



CWLO88

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

Annual return for the year ended 31 March 2016

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 or from www.slcc.co.uk or from 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:

Mawnan Parish

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.	Yes	No	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:

2220
dated 19/5/16

Signed by:

Chair

dated

Signed by:

Clerk

dated

Ret Sadh

19/5/16

Lisa Cew

19/5/16

*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:

Mawnan Parish

	Year ending		Notes and guidance
	31 March 2015 £	31 March 2016 £	
1. Balances brought forward	49054	80295	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	44064	41503	Total amount of precept or (for IDBs) rates and levies received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	32274	24339	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	9634	11079	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 smaller authority's borrowings (if any).
6. (-) All other payments	35463	59895	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	80295	75163	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	80295	75162	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	60562	60562	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	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes X	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 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

Rosa Ave

Date

19/5/16

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

19/5/16

and recorded as minute reference:

2222

Signed by Chair of the meeting approving these accounting statements.

Tzer Sade

Date

19/5/16

Section 3 – External auditor certificate and report

2015/16 Certificate

We certify that we have completed our review of the annual return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2016 in respect of:

Enter name of
smaller authority here:

Mawnan Parish

Respective responsibilities of the body and the auditor

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

- summarises the accounting records for the year ended 31 March 2016; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review the annual return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and does not provide the same level of assurance that such an audit would do.

External auditor report

(Except for the matters reported below)* on the basis of our review of the annual return, 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. (*delete as appropriate).

(continue on a separate sheet if required)

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

See attached.

(continue on a separate sheet if required)

External auditor signature

Grant Thornton UK LLP

External auditor name

Grant Thornton UK LLP

Date

30/7/16

Note: The NAO issued guidance applicable to external auditors' work on 2015/16 accounts in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

This page is part of Section 3 - External auditor certificate and opinion 2015/16

Mawnan Parish Council
Audit Report for the year ended 31 March 2016

Other matters not affecting our opinion which we wish to draw to the attention of Mawnan Parish Council for the year ended 31 March 2016

Notice of Date of Commencement of Period for the Exercise of Public Rights

We note that the Notice of Appointment of Date for the Exercise of Electors' Rights allowed 31 days for the inspection of the books and records.

The Accounts and Audit (England) Regulations 2015 require that the inspection period must allow a single period of 30 working days for inspection, including the first 10 working days in July.

The Council must ensure that the inspection period is properly advertised in future years, and allows for the correct number of days for inspection.

Grant Thornton UK LLP

for Grant Thornton UK LLP

Date *30/7/16*

Our ref CWL088

Annual internal audit report 2015/16 to

Enter name of
smaller authority here:

Mawnan Parish

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.	✓		
B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This smaller 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.	NOT OPERATED		
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.	✓		
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) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
	✓		

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

S. PHILLIPS CPA

Signature of person who carried out the internal audit

SP Phillips

Date

08/05/2016

*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 or www.slcc.co.uk or www.ada.org.uk.

Variation Analysis

Income Variation

	2014/15	2015/16
Box 2: Precept	44,064	41,503

Box 3: Total Other Receipts

	32,273	24,338
CTS Grant	1,747	1,318
CC - Footpaths/SWCP	1,184	1,184
Bank Interest	18	37
Misc	625	8,630
solar farm grant funding	25,000	6,075
Graveyard	100	500
VAT Reclaimed	3,600	6,595

Box 4 : Staff Costs

	9,634	11,079
clerk's salary	8,736	10,068
Mileage & Parking	0	222
PAYE & NI	899	789

Box 5: loan interest/capital

0	0
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Expenditure Variation

Box 6: All other payments

	35,463	60,117
Bank Charges	80	86
Office Rent	2,780	3,300
Photocopying	231	388
Stationery	491	124
Telephone & Internet	495	666
Land Registry Searches	12	23
Books	11	5
Postage	183	150
Engraving	54	17
Insurance	673	659
Meeting Room Hire	327	268
External Audit Fee	200	300
Parish Council Website	745	90
Salaries	9,728	10,912
clerk's salary	8,736	10,068
Mileage & Parking	94	55
PAYE & NI	899	789
Training & Conference Fees	810	552
Course/conference fees	399	384

Mileage & Parking	412	168
Chairman's Allowance	0	7
Professional Subscriptions	505	549
SWCP/Footpaths & weeds	2,554	2,412
Grass Cutting	1,491	1,629
Footpath Repairs	180	184
Toilets - Cleaning and Materials	2,068	2,032
Toilets- Utility Charges	555	528
Toilets - Repairs and Maintenanc	2,291	274
Misc	4,079	7,546
Donations/Grants	1,985	3,300
Graveyard -S314	1,237	20,159
training	175	0
resources (books/forms etc)	390	197
maintenance/grounds	672	19,962

increase/decrease

-2,561

-7,935
-429
0
19
8,005
-18,925
400
2,995

1,444
1,332
222
-110

0

24,654
6
520
157
-368
171
11
-6
-32
-37
-14
-59
100
-655
1,183
1,332
-39
-110
-259
-15

-244

7

44

44

138

4

-36

-27

-2,017

3,467

1,315

18,921

-175

-194

19,290

Bank Reconciliation period ending:	31-Mar-16		
Council Name:	Mawnan Parish		
Prepared by:	Mrs Lisa Clements(clerk & RFO)		
Date:			
Approved by:			
Date:			
Balance per bank statements as at:	Mar-16	£	£
Current Account - Lloyds		7561.17	
Deposit Account - Lloyds		67781.31	
			75,342.48
Less: any un-presented cheques at 31 March (normally only current account)			
Cheque number			
	2444	180	
			180.00
Add any unbanked cash at: 31 March			
Net bank balances as at: 31 March 2015			75,162.48
The net balances reconcile to the Cash Book (receipts and payments account) for the year, as follows			
CASH BOOK			
Opening Balance		80,294.50	
Add: Receipts in the year		65,842.03	
Less: Payments in the year		-70,974.05	
Closing balance per cash book [receipts and payments book] as at 31 March 2015 (must equal net bank balances above)		75,162.48	



HUDSON ACCOUNTING LTD.
INTERNAL AUDIT REPORT:
TO THE MEMBERS OF MAWNAN PARISH COUNCIL
YEAR ENDED 31ST MARCH 2016

Directors: Steve Hudson BA (Hons), C.P.F.A; Mandy Hudson
Company Registration: 6935832 (England & Wales)
Registered Office: Brynmor, St. Ives Road, Carbis Bay, St. Ives, Cornwall, TR26 2SF

We have undertaken an internal audit of Mawnan Parish Council for the financial year 2015/16. The scope of the audit covers the areas referred to in Appendix 9 of the National Association of Local Council's publication *Governance & Accountability for Local Councils*.

It has been carried out in line with the Chartered Institute of Public Finance and Accountancy's Internal Audit Standards.

Selective testing was carried out and the relevant policies, procedures and controls were reviewed.

We would like to thank the Clerk for their assistance and co-operation during the course of the audit.

Our findings are shown below along with our response to Part 4 of the Annual Return.

	Internal Control Objective	Agreed?		
		Yes	No	Not Covered
Test	A. Appropriate accounting records have been kept properly throughout the year.	✓		
Comments	<ul style="list-style-type: none"> The accounts are maintained on a spreadsheet and no issues were detected. 			
Recommendations	None.			
Test	B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
Comments	<ul style="list-style-type: none"> Standing Orders & Financial Regulations have both been reviewed during the year. The Public Contracts Regulations 2015 place compliance obligations on local councils for contracts worth more than £25,000, NALC have advised (Legal Briefing LO5-15) that Standing Orders & Financial Regulations should be amended accordingly. Testing of expenditure revealed no issues to report other than a map was reclaimed on expenses twice. VAT has been claimed up to the end of February. The HMRC Advisory Rate for claiming VAT on mileage claims has changed during the year and this was not reflected in the Council's claims. 			
Recommendations	<ol style="list-style-type: none"> <i>Standing Orders & Financial Regulations should be updated to reflect the Public Contracts Regulations 2015.</i> <i>Systems should be put in place to capture compliance.</i> <i>A VAT reconciliation for the year should be carried out prior to the next claim being submitted.</i> <i>The HMRC Advisory Rate should be regularly checked to ensure it is correctly applied.</i> 			
Test	C. This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
Comments	<ul style="list-style-type: none"> Statutory insurances are in place and the Fidelity Guarantee is in adequate at £150,000 			

	Internal Control Objective	Agreed?		
		Yes	No	Not Covered
	<ul style="list-style-type: none"> The Council has assessed its risks. No Member internal audit activity is undertaken. The production of a procedure manual is underway. 			
Recommendations	1. The Council should consider implementing some Member internal audit activity. 2. The procedures manual should be completed as soon as is practicable.			
Test	D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
Comments	<ul style="list-style-type: none"> The precept was set following the production of detailed estimates. Budget monitoring is carried out quarterly. After allowing for earmarked reserves of £35,325 the general reserve stands at £39,838 equating to 57% of gross expenditure in 2015/16. 			
Recommendations	None.			
Test	E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
Comments	<ul style="list-style-type: none"> Income is currently limited and adequately controlled. 			
Recommendations	None.			
Test	F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
Comments	NOT OPERATED			
Test	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.	✓		
Comments	<ul style="list-style-type: none"> Testing revealed no issues to report other than there was a £10 discrepancy between expenses signed off in February and those actually incurred and paid and the March payslip was incorrect, albeit that the correct amount had been paid. 			
Recommendations	1. Care should be taken when overwriting the previous month's payslips to ensure accuracy.			
Test	H. Asset and investments registers were complete and accurate and properly maintained.	✓		
Comments	<ul style="list-style-type: none"> The asset register provided had not been updated to include benches purchased in May 2015, this has been corrected. 			
Recommendations	1. Asset movements should be reflected in the Register.			
Test	I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
Comments	<ul style="list-style-type: none"> Bank reconciliations are carried out monthly and reported to Members. 			

	Internal Control Objective	Agreed?		
		Yes	No	Not Covered
Recommendations	None.			
Test	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 appropriate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.	✓		
Comments	<ul style="list-style-type: none"> Accounting statements were in accord with underlying records. The variance analysis provided would not meet the requirement of the external auditor. 			
Recommendations	1. The variance analysis should be in the format required by the external auditor and follow the guidance provided by them.			
Test	K. Trust funds (including charitable). The council met its responsibilities as trustee.	✓		
Comments	<ul style="list-style-type: none"> Annual Returns have been submitted for both charities. Separate Trustee meetings are held 			
Recommendations	None.			

By E Mail
Hudson Accounting Ltd 08/05/2016