

Section 1 – Annual governance statement 2015/16

We acknowledge as the members of:

Enter name of
smaller authority here:

BARLASTON PARISH 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.		✓		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	NA	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:

dated 363
10/5/2016

Signed by:

Chair

[Signature]
12/05/2016

dated

Signed by:

Clerk

[Signature] (RFO)
12/05/2016.

dated

*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:

BARLASTON PARISH COUNCIL

300000

300000

	Year ending		Notes and guidance				
	31 March 2015 £	31 March 2016 £					
1. Balances brought forward	11132 <i>11901</i>	7202	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	26301	28301	Total amount of precept or (for IDBs) rates and levies received or receivable in the year. Exclude any grants received.				
3. (+) Total other receipts	18495	53101	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	15072	15580	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	35423 <i>34654</i>	65274	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	7202	7750	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	7202	7750	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	80697	80697	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)	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="text-align: center;">Yes</td> <td style="text-align: center;">No</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table>	Yes	No	<input type="checkbox"/>	<input checked="" type="checkbox"/>		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						
<input type="checkbox"/>	<input checked="" type="checkbox"/>						

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 12/05/2016

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

10/5/2016

and recorded as minute reference:

364

Signed by Chair of the meeting approving these accounting statements.

[Signature]

Date 12/05/2016

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:

BARLSTON PARISH 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).

See attached

(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 27 October 2016

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**

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

Matters reported

Certification and approval of Accounts

In 2014/15 we reported that the Responsible Financial Officer had not certified the Accounting statements before the authority considered, approved and signed them in accordance the Accounts and Audit Regulations 2011. For 2015/16, the Responsible Financial Officer has again not certified the Accounting statements before the Council considered, approved and signed them.

Following the introduction from 1 April 2015 of the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 (the Regulations), Regulation 12(1) stipulates that the Responsible Financial Officer must sign and date the Accounting statements to certify that it presents fairly the financial position of the authority and its income and expenditure, or properly presents receipts and payments as the case may be. Regulation (2) stipulates that when the Responsible Financial Officer has complied with paragraph (1) the authority must, in the following order:

- (a) consider the statement of accounts by the members meeting as a whole;
- (b) approve the statement of accounts by resolution; and
- (c) ensure the statement of accounts is signed and dated by the person presiding at the meeting at which that approval is given.

The Responsible Financial Officer must, therefore, certify the Accounting statements before the authority considers, approves and signs them.

The Responsible Financial Officer for Barlaston Parish Council certified the Accounting statements on 12 May 2016, after the Council approved them on 10 May 2016. In future, the Parish Council should ensure that the Responsible Financial Officer certifies the Accounting statements before the authority considers, approves and signs them in accordance with Regulation 12.

In our view, the Council has not put in place arrangements to prepare an accurate and timely statement of accounts and governance statement in compliance with its statutory obligations and proper practices. We acknowledge and agree that the response to Assertion 1 on the 2015/16 Annual governance statement is 'No'.

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

Matters reported – continued

Public rights 2014/15

Paragraph 5.82 of the 2016 Practitioners' Guide states that Assertion 4 in the annual governance statement relates to the exercise of public rights 'during the year' which means in relation to the annual return for the previous financial year. This means that when completing the 2015/16 Annual Return, Assertion 4 refers to the exercise of public rights for the 2014/15 Annual Return. Regulations 14, 15, 21, 22 and 24 of the Accounts and Audit Regulations 2011 set out the procedures for 2014/15 public inspection of accounts and the rights of a local government elector to question the external auditor and make objections about the accounts. In particular, the external auditor sets the date for the rights of a local government elector to question the external auditor and make objections about the accounts; the local council is required to allow public inspection of the accounts for 20 working days prior to this date; and the council must publish a notice for 14 days informing the public of these dates.

In 2014/15, the date for the exercise of public rights to question the external auditor and make objections about the accounts was 29 June 2015. The Council failed to produce accounts to meet the requirements of the Regulations for public inspection of accounts and the rights of a local government elector to question the external auditor and make objections about the accounts.

In our view, the response to Assertion 4 on the 2015/16 Annual governance statement should have been 'No'.

Section 2 Accounting statements

We reported in 2014/15 that the balance carried forward of £12,910 at Box 7 of the 2014/15 column did not agree to the balance brought forward of £12,901 at Box 1 of the 2015/16 column due to a transposition error. Box 1 should have been £12,910 in the 2015/16 column. By amending the figures, an imbalance of £9 is caused. The error has been brought forward to the 2015 column in the 2015/16 Annual Return.

The Interim Clerk preparing the 2015/16 Accounting statements has confirmed that the accounting records do not provide all the source documents to confirm all receipts and payments for the 2014/15 year. The 2014/15 bank reconciliation provided did, however, agree to Box 8 of the 2014/15 column, 'Total cash and short term investments'. Similarly, the Interim Clerk has confirmed that the accounting records do not provide all the source documents to confirm all receipts and payments for the 2015/16 financial year although the 2015/16 bank reconciliation provided did, however, agree to Box 8 of the 2015/16 column, 'Total cash and short term investments'.

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

Matters reported – continued

We reported last year that the Parish Council was unable to provide evidence to support the figure of £80,697 at Box 9 'Total fixed assets plus other long term investments and assets'. The Parish Council is still unable to provide evidence to support the figure of £80,697 for 2015/16. Going forward, the Council should compile a formal schedule of assets and review and update it regularly.

In our view the Council's response to Assertion 1 on Section 1 of the Annual Return has been fairly stated as 'No'. In addition to the qualification of the Annual governance statement, our report on the Accounting statements is also qualified.

Section 1, Annual Governance Statement 2015/16

Similarly to the 2014/15 Annual Return, the Parish Council was unable to answer 'Yes' to a number of assertions on the Annual Governance Statement 2015/16. The Parish Council has fully disclosed the reasons for this and the action it is taking to address the issues:

- Assertion 1, Financial management and preparation of accounting statements.
- Assertion 2, Internal Control.
- Assertion 3, Compliance with laws, regulation & proper practice.
- Assertion 5, Risk Assessment.
- Assertion 6, Internal Audit.
- Assertion 7, Matters raised by internal and external audit.
- Assertion 8, Litigation, liabilities or commitments.

Section 1, Assertion 1, Financial management and preparation of accounting statements

We have reported above in respect of the certification and approval of Accounts and the Accounting statements. The interim Internal Audit report for 2016/17 also sets out a number of issues that were concerns as at 31 March 2016 and shows progress on the improvement plan as at September 2016.

In our view, the Council's response of 'No' to Assertion 1 of the Annual governance statement fairly reflects the situation for the 2015/16 financial year.

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

Matters reported – continued

Section 1, Assertion 2, Internal Control

Regulation 6 of the Accounts and Audit Regulations 2015 states that a local council must have a sound system of internal control which facilitates the exercise of its functions and must at least once a year conduct a review of the effectiveness of its system of internal control. In addition accounting control systems and accounting records should be kept up to date, documented and reviewed on a regular basis.

In order to give a positive response a local council would need satisfactory and effective processes in place and adhered to, including:

- fit for purpose standing orders and financial regulations governing how it operates;
- robust arrangements for ordering goods and services, incurring liabilities, managing debtors, making payments and handling receipts;
- robust payroll arrangements which cover the accuracy and legitimacy of payments of salaries and wages;
- robust arrangements in place for handling its responsibilities with regard to VAT;
- assets need to be secured, properly maintained and efficiently managed.

The Parish Council has answered 'No' to Assertion 2 and disclosed a number of areas where it failed to comply with a sound system of internal control. These include:

- the Council did not adhere to Financial Regulations;
- VAT has been claimed on behalf of other organisations;
- the PAYE system did not cover all employees; and
- no recent fixed asset register could be located.

The Council is taking corrective action in 2016/17 in respect of these weaknesses and has an action plan in place. This includes contacting HMRC to review the position with regards to the VAT reclaims and PAYE issues and investigations are ongoing.

In our view, the response of 'No' to Assertion 2 of the Annual governance statement fairly reflects the situation for the 2015/16 financial year.

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

Matters reported – continued

Section 1, Assertion 3, Compliance with laws, regulation & proper practice

A local council must act within its powers as conferred by statute and comply with proper practices. Procedures need to be in place to ensure compliance with statutory regulations and in particular to the requirements of the Accounts and Audit Regulations.

The Council has answered 'No' to Assertion 3 to acknowledge that it has not updated its Standing Orders since 2004 and no Financial Regulations could be located. The Parish Council has approved new Standing Orders and Financial Regulations on 10 May 2016. The issues raised in this report also confirm that the Council has not followed proper practices requirements of the Accounts and Audit Regulations in a number of areas.

In our view, the response of 'No' to Assertion 3 of the Annual governance statement fairly reflects the situation for the 2015/16 financial year.

Section 1, Assertion 5, Risk Assessment

Regulation 6 of the Accounts and Audit Regulations 2015 states that a local council must have a system of internal control that includes arrangements for the management of risk. A local council needs to have the following arrangements in place including:

- a process to identify, assess and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences; and
- appropriate measures are in place to mitigate and manage risk.

The Council has answered 'No' to Assertion 5 as it had not undertaken a risk assessment in 2014/15 and Public Liability Insurance has never been checked with suppliers of services to the Parish Council. We have been informed that the Parish Council has completed a risk assessment in 2016/17.

In our view, the response of 'No' to Assertion 5 of the Annual governance statement fairly reflects the situation for the 2015/16 financial year.

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2015/16**

Matters reported – continued

Section 1, Assertion 6, Internal Audit

The Accounts and Audit Regulations 2015 (Regulation 6) state that a local council must undertake an adequate and effective internal audit of its accounting records and of its systems of internal control. This should include the effectiveness of its risk management, control and governance processes, be risk based and be carried out annually.

The Parish Council has answered 'No' to Assertion 6 as it has not had any internal audit review of its accounting records since 2008/09. The Parish Council has now appointed an internal auditor in 2016/17 to review the 2014/15 and 2015/16 financial and governance systems of internal control. The results of the Internal Audit review are not yet complete but there has been an interim report so that the Council can start to take action on key issues.

In our view, the response of 'No' to Assertion 6 of the Annual governance statement fairly reflects the situation for the 2015/16 financial year.

Section 1, Assertion 7, Matters raised by auditors

A local council needs to have considered all matters brought to its attention by its external and internal auditors and taken corrective action as appropriate.

As noted above, the Council has not had any internal audit review since 2008/09. In 2012/13, 2013/14 and 2014/15 we reported the lack of an independent internal audit and recommended that a competent and independent internal auditor be appointed.

In our 2014/15 external audit report and certificate we also raised a significant number of concerns about the arrangements in place which are the same for 2015/16. The 2014/15 report and certificate was issued at the end of September 2016, after the Council had submitted the 2015/16 Annual Return. Similarly, the Internal Audit interim report was provided to the Council in September 2016. We therefore accept that the Council did not have time to complete a comprehensive action plan in respect of internal and external audit recommendations in these reports.



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

Matters reported – continued

In our view, the response of 'No' to Assertion 7 of the Annual governance statement fairly reflects the situation for the 2015/16 financial year.

Section 1, Assertion 8, Litigation, liabilities or commitments

A local council is required to consider any litigation, liabilities and commitments, events or transactions that may have a financial impact and include them where appropriate in the financial statements.

In 2014/15, we reported that in our view, the response to Assertion 8 of the Annual Governance Statement should have been 'No'. For 2015/16, Barlaston Parish Council has answered 'No' to Assertion 8 on the Annual governance statement to acknowledge that there are VAT reclaim and PAYE issues and investigations in progress and work underway to clarify the relationship between the Council and the Village Hall trust.

In our view, the response of 'No' to Assertion 8 of the Annual governance statement fairly reflects the situation for the 2015/16 financial year.

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

Section 1 and Section 2 were signed by the Chair and Responsible Financial Officer after the date of approval

The Parish Council has considered and approved the Annual Governance Statement (Section 1) and the Accounting Statements (Section 2) on 10 May 2016 minute references 363 & 364. The Chair and Responsible Financial Officer have signed the Annual Governance Statement (Section 1) and the Chair has signed the Accounting Statements (Section 2) on 12 May 2016, which is after the date of approval. The signature of the Chair and Clerk/ Responsible Financial Officer on Section 1 and the Chair on Section 2 are confirmation of approval in accordance with the Accounts and Audit Regulations 2015 and should be on the same date as Council approval. In future, the Parish Council should ensure that the Annual Governance Statement (Section 1) and the Accounting Statements (Section 2) are signed when they are approved by the Council.



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

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

Period for the exercise of public rights

The Local Audit and Accountability Act 2014 (the Act), sections 26 and 27, and the Accounts and Audit Regulations 2015 (the Regulations), sections 14 and 15, set out the requirements for the period for the exercise of public rights of objection, inspection and questioning of the external auditor. In particular section 14(1) of the Regulations stipulates that the rights of objection, inspection and questioning of the external auditor conferred by sections 26 and 27 of the Act may be exercised within a single period of 30 working days.

The Council published its Notice indicating the period for the exercise of public rights commenced on 29 June 2016 and ended on 08 August 2016. This is less than the 30 working days as required by the Regulations. For any days under those 30 working days, a member of the public has been denied their rights in respect of objection, inspection and questioning of the external auditor.

In the future, the Council must ensure that it complies with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 to ensure that the dates for the exercise of public rights are properly calculated and published and cover a single period of 30 working days. The Council should also consider the impact of this failure on its disclosures in the 2016/17 Annual Return.

Section 2, Accounting Statements, Box 11 – Trust Funds

On Section 2, Box 11 (Trust funds including charitable funds) was struck through for 2015/16 on the Annual Return. The Council has confirmed that it does not act as a sole trustee nor is it responsible for managing trust funds or assets and so this box should read 'No'.

Grant Thornton UK LLP

Grant Thornton UK LLP

Date *27 October 2016*

Our ref STF012