

# 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](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 2 – Accounting statements 2015/16 for

Enter name of smaller authority here:

DALCOMBE TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2015 £	31 March 2016 £	
1. Balances brought forward	205901	223993	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	65027	71550	Total amount of precept or (for IDBs) rates and levies received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	44367	52418	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	24891	30231	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	66410	97097	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	223993	220633	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	211324	210300	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>
9. Total fixed assets plus long term investments and assets	<del>256478</del> 303608	306283	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	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.
		No	

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

[Signature]

Date 13/4/16

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

13/04/16

and recorded as minute reference:

807

Signed by Chair of the meeting approving these accounting statements.

[Signature]

Date 13/4/16

# Section 1 – Annual governance statement 2015/16

We acknowledge as the members of:

Enter name of  
smaller authority here:

**SALCOMBE 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.	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 smaller authority to conduct its business or on 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 smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	YES		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.	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 smaller 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	NA
			N/A

This annual governance statement is approved by this smaller authority and recorded as minute reference:

807  
dated 13/04/16

Signed by:

Chair

dated

Signed by:

Clerk

dated

13/4/16

13/4/16

\*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.

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

**Salcombe Town 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 Salcombe Town Council for the year ended 31 March 2016**

**Order of signing the Annual Governance Statement (Section 1) and the Accounting Statements (Section 2)**

The Council has considered, approved and signed the Annual Governance Statement (Section 1) and the Accounting Statements (Section 2) on the same day and under the same minute reference. The Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be considered, approved and signed before the Accounting Statements at Section 2 by resolution of members of the authority meeting as a whole. In future, the Council should ensure that the minute references clearly demonstrate that that the Annual Governance Statement was considered, approved and signed before the Accounting Statements.

**Internal Auditor's Report**

The Internal Auditor's Report sent to the external auditors was not factually correct. The Internal Auditor answered 'No' to test 'F' The correct response is 'Not covered' as the Council does not operate petty cash. The answer 'No' suggests that the Council operates petty cash incorrectly.

The Council should ensure that the Internal Auditor's Report is reviewed before sending the document to the external auditors. The Council should minute this process. If there are any errors in the report it should either be amended or the Council should provide an explanation for the error.



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

**Salcombe Town 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 Salcombe Town Council for the year ended 31 March 2016 continued**

**Council Tax Support Grant**

The Council Tax Support Grant should be included in Box 3. Council Tax Support Grant of £2,046 has been incorrectly included in Box 2. Box 2 should state £69,504 and Box 3 should state £54,464.

The Council should restate the 2016 figures on next year's Annual Return and write "restated" beneath the £ sign on the 2016 column.

*Grant Thornton UK LLP*

**Grant Thornton UK LLP**

**Date** 12/9/16

**Our ref DVN313**

# 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:

SALCOMBE TOWN COUNCIL

### 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

12/9/16

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](http://www.nao.org.uk))

# Annual internal audit report 2015/16 to

Enter name of smaller authority here:

**DALCOMBE 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.	YES		
B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	YES		
C. This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	YES		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	YES		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.		No	
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.	YES		
H. Asset and investments registers were complete and accurate and properly maintained.	YES		
I. Periodic and year-end bank account reconciliations were properly carried out.	YES		
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.	YES		

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

**CHRISTOPHER JEBB**

Signature of person who carried out the internal audit

**C. JEBB**

Date

**11 04 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, <b>including the dates set for the period for the exercise of public rights</b> , 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.	N/A
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).



Mrs G Claydon  
Salcombe Town Council  
Cliff House  
Cliff Road  
Salcombe  
Devon  
TQ8 8JQ

Hillcrest  
Luckhams Lane  
Malborough  
Kingsbridge  
TQ7 3RU

t: 01548 562319  
e: info@hawthornsaccounting.co.uk  
www.hawthornsaccounting.co.uk

12th April 2016

Dear Gill

As requested, I have completed an Internal Audit on the books, records and controls of Salcombe Town Council.

I carried out the Internal Audit in accordance with the guidelines detailed in the 'Annual Return'. I noted the following :-

1. Proper books of account have been kept throughout the year.
2. Bank reconciliations are carried out regularly with no unexplained balances.
3. Salaries have been paid under the PAVE system and proper deductions have been made for tax and national insurance which have been paid to the Inland Revenue on a timely basis.
4. All expenditure has been authorised by two Council members. Where necessary VAT has been correctly accounted for. Internet banking has been introduced in this year and appears to be working correctly, with adequate safeguards in place.
5. Insurances exist for Public Liability, Employers Liability, Money and Fidelity Guarantee, covering the major risks that the Council might encounter.
6. There is no petty cash system in place.
7. Proper budgetary controls in relation to the precept appear to be in place.
8. Income has been received and banked in a timely manner and VAT has been accounted for where necessary.
9. The year-end financial statements have been based on the books and records of the Council and I believe them to be accurate and complete.

SERVICES

management accounts

audit

tax returns

vat returns

tax returns

I have seen the Risk Policy & Assessment and I believe that all looks in order for the size of the council and it's remit.

I have completed the Annual Return on page 5 of 6 and signed and dated at the bottom. I trust this is sufficient for you but if you need any further information please give me a call.

Yours sincerely



Chris Jebb

**Salcombe Town Council**

**Bank Reconciliation**

**Year Ending 31st March 2016**

31/03/2016

Opening Balance Per Balance Sheet	211324.00
Add Income	137228.43
Less Expenses	138251.95
Closing Balance Per Balance Sheet	<u>210300.48</u>

Balance Per Bank Statement	Current A/c	500.00
	Account 1	<u>210060.48</u>
		210560.48

Add Outstanding Credits

----- 0.00

Less Unpresented Cheques

3447	8.00
3448	252.00

260.00

Balance Per Closing Balance Sheet	<u><u>210300.48</u></u>
-----------------------------------	-------------------------

0.00

# Salcombe Town Council

## Balance Sheet

31/03/2016

---

Last Year Ended  
31st March 2015

Current Year Ended  
31st March 2016

		<b>LONG TERM ASSETS</b>	
0.00		Investments	0.00
<u>0.00</u>		Long Term Debtors	<u>0.00</u>
<b>0.00</b>			<b>0.00</b>
		<b>CURRENT ASSETS</b>	
0.00		Stocks and Stores	0.00
0.00		Work In Progress	0.00
0.00		Debtors	0.00
0.00		Payments In Advance	0.00
13260.54		VAT Recoverable	10923.69
0.00		Temporary Lendings	0.00
<u>211324.00</u>		Bank & Cash In Hand	<u>210300.48</u>
<b>224584.54</b>			<b>221224.17</b>
<b>224584.54</b>		<b>TOTAL ASSETS</b>	<b>221224.17</b>
		<b>CURRENT LIABILITIES</b>	
589.98		Creditors	589.98
<u>0.00</u>		Temporary Borrowings	<u>0.00</u>
<b>589.98</b>			<b>589.98</b>
		<b>NET ASSETS</b>	
<b>£ <u>223994.56</u></b>			<b>£ <u>220634.19</u></b>
		<b>REPRESENTED BY :-</b>	
41531.56		General Fund Balance	42461.19
		<b>Reserves</b>	
0.00		Capital	0.00
<u>182463.00</u>		Earmarked	<u>178173.00</u>
0.00		External	0.00
0.00		Adjustments	0.00
<b>£ <u>223994.56</u></b>			<b>£ <u>220634.19</u></b>

31st March 2015

General Fund

31st March 2016

205901  
109394  

---

315295  
91301  

---

223994  

---

Balance 1st April 2015  
Add Income  
  
Less Expenditure

223994  
123968  

---

347962  
127328  

---

220634  

---

Represented By

211324  
13260  

---

224584  
590  

---

223994  

---

Cash At Bank  
Debtors  
  
Less Creditors

210300  
10924  

---

221224  
590  

---

220634  

---

# Salcombe Town Council

## Income & Expenditure Account

01/04/2015 to 31/03/2016

---

**Last Year Ended  
31st March 2015**

65027.00  
18529.92  
8319.63  
0.00  
110.91  
7790.00  
22.00  
9594.25  
£ 109393.71

### Income

Precept  
Park & Ride  
Grants  
Civic Dinner  
Bank Interest  
Burial Grounds  
Sundries  
Rent

**Current Year Ended  
31st March 2016**

71550.00  
32861.40  
7419.75  
0.00  
121.19  
4970.00  
1743.15  
5302.40  
£ 123967.89

### Expenditure

24890.57  
15853.17  
4650.00  
18435.95  
23409.70  
1771.32  
2289.82  
0.00  
£ 91300.53

Staffing  
General Administration  
Grants  
Miscellaneous  
Rent & Maintenance  
Audit, Web & Training  
Mayoral Allowance  
Provision For Doubtful Debts

30231.07  
13202.94  
3845.00  
854.15  
75110.89  
1618.44  
2465.77  
0.00  
£ 127328.26

### General Fund

14332.38  
109393.71  
123726.09  
91300.53  
32425.56  
-9106.00  
£ 41531.56

Balance at 1st April 2015  
Add Total Income  
  
Deduct Total Expenditure  
  
Transfer To/From Reserves  
Balance at 31st March 2016

41531.56  
123967.89  
165499.45  
127328.26  
38171.19  
-4290.00  
£ 42461.19

**Salcombe Town Council**  
**Assets Register**  
**For the Year Ended 31<sup>st</sup> March 2016.**

Assets

a. Movements in the Year.

- Purchased – A3 Brother colour copier £150  
 - 2 Further noticeboards for Park and Ride £2000  
 - Picnic Benches/benches at The Berry £1895

b. Assets disposed of.

c. At 31<sup>st</sup> March the following assets were held:

<b>Community Assets:</b>		<b>Value</b>
Leased for peppercorn rent – The Berry	NV	-
Burial Grounds x 2	NV	-
Allotment Gardens	NV	-
Park & Ride Field	NV	-
Garden land at Market Street	NV	-
Bonaventure Woods	NV	-
Redfern Woods	NV	-
Jubilee Gardens, Ember Road	NV	-

**Other Fixed Assets**

Council Hall	HC	201,311
Mortuary	HC	60,814
2 x Bus Shelters	HC	3,500
Civic Regalia	HC	11,603
Office & Meeting Room Furniture	HC	2,500
Equipment: Stihl Brush Cutter	HC	500
Photocopier	HC	1,600
Answerphone/fax machine	HC	150
Computer Equipment	HC	1,580
Mayors and Citizen of the Year Wooden Nameboards	HC	2000
Play equipment at Jubilee Gardens	HC	15000
Noticeboards at:		
Council Hall, Shop 2 x Park and Ride	HC	3830
Benches/Picnic tables at The Berry	HC	1895

306,283

The basis of valuation of these assets is NV = Nominal Value; RV = Replacement Value; HC = Historic cost.

**Inventory**

There are no single items held by the Town Council, apart from those shown above, with a value exceeding £100 that need to be listed separately.

At the close of business on 31<sup>st</sup> March 2016 there were no borrowings.

Signed:

Town Mayor

Clerk/RFO

Date: