Local Councils, Internal Drainage Boards and other Smaller Authorities in England
Annual return for the year ended 31 March 2017

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 Section 1 and Section 2 in order and in accordance with the requirements of the Accounts and Audit Regulations 2015.

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 2017, 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 and public display of Sections 1, 2 and 3. You must publish and display the annual return, including the external auditor's report, by 30 September 2017.

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' Guide 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 2016/17

We acknowledge as the members of:

[Name]

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 2017, that:

<table>
<thead>
<tr>
<th></th>
<th>Agreed</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>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.</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>We provided proper opportunity during the year for the exercise of electors’ rights in accordance with the requirements of the Accounts and Audit Regulations.</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>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.</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>We took appropriate action on all matters raised in reports from internal and external audit.</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>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.</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>9.</td>
<td>(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.</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

This annual governance statement is approved by this smaller authority on: 15/03/2017

and recorded as minute reference: 502 (20.3)

Signed by Chair at meeting where approval is given: 

Clerk: 

*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 2016/17 for

<table>
<thead>
<tr>
<th>Year ending</th>
<th>Notes and guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Please round all figures to nearest £. Do not leave any boxes blank and insert 0.0 on Nil balances. All figures must agree to underlying financial records.</td>
</tr>
</tbody>
</table>

1. Balances brought forward | £28,877 | £30,212 |
2. (+) Precept or Rates and Levies | £16,960 | £16,960 |
3. (+) Total other receipts | £2,591 | £1,538 |
4. (-) Staff costs | (£4,124) | (£4,297) |
5. (-) Loan interest/capital repayments | Nil | Nil |
6. (-) All other payments | (£14,039) | (£26,169) |
7. (=) Balances carried forward | £30,212 | £18,243 |
8. Total value of cash and short term investments | £30,212 | £18,243 |
9. Total fixed assets plus long term investments and assets | £521,103 | £558,870 |
10. Total borrowings | Nil | Nil |
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable) | Yes | No |

The Council acts as sole trustee for and is responsible for managing Trust funds or assets.
N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2017 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: [Signature]
Date: 15/05/2017

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

13/05/2017

and recorded as minute reference:

602 (20.4)

Signed by Chair at meeting where approval is given:

[Signature]
Annual internal audit report 2016/17 to

Enter name of smaller authority here:  

**WATDON PARISH 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 2017.

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.

<table>
<thead>
<tr>
<th>Internal control objective</th>
<th>Agreed? Please choose only one of the following</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Appropriate accounting records have been kept properly throughout the year.</td>
<td><img src="check" alt="Yes" /></td>
</tr>
<tr>
<td>B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</td>
<td><img src="check" alt="Yes" /></td>
</tr>
<tr>
<td>C. This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</td>
<td><img src="check" alt="Yes" /></td>
</tr>
<tr>
<td>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</td>
<td><img src="check" alt="Yes" /></td>
</tr>
<tr>
<td>E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</td>
<td><img src="check" alt="Yes" /></td>
</tr>
<tr>
<td>F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</td>
<td><img src="check" alt="Not covered" /></td>
</tr>
<tr>
<td>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.</td>
<td><img src="check" alt="Yes" /></td>
</tr>
<tr>
<td>H. Asset and investments registers were complete and accurate and properly maintained.</td>
<td><img src="check" alt="Yes" /></td>
</tr>
<tr>
<td>I. Periodic and year-end bank account reconciliations were properly carried out.</td>
<td><img src="check" alt="Yes" /></td>
</tr>
<tr>
<td>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.</td>
<td><img src="check" alt="Yes" /></td>
</tr>
</tbody>
</table>

**K. (For local councils only)**

Trust funds (including charitable) – The council met its responsibilities as a trustee.

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: **BRUCE HUETT**

Signature of person who carried out the internal audit: **Signature**  
Date: **1/05/2017**

*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).