenditure for the authority 2017/18: 3678.37

There are certain circumstances in which an authority will be **unable to certify itself as exempt,** so that a limited assurance review will still be required. If an authority **is unable to confirm the statements below then it cannot certify itself as exempt** and it **must** submit the completed Annual Governance and Accountability Return Part 3 to the external auditor to undertake a limited assurance review for which a fee of £200 +VAT will be payable.

By signing this **Certificate of Exemption** you are confirming that:

- The authority has been in existence since before 1st April 2014
- In relation to the preceding financial year (2016/17), the external auditor **has not:**
  - issued a public interest report in respect of the authority or any entity connected with it
  - made a statutory recommendation to the authority, relating to the authority or any entity connected with it
  - issued an advisory notice under paragraph 1(1) of Schedule 8 to the Audit and Accountability Act 2014 ("the Act"), and has not withdrawn the notice
  - commenced judicial review proceedings under section 31(1) of the Act
  - made an application under section 28(1) of the Act for a declaration that an item of account is unlawful, and the application has not been withdrawn nor has the court refused to make the declaration
- The court has not declared an item of account unlawful after a person made an appeal under section 28(3) of the Act.

If you are able to confirm that the above statements apply and that the authority neither received gross income, nor incurred gross expenditure, exceeding £25,000, then the Certificate of Exemption can be signed and submitted to the external auditor.

The Annual Internal Audit Report, Annual Governance Statement, Annual Accounting Statements, an analysis of variances and the bank reconciliation plus the information required by Regulation 15 (2), Accounts and Audit Regulations 2015 including the period for the exercise of public rights still need to be fully completed and, along with a copy of this certificate, published on a public website* before 2 July 2018. **By signing this certificate you are also confirming that this will be done.**

Signed by the Responsible Financial Officer

Date 31/05/18

Signed by Chairman

Date 31/05/18

Email soulbypce@gmail.com

Telephone number 07725351880

*Published web address *(not applicable to Parish Meetings)*

This Certificate of Exemption should be returned as soon as possible after certification to your external auditor.

Annual Internal Audit Report 2017/18

SOULBY 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.			NO PETTY CASH HELD
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.		1	✓

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: 21/05/18

Name of person who carried out the internal audit: RACHAEL E KELLY

Signature of person who carried out the internal audit: RKelly

Date: 21/05/18

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2017/18

We acknowledge as the members of:

SOULBY 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.	yes		*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.	yes		*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.	yes		*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.	yes		*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.	yes		*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.	yes		*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.	yes		*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.	yes		*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.*
			N/A	

This Annual Governance Statement is approved by this authority and recorded as minute reference:

APCM 31/05/18 ITEM 6

dated 31/05/18

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

Chairman

Clerk

Section 2 – Accounting Statements 2017/18 for

SOULBY PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2017 £	31 March 2018 £	*Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.*
1. Balances brought forward	4489	5237	*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	3000	3000	*Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.*
3. (+) Total other receipts	951	278	*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	2397	1300	*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	806	2378	*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	5237	4837	*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	5237	5555	*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	8281	8281	*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).*

	Yes	No	
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)			*The Council acts as sole trustee for and is responsible for managing Trust funds or assets.*
			N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2018 the Accounting Statements in this Annual Governance and Accountability Return present fairly the financial position of this authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

Date 31/05/18

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

31/05/18

and recorded as minute reference:

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

APCM 31/05/18 ITEM 6