

# Local Councils, Internal Drainage Boards and other Smaller Authorities in England Annual return for the year ended 31 March 2016

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Every smaller authority in England with an annual turnover of £6.5 million or less must complete an annual return at the end of each financial year in accordance with proper practices summarising its activities. In this annual return the term 'smaller authority'\* includes a Parish Meeting, a Parish Council, a Town Council and an Internal Drainage Board.

## The annual return on pages 2 to 4 is made up of three sections:

- Sections 1 and 2 are completed by the smaller authority. Smaller authorities must approve Section 1 before Section 2.
- Section 3 is completed by the external auditor.

In addition, the **internal audit report** is completed by the smaller authority's internal audit provider.

Each smaller authority must approve Sections 1 and 2 of this annual return no later than 30 June 2016.

## Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Complete all highlighted sections. Do not leave any highlighted box blank. Incomplete or incorrect returns require additional external auditor work and may incur additional costs.

Send the annual return, together with the bank reconciliation as at 31 March 2016, an explanation of any significant year on year variances in the accounting statements, **your notification of the commencement date of the period for the exercise of public rights** and any additional information requested, to your external auditor by the due date.

**Your external auditor will ask for any additional documents needed for their work. Unless requested, do not send any original financial records to the external auditor.**

Once the external auditor has completed their work, certified annual returns will be returned to the smaller authority for publication or public display of Sections 1, 2 and 3. You must publish or display the annual return, including the external auditor's report, by 30 September 2016.

It should not be necessary for you to contact the external auditor for guidance.

More guidance on completing this annual return is available in the Practitioners' Guides that can be downloaded from [www.nalc.gov.uk](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)

\*for a complete list of bodies that may be smaller authorities refer to schedule 2 to Local Audit and Accountability Act 2014

# Section 1 – Annual governance statement 2015/16

We acknowledge as the members of:

Enter name of  
smaller authority here:

CROKER TOWN COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2016, that:

	Agreed		'Yes' means that this smaller authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of this smaller authority to conduct its business or on its finances.	✓		has only done what it has the legal power to do and has complied with proper practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered the financial and other risks it faces and has dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this smaller authority and, where appropriate have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	✓		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 this smaller authority and recorded as minute reference:

4.5  
dated 20/6/16

Signed by:

Chair

*Timothy Adams*

dated

20/6/2016

Signed by:

Clerk

*[Signature]*

dated

20/6/16

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

# Section 2 – Accounting statements 2015/16 for

Enter name of smaller authority here:

CROMER TOWN COUNCIL

	Year ending		Notes and guidance				
	31 March 2015 £	31 March 2016 £					
1. Balances brought forward	179277	135994	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	208945	212596	Total amount of precept or (for IDBs) rates and levies received or receivable in the year. Exclude any grants received.				
3. (+) Total other receipts	90539	320957	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	93813	97976	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	34705	33937	Total expenditure or payments of capital and interest made during the year on the smaller authority's borrowings (if any).				
6. (-) All other payments	214249	183601	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	135994	354033	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	141487	346033	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	1481531	1276531	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the smaller authority as at 31 March				
10. Total borrowings	380600	362320	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)	<table border="1"> <tr> <th>Yes</th> <th>No</th> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>		Yes	No	<input checked="" type="checkbox"/>	<input type="checkbox"/>	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.
Yes	No						
<input checked="" type="checkbox"/>	<input type="checkbox"/>						

I certify that for the year ended 31 March 2016 the accounting statements in this annual return present fairly the financial position of this smaller authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer



Date

20/6/16


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

20/6/16

and recorded as minute reference:

4.5

Signed by Chair of the meeting approving these accounting statements.



Date

20/6/16

# Annual internal audit report 2015/16 to

Enter name of smaller authority here:

**CROMER TOWN COUNCIL**

This smaller authority's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2016.

Internal audit has been carried out in accordance with this smaller authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this smaller authority.

Internal control objective	Agreed? Please choose only one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been kept properly throughout the year.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G. Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Asset and investments registers were complete and accurate and properly maintained.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Name of person who carried out the internal audit **ROGER F. CANWELL**

Signature of person who carried out the internal audit  Date **7/6/2016**

\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).  
 \*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

## Guidance notes on completing the 2015/16 annual return

1. You must apply proper practices for preparing this annual return. Proper practices are found in the Practitioners' Guide\* which is updated from time to time and contains everything you should need to prepare successfully for your financial year-end and the subsequent work by the auditor. NALC, SLCC and ADA have helplines if you want to talk through any problem you encounter.
2. Make sure that your annual return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Avoid making amendments to the completed return. Any amendments must be approved by the smaller authority, properly initialled and explanation provided. Annual returns containing unapproved or unexplained amendments will be returned and may incur additional costs. **Smaller authorities must approve the annual governance statement before approving the accounts.**
3. Use the checklist provided below. Use a second pair of eyes, perhaps a Councillor or Board Member, to review the annual return for completeness before sending it to the external auditor.
4. Do not send the external auditor any information not specifically asked for. Doing so is not helpful. However, you must tell the external auditor about any change of Clerk, Responsible Finance Officer or Chair.
5. Make sure that the copy of the bank reconciliation which you send to your external auditor with the annual return covers all your bank accounts. If your smaller authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree your bank reconciliation to Box 8 on the accounting statements (**Section 2 on page 3**). You must provide an explanation for any difference between Box 7 and Box 8. More help on bank reconciliation is available in the Practitioners' Guide\*.
6. Explain fully significant variances in the accounting statements on **page 3**. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete analysis to support your explanation. There are a number of examples provided in the Practitioners' Guide\* to assist you.
7. If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge. **From 2016 onwards, you must inform the auditor of the date set for the commencement of the period for the exercise of public rights.**
8. Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2015) equals the balance brought forward in the current year (Box 1 of 2016).
9. Do not complete Section 3 which is reserved for the external auditor.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All highlighted boxes have been completed?	✓
	All additional information requested, including the dates set for the period for the exercise of public rights, has been provided for the external auditor?	✓
Section 1	For any statement to which the response is 'no', an explanation is provided?	✓
Section 2	Smaller authority approval of the accounting statements is confirmed by the signature of the Chair of the approval meeting?	✓
	An explanation of significant variations from last year to this year is provided?	✓
	Bank reconciliation as at 31 March 2016 agreed to Box 8?	✓
	An explanation of any difference between Box 7 and Box 8 is provided?	✓
Sections 1 and 2	Trust funds – all disclosures made if a Council is a sole managing trustee? NB: Do not send trust accounting statements unless requested.	✓
Internal Audit report	All highlighted boxes completed by internal audit and explanations provided?	✓

\*Note: Practitioners' Guides are available from your local NALC, SLCC or ADA representatives or from [www.nalc.gov.uk](http://www.nalc.gov.uk) or [www.slcc.co.uk](http://www.slcc.co.uk) or [www.ada.org.uk](http://www.ada.org.uk).

**Reconciliation between Box 7 and Box 8 in Section 2 (31/03/2016)**Local council name: CROMER TOWN COUNCIL

There should only be a difference between Box 7 and Box 8 where the accounts are prepared on an Income & Expenditure basis and where there are year-end adjustments for debtors/prepayments and creditors/receipts in advance. 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>Total of Box 7: Balances carried forward (31/3/2016)</b>			<b>354,033</b>
Deduct:	Debtors		
	• VAT RECOVERABLE	5,492	
	•	3,182	
	•		
			<b>8,674</b>
Deduct:	Payments made in advance (prepayments)		
	•	6,934	
			<b>6,934</b>
<b>Total deductions</b>			<b>338,425</b>
Add:	Creditors		
	• ACCRUALS	2,651	
	•	4,957	
	•		
			<b>7,608</b>
Add:	Receipts in advance		
	•		
			<b>-</b>
<b>Total additions</b>			<b>7,608</b>
<b>Total of Box 8: Total cash and short term investments (31/3/2016)</b> (must agree to the net balances on bank reconciliation)			<b>346,033</b>

Attachment 2 (i)

Explanation of variances - proforma

Name of Council: **Cromer Town Council**

The NALC/SLCC "Practitioners' Guide 2008" provides guidance on explaining significant variances. This is not just a matter for the audit, as it is good practice for the RFO to provide the council with explanations for differences between one year's actual expenditure/income and the next, and between budgeted and actual expenditure/income in a year, as part of the normal budgetary control arrangements and when setting the precept.

Please explain any variances of more than 15% between the totals for individual boxes. We do not require an explanation for variances of less than £200, however, in some cases there may be 'compensating' variances which leave the overall total for a box relatively unchanged - for example, where there was a major one-off project in 2008/09 (e.g. contribution to village hall extension of £30,000), but a totally different expense of a similar size in 2009/10 (e.g. purchase of playground equipment of £28,000). In such cases it would be helpful to provide an explanation of movements with each box. We would also ask you to explain any change where there is a movement to or from zero.

Section 1	2014/15 £	2015/16 £	Variance (+/-)£	Detailed explanation of variance (with amounts £)																								
<b>Box 2</b> Precept	208,945	212,596	3,651																									
<b>Box 3</b> Other Income	90,539	320,957	230,418	<table> <tr><td>Sale of Cemetery Lodge</td><td>218,472</td></tr> <tr><td>Electricity Refund</td><td>7,938</td></tr> <tr><td>Increase in income from marriages</td><td>7,890</td></tr> <tr><td>Reduction in donations from War Memorial (</td><td>5,124)</td></tr> <tr><td>Others - Net</td><td>1,239</td></tr> <tr><td></td><td>-----</td></tr> <tr><td></td><td>£230,415</td></tr> <tr><td></td><td>=====</td></tr> </table>	Sale of Cemetery Lodge	218,472	Electricity Refund	7,938	Increase in income from marriages	7,890	Reduction in donations from War Memorial (	5,124)	Others - Net	1,239		-----		£230,415		=====								
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	=====																											
<b>Box 4</b> Off Costs	93,813	97,976	4,163																									
<b>Box 5</b> Loan/Interest Capital	34,705	33,937	(768)																									
<b>Box 6</b> Other Payments	214,249	183,601	(30,648)	<table> <tr><td></td><td>£</td></tr> <tr><td>No grant for skateboard park</td><td>20,000</td></tr> <tr><td>Legal and Professional Fees</td><td>3,729</td></tr> <tr><td>North Lodge Running Costs</td><td>14,785</td></tr> <tr><td>Firework Grants</td><td>( 3,090)</td></tr> <tr><td>Allotments Clearing</td><td>( 2,390)</td></tr> <tr><td>IT Maintenance and Capital</td><td>( 2,214)</td></tr> <tr><td>New Opening for Basement Flat</td><td>( 2,390)</td></tr> <tr><td>Others - Net</td><td>2,218</td></tr> <tr><td></td><td>-----</td></tr> <tr><td></td><td>30,648</td></tr> <tr><td></td><td>=====</td></tr> </table>		£	No grant for skateboard park	20,000	Legal and Professional Fees	3,729	North Lodge Running Costs	14,785	Firework Grants	( 3,090)	Allotments Clearing	( 2,390)	IT Maintenance and Capital	( 2,214)	New Opening for Basement Flat	( 2,390)	Others - Net	2,218		-----		30,648		=====
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<b>Box 7</b> Balances carried forward	135,994	354,083	218,039	(If part of the year-end balances are earmarked for specific purposes rather than being a general reserve, please provide a breakdown)
<b>Box 9</b> Fixed assets And long term assets	1,481,531	1,276,531	(205,000)	Sale of Cemetery Lodge £205,000 =====
<b>Box 10</b> Total borrowings	380,600	362,320	(18,280)	Total borrowings reduced as a result of amounts repaid on the loans to the PWLB.



**Confirmation regarding the exercise of electors' rights**

Local Council name: CROMER TOWN COUNCIL

The Council must inform the electorate of a 30 working day period during which electors' rights may be exercised.

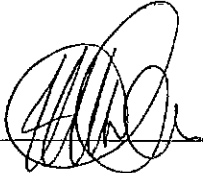
The inspection period must include the first 10 working days of July 2016.

The elected period commences on: 27<sup>th</sup> JUNE 2016

And ends on: 5<sup>th</sup> AUGUST 2016

The date appointed by the Council for the exercise of elector's rights has been set as:

8<sup>th</sup> AUGUST 2016 (any date at least one working day after the end of the inspection period above).

Signed:  Date: 7/6/16

Position held: JULIE CHANCE MILCM - TOWN COUNCIL

**CROMER TOWN COUNCIL**  
**BANK RECONCILIATION FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016**

**Community Account**

Cash Book Balance as at 31<sup>st</sup> March 2016 345,982.02

Add Outstanding Cheques:-

107753	69.00
107785	29.60
107820	24.00
107825	72.00
107829	500.00
107831	200.00
107832	500.00
107833	500.00
107838	1,000.00
107839	600.00
107840	500.00
107848	500.00
107850	592.44
107852	62.40
107854	90.00
107681	10.00

5,249.54

-----  
**£351,231.56**  
=====

Opening Balance 1<sup>st</sup> April 2015

141,291.33

Receipts

552,223.26

Payments

(347,132.57)

Transfers to Disbursement Account

( 400.00)

Closing Balance 31<sup>st</sup> March 2016

-----  
**£345,982.02**  
=====

**Clerk's Disbursement Account**

Cash Book Balance and Bank Statement

£ 50.45  
=====

Opening Balance 1<sup>st</sup> April 2015

195.00

Payments

( 544.55)

Transfer from Community Account

400.00

Closing Balance 31<sup>st</sup> March 2016

-----  
**£ 50.45**  
=====

**ROGER CANWELL**  
21 Ryefield Road  
Mulbarton  
Norwich NR14 8FD  
Rogercanwell@btinternet.com  
Phone 01508 570257

## **CROMER TOWN COUNCIL**

### **Internal Auditor's Report for Year ended 31<sup>st</sup> March 2016**

#### **Income and Expenditure**

A number of random Receipts and Payments transactions were tracked from source invoice to approval and to bank statement. All were processed correctly in line with Council procedures and clearly recorded and analysed. Value Added Tax was recorded and reclaimed correctly in a timely manner.

#### **Bank Accounts**

Bank accounts were satisfactorily reconciled between the bank statements and accounting records on a monthly basis and at the year end.

#### **Petty Cash**

Petty Cash payments, although insignificant, were correctly approved and recorded.

#### **Payroll**

All payments to staff were made in accordance with contracts and payments for expenses suitably approved. Payments to HMRC for PAYE and NI and to Norfolk County Council for pension contributions were made in a correct and timely manner.

#### **Fixed Assets**

A register of assets owned by the Council was maintained in line with insurance valuations. It was noted that one of the Council's significant assets, the New Chapel Lodge, had been sold.

### **Long-Term Liability**

The Council has two long-term loans from the Public Works Loan Board. Capital and Interest payments on this loan were correctly made in line with the loan agreements.

### **Annual Accounts**

The Income and Expenditure Account for the year ended 31<sup>st</sup> March 2016 was prepared in accordance with accepted accounting practice with all outstanding income and expenditure provided for. The Balance sheet at the 31<sup>st</sup> March 2016 shows the true financial position of the Council at that date.

### **Forward Planning**

Financial plans for the next financial year were prepared and approved in line with Council requirements and the annual precept set accordingly.

Overall I can report that the accounting records continue to be well maintained. I have nothing of concern to report to the Council and I was able therefore to sign the Annual Audit Commission Return without qualification .

**Roger Canwell**

**Accountant**

**Internal Auditor for Cromer Town Council**



**10th June 2016**