

COTHERSTONE PARISH COUNCIL

Finance Report

Author Responsible Financial Officer
 Meeting date 8 May 2019

1. Receipts, Payments and bank reconciliation

Bank statement balances		
Closing balance at bank 30 April 2018		£24,714.14
Less unpresented cheques — 100068 Adam Wheeler		£130.00
Net balance at bank		£24,584.14
Income and Expenditure account balances 1 – 30 April 2019		
<i>Opening balance at 1 April 2019</i>		£18,358.00
<i>Income</i>		
	Durham County Council – precept	£6,853.00
	Northern Powergrid – wayleaves	£38.49
		£6,891.49
<i>Expenditure</i>		
	100065 – Clerk, April salary	£148.66
	100066 – Came & Company, insurance	£346.69
	100067 – Information Commissioner, annual fee	£40.00
	100068 – Adam Wheeler, bus shelter painting	£130.00
		£665.35
Balance of income and expenditure		£24,584.14

2. Payments due and needing authorisation on 8 May 2019

Payee	Description	Amount
Clerk	Salary – May	£168.50
Clerk	Office expenses Q3 and Q4 2018/19	£37.50
Cotherstone Village Hall	3 x PC meetings January, February and March	£45.00
Co. Durham Association of Local Council	Annual subscription	£102.29
Society of Local Council Clerks	Annual subscription (19% part share)	£33.25

3. Reserves

Following a query about the amount of reserves earmarked to cover the cost of any potential by-election, enquiries were made with the County Durham Association of Local Councils. Clerk has been advised that previously the Electoral Services department of Durham County Council has estimated that it costs between £1.50 and £2.00 per elector. At December 2018 Cotherstone had 500 electors. Using the higher per elector estimate, reserves of £1,000 would therefore provide a good reserve for this occurrence. However, a further query by the Clerk to Durham County Council's Electoral Services department has highlighted an anomaly in this advice, and further investigation is taking place.

At the year ending 31 March 2019, the following reserves were brought forward to 2019/20:

Election	£2,000
Cemetery	£4,500
Allotment	£4,000
Defibrillator	£457
General reserves	£7,401

(These general reserves represent 108% of the 2018/19 precept; auditor's accepted parameters are between 25% and 100% of precept; currently Cotherstone does not have a reserves policy which caps any earmarking.

Councillors may wish to consider resetting its earmarking of reserves, or wait for further information about any potential election costs.

4. Annual Governance and Accountability Return 2018/19

- a. **Final accounts for 2018/19**, and Notes to the Accounts, are presented at Appendix 1 for approval (no changes have been made since draft accounts were presented at the April meeting).
- b. The **internal auditor's report** for 2018/19 was approved at the meeting on 10 April 2019. For completeness, the report is attached at Appendix 2.
- c. **Annual Governance Statement**. A copy of the Annual Governance Statement is at Appendix 3. Council will be required to review and respond to each of the statements at the meeting prior to signature by the Chair of the meeting and the Responsible Financial Officer.
- d. The **Accounting Statements** for 2018/19 are at Appendix 4.
- e. **Period for the exercise of public rights**. The external auditor must be advised of the 30-working day period during which public rights may be exercised (the accounts, and other documents such as books, deeds, contracts, bills, vouchers and receipts relating to them must be available for inspection by any person interested on reasonable notice). The inspection period must include the first 10 working days of July 2018 and start the day after the annual return has been published on the Parish Council's website. It is suggested that the annual return and all Transparency Code-required documents are published on the website on 2 June 2019 and the exercise of public rights period runs from Monday 3 June to Friday 12 July 2019.

Recommendations

1. To receive a report of receipts and payments 1 to 30 April and bank reconciliation at 30 April 2019.
2. To authorise payments due.
3. To review and complete the Annual Governance Statement 2018/19.
4. To approve the Accounting Statements for 2018/19.
5. To note the arrangements to complete the Annual Governance and Accountability Return, to public the information required by the Accounts and Audit Regulations 2015, and to note the period set for the exercise of public rights.

Appendix 1: Statement of accounts 2018/19

Cotherstone Parish Council Statement of Accounts 2018-19

	2018-19	2017-18	% difference	Note, if ±15%, >£200
	£			
BALANCES BROUGHT FORWARD				
Current account	£17,562.19			
Total balances brought forward	£17,562.19	£17,210.96	2%	
RECEIPTS				
Precept	£6,810.00	6,810.00	0%	
LCTRS		61.00		
VAT reclaimed for previous year's expenditure	£115.15	57.38	50%	1
Rents, Hearse House and allotments	£288.00	280.00	3%	
Cemetery graves and interment fees	£2,095.00	1,485.00	29%	2
Wayleaves	£1,172.02	38.45	97%	3
Grants	£0.00	586.64		4
Miscellaneous		194.14		5
Total receipts	£10,480.17	£9,512.61	9%	
TOTAL	£28,042.36	£26,723.57	5%	
PAYMENTS				
		£		
Clerk's salary	£2,067.71	£1,450.00	30%	6
Memberships and subscriptions	£177.12	£100.48	43%	7
HMRC - PAYE/NI	£313.40		100%	8
Insurance	£346.69	£448.25	-29%	9
Audit fees		£100.00		10
Neighbourhood Plan	£2,708.00	£2,919.84	-8%	11
Office expenses	£180.77	£194.00	-7%	
Allotment expenses	£196.00	£63.06	68%	12
Cemetery expenses	£235.00	£31.19	87%	13
Press notices and adverts and signage	£45.25	£70.00	-55%	
Contributions and support	£650.00	£650.00	0%	
Grass cutting	£2,085.00	£2,500.00	-20%	14
Room hire (for PC meetings and Neighbourhood Plan)	£143.00	£140.00	2%	
Section 137 donations	£25.00	£17.00	32%	
Website, domain and email account	£190.74		100%	15
Training and development	£227.60		100%	16
Travel and subsistence	£0.00	£20.90		
Postage	£38.10	£8.83	77%	
Office equipment		£332.69		17
VAT paid, to be reclaimed	£54.98	115.14	-109%	18
Total payments	£9,684.36	£9,161.38	5%	
Balance to carry forward	£18,358.00	£17,562.19	4%	19
TOTAL	£28,042.36	£26,723.57	5%	

Notes to Statement of Accounts 2018/19

Note, if $\pm 15\%$, $>£200$

- 1 Expenditure in 17/18 on laptop and printer account for increased VAT reclaim in 18/19
- 2 Increased sales of Exclusive Rights of Burial during 18/19
- 3 One-off wayleave payment of £1,133 in November 2018 from Openreach for burying cable alongside The Hagg footpath
- 4 During 17/18 grant of £586.64 received from Transparency Fund for laptop and printer
- 5 During 17/18, on moving accounts from HSBC to Barclays, a short-term loan of £194 was made to avoid overdraft
- 6 Clerk salary for 17/18 was £100 pcm (£1,200pa, plus an additional one-off for cemetery administrative work of £250). New Clerk appointed January 2018 and new salary of £182.15 pcm implemented from April 2018, with increase in October 2018 to £185.66 pcm.
- 7 Increase due in 18/19 to contribution to Clerk's Society of Local Clerk's membership and to paying Data Protection fee
- 8 No PAYE/NI payments incurred in 17/18 due to nature of Clerk's payment
- 9 Renegotiated insurance for 18/19 and on three-year long-term agreement
- 10 Parish Council self-certified as exempt from Limited Assurance Review for 2017/18 accounts, therefore no fee
- 11 Less chargeable work on Neighbourhood Plan as it nears its completion in 18/19
- 12 Drystone wall repairs at Klondike allotments needed in 18/19
- 13 Two charges during 18/19: £150 for repositioning memorial due to PC error, and £85 refund on surrendered Exclusive Rights of Burial
- 14 Fewer cuts of grass due to exceptionally hot, dry weather during summer 2018
- 15 No invoice received during 17/18. Payment of £120 in July 2018 covered 17/18 and 18/19; payment of £70.74 in March 2019 covers 19/20.
- 16 Support for Clerk's CiLCA study time
- 17 Purchase of laptop and printer using Transparency Fund grant during 17/18
- 18 Expenditure in 17/18 on laptop and printer accounts for increased VAT to be reclaimed
- 19 2019/20 budget (agreed January 2019) to include earmarked reserves: Election costs (£2k), Cemetery costs (£4.5k), Allotment costs (£4k), defibrillator costs (£457) and general reserves of £7,401 (equivalent to 108% of precept)

Breakdown of end of year balance:

Election costs reserves	£2,000
Cemetery reserves	£4,500
Allotments reserves	£4,000
Neighbourhood Plan reserves	£0
Defibrillator reserves	£457
General reserves (at budget setting, January 2018 - £8,597)	£7,401 (108% of precept)
Total	£18,358.00

Annual Internal Audit Report 2018/19

COTHERSTONE PARISH COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation during the financial year ended 31 March 2019.

The internal audit for 2018/19 has been carried out in accordance with this 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 authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This 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.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this 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. If the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt. (<i>"Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR</i>)	✓		
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.			Not applicable ✓

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

Date(s) internal audit undertaken

08/04/19

Name of person who carried out the internal audit

CHRIS BUTLER - FMAAT.

Signature of person who carried out the internal audit



Date

08/04/19

*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, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2018/19

We acknowledge as the members of:

our responsibility for ensuring that there is a sound system of internal control, including arrangements for 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 2019, that:

	Agreed		Yes means that this 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.			<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.			<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
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 authority to conduct its business or manage its finances.			<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
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.			<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.			<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.			<i>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.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.			<i>responded to matters brought to its attention by internal and external audit.</i>
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 authority and, where appropriate, have included them in the accounting statements.			<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
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	N/A <i>has met all of its responsibilities where as a body corporate it is a sole managing trustee of a local trust or trusts.</i>

*For any statement to which the response is 'no', an explanation should be published

This Annual Governance Statement was approved at a meeting of the authority on:

and recorded as minute reference:

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

Clerk

Section 2 – Accounting Statements 2018/19 for

COTHERSTONE PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	17,211	17,563	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	6,871	6,810	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	2,642	3,670	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	1,450	2,381	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 authority's borrowings (if any).
6. (-) All other payments	7,711	7,303	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	17,563	18,359	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	17,563	18,359	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	30,399	30,554	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments 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 as a body corporate 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 2019 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority. Signed by Responsible Financial Officer before being presented to the authority for approval

Date 08/05/2019

I confirm that these Accounting Statements were approved by this authority on this date:

08/05/2019

as recorded in minute reference:

Signed by Chairman of the meeting where the Accounting Statements were approved