

Local Councils in England

Annual return for the financial year ended 31 March 2015

Local councils in England with an annual turnover of £6.5 million or less must complete an annual return in accordance with proper practices summarising their activities at the end of each financial year. In this annual return the term 'local council' includes a Parish Meeting, a Parish Council and a Town Council.

The annual return on pages 2 to 5 is made up of four sections:

- Sections 1 and 2 are completed by the person nominated by the local council.
- Section 3 is completed by the external auditor appointed by the Audit Commission.
- Section 4 is completed by the local council's internal audit provider.

Each council must approve this annual return no later than 30 June 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 sections highlighted in green. Do not leave any green box blank. Incomplete or incorrect returns require additional external audit work and may incur additional costs.

Send the annual return, together with your bank reconciliation as at 31 March 2015, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your external auditor by the due date.

Your external auditor will identify and ask for any additional documents needed for their work. Therefore, unless requested, do not send any original financial records to the external auditor.

Once the auditor has completed their work, certified annual returns will be returned to the local council 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 2015.

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 for local councils that can be downloaded from www.nalc.gov.uk or from www.slcc.co.uk

Section 1 – Accounting statements 2014/15 for

Enter name of reporting body here:

PETERLEE TOWN COUNCIL

Council/Meeting

Readers should note that throughout this annual return references to a 'local council' or 'council' also relate to a parish meeting.

| | Year ending | | Notes and guidance | | | | |
|--|---|---------------------------------|---|----|--|---|--|
| | 31 March 2014 £ | 31 March 2015 £ | | | | | |
| 1 Balances brought forward | 642,705 | 995,272 | 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 (+) Annual precept | 1,097,106 | 1,150,154 | Total amount of precept received or receivable in the year. Excludes any grants received. | | | | |
| 3 (+) Total other receipts | 1,195,611 | 984,391 | Total income or receipts as recorded in the cashbook less the precept received (line 2). Include any grants received here. | | | | |
| 4 (-) Staff costs | (987,519) | (1,004,452) | 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 | (50,452) | (50,452) | Total expenditure or payments of capital and interest made during the year on the council's borrowings (if any). | | | | |
| 6 (-) All other payments | (902,178) | (956,578) | 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 | 995,272 | 1,118,385 | Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6) | | | | |
| 8 Total cash and short term investments | 1,041,353 | 1,183,361 | 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 other long term investments and assets | 6,106,691 | 6,122,278 | The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the council as at 31 March | | | | |
| 10 Total borrowings | 964,641 | 1,005,225 957,519 | The outstanding capital balance as at 31 March of all loans from third parties (including PWLB). <i>KT MAC</i> | | | | |
| 11 Disclosure note Trust funds (including charitable) | <table border="1"> <tr> <th>yes</th> <th>no</th> </tr> <tr> <td></td> <td>✓</td> </tr> </table> | | 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. |
| yes | no | | | | | | |
| | ✓ | | | | | | |

I certify that for the year ended 31 March 2015 the accounting statements in this annual return present fairly the financial position of the council and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

K Tweedle

Date 15.06.2015

I confirm that these accounting statements were approved by the council on this date:

15.06.2015

and recorded as minute reference:

39 (i)

Signed by Chair of the meeting approving these accounting statements.

M A Doughty

Date 15.06.2015

Section 2 – Annual governance statement 2014/15

We acknowledge as the members of:

PETERLEE TOWN COUNCIL Council/Meeting

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 2015, that:

| | Agreed – | | 'Yes' means that the council: |
|---|----------|-----|--|
| | Yes | No* | |
| 1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices. | ✓ | | prepared its accounting statements in the way prescribed by law. |
| 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 the council 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 has given all persons interested the opportunity to inspect and ask questions about the council's accounts. |
| 5 We carried out an assessment of the risks facing the council 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 council 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 the council. |
| 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 the council 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 Trust funds (including charitable) – in our capacity as the sole managing trustee we discharged our responsibility in relation to the accountability 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. |
| | | NA | |
| | | NA | |

This annual governance statement is approved by the council and recorded as minute reference

39 (1)

dated 15.06.2015

Signed by:

Chair MA Partwright

dated 15.06.2015

Signed by:

Clerk KTweadle

dated 15.06.2015

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

Section 3 – External auditor certificate and report 2014/15

Certificate

We certify that we have completed our review of the annual return, and discharged our responsibilities under the Audit Commission Act 1998 as transitionally saved, for the year ended 31 March 2015 in respect of:

Peterlee Town Council/Meeting

Respective responsibilities of the body and the auditor

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

- summarises the accounting records for the year ended 31 March 2015; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to review the annual return in accordance with guidance issued by the Audit Commission (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 council:

Please see enclosed report

**BDO LLP Southampton
United Kingdom**

(continue on a separate sheet if required)

External auditor signature

BDO LLP

External auditor name

**BDO LLP Southampton
United Kingdom**

Date

25/2/16

Note: The Audit Commission issued guidance in its Standing Guidance, which is applicable to external auditors' work on 2014/15 accounts.

Section 4 – Annual internal audit report 2014/15 to

PETERLEE TOWN Council/Meeting

The council'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 2015.

Internal audit has been carried out in accordance with the council'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 the council.

| 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 The council's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for. | ✓ | | |
| C The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these. | ✓ | | |
| D The annual precept 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. | ✓ | | |
| G Salaries to employees and allowances to members were paid in accordance with council 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, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded. | ✓ | | |
| K Trust funds (including charitable) The council met its responsibilities as a trustee. | | | ✓ |

For any other risk areas identified by the council (list any other risk areas below or on separate sheets if needed) adequate controls existed:

Name of person who carried out the internal audit GORDON FLETCHER (C.M.I.A)

Signature of person who carried out the internal audit G Fletcher Date 12/6/15

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).

**ISSUES ARISING REPORT FOR
Peterlee Town Council
Audit for the year ended 31 March 2015**

BDO

Introduction

The following matters have been raised to draw items to the attention of Peterlee Town Council. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2015.

The audit of the annual return may not disclose all shortcomings of the systems as some matters may not have come to the attention of the auditor. For this reason, the matters raised may not be the only ones that exist.

The matters listed below are explained in further detail on the page(s) that follow;

- Internal auditor recommendations
 - Resolutions
 - Policies and Procedures
-

The following issue(s) have been raised to assist the council. The council is recommended to take action on the following issue(s) to ensure that the council acts within its statutory and regulatory framework.

Internal auditor recommendations

What is the issue?

The internal auditor has made a few recommendations in respect to the corporate plan of the Council and also regarding overtime.

Why has this issue been raised?

The council is exposed to the risks associated with these weaknesses.

What do we recommend you do?

The council, have discussed the internal auditor's report, but they must implement the recommendations made by the internal auditor to improve the systems of the council as soon as possible.

If the council addresses all the issues raised by the internal auditor the council should improve internal controls which will help to prevent and detect error and fraud and assist the council to operate in an effective and efficient manner.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in England - A Practitioners' Guide, NALC/SLCC

Resolutions

What is the issue?

The council has established a Governance sub-group which advised and supported the establishment committee but no terms of reference have been established for this group and no delegated powers have been given to it.

During the year the Council approved the minutes of sub-committees, but it did not specifically refer to items resolved by those sub-committees.

Why has this issue been raised?

When sub-committees make resolutions on behalf of the council these should be agreed by the full council. The approval of the sub-committees' minutes do this but it does not evidence the approval of all of the actions and resolutions made.

What do we recommend you do?

In future, when sub-committee minutes are agreed, any resolutions made by them which they do not have delegated authority to agree should be individually resolved by the full council.

In future the payment of salaries and issues to do with sick pay and other employee related matters should be dealt with by an employment sub-committee and that committee could be delegated powers to deal with such matters. This committee should also oversee all policies and procedures which are in place which are connected to the employment of individuals.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in England - A Practitioners' Guide, NALC/SLCC

Policies and Procedures

What is the issue?

The Council does not have complete policies and procedures which cover all of the activities undertaken by the council and which have been accepted by Full Council.

The council's Financial Regulations are based upon the NALC set but need to be fully reviewed to ensure that the financial limits for tenders and other issues set within this document are correct for the council.

Why has this issue been raised?

This lack of policies and procedures has exposed the council to undue risk.

What do we recommend you do?

We would recommend that the council reviews its activities which include employment and the provision of services to the public and ensures it has all the policies in place it needs to ensure it complies with all legislation and regulations in force.

We would recommend that the council reviews its Financial Regulations and ensures they are correct for the Council.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in England - A Practitioners' Guide, NALC/SLCC

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 25 February 2016

NOTICE OF CONCLUSION OF AUDIT

(AUDIT COMMISSION ACT 1998
ACCOUNTS AND AUDIT (ENGLAND) REGULATIONS 2011) as transitionally
saved

FOR

Peterlee Town Council

NOTICE is hereby given that the audit for the
year ended 31 March 2015 was completed on

25 February 2016

and the accounts are now available for inspection by local electors
in accordance with Section 14 of the Audit Commission Act 1998.

The requisite information as defined by Section 13(4) of the Accounts and Audit
(England) Regulations 2011 is/is ~~not~~* displayed alongside this notice

(* Please delete as necessary)

If the requisite information is not displayed alongside
this notice, it is available for inspection by appointment.

To arrange a viewing please contact

Kay Tweedle

between the hours of 9.00 and 5.00pm Mon - Tuesday
4.30 Friday

Dated: 29 February 2016

Signed: K Tweedle

(Responsible Financial Officer)