

## **Stone Town Council**

**4 June 2015**

### **Council Accounts 2014-15 and Audit Submission**

#### **Report of Town Clerk**

#### **Introduction**

1. This report sets out the Council's accounts for 2014-15. It compares the final outturn figures with the original budget for the year and the forecast produced as part of the budget process.
2. The proposed submission to the Council's external auditors is also attached for approval.

#### **Background**

3. The Council's financial year runs from 1 April to 31 March. It is required to keep its accounts for that period in accordance with legal requirements, to report them for approval by the Council within three months of the year end, and to submit an annual return to its external auditors to a similar timescale.
4. The Council is also required to employ the services of an internal auditor, who will examine the accounts, reviews the Council's internal control, completes the internal audit section of the annual return, and may produce a report identifying any areas of concern to Members. This internal audit has been performed, as in previous years, by Geoff Wright, who will be reporting independently to the Council, as required.
5. Subject to certain limited requirements, councils which turn-over less than £6.5 million per annum are not expected to comply with the accounting standards required of larger local authorities and are largely free to determine their own form of accounts.

#### **Accounts 2014-15**

6. The Council's net revenue spending for 2014-15 was £195,878. This can be seen in detail in the Income and Expenditure Account set out at Appendix 1. The resulting effect on the Council's balance sheet can be seen at Appendix 2.
7. This net spending of £195,878 compares with £224,987 in the previous year, an approved budget of £262,592 and a forecast made at the time the 2015-16 budget was prepared of £219,800. This is set out in more detail in Appendix 3.
8. Explanations of the major variations between the original budget and the forecast were included in a series of budget reports to this Committee and its Sub-Committees in January. Details of the major variations from the forecast that was made at the time the 2015-16 budget was prepared are set out later in the report.

9. In a number of cases identified below, spending was originally anticipated and provided for in 2014-15, but that expenditure has been delayed until the current year. In such cases I have recommended that the budgets be rolled forward to the new financial year to meet the costs when they are incurred. A figure of £27,300 has been contributed to the Rollover Reserve to allow this transfer between years to happen. The details of the makeup of this reserve are set out in the explanation of variances below.

#### **Explanation of Variances from Forecast**

10. Appendix 3 shows that the Council's net expenditure for 2014-15 was £23,922 less than forecast at the time the budget was prepared in January. Of this, £27,300 relates to budgets rolled over into the current financial year. It should be noted, however, that a number of the 2014-15 budgets where rollovers were planned were reduced as part of the final setting of the 2015-16 budget. This adjustment will be effected in 2015-16 reducing the overall effective level of the rollovers to 21,900. The true variance is thus £2,022 or 0.9%
11. Details of the more significant variances are set out below:
12. **Stone Station (net £2,310 overspent)** – Income was £21 above the forecast, and expenditure £2,331 below. The increased expenditure was due to the unexpected replacement of the boiler at the station.
13. **Town Market (net £3,785 underspent)** – Income was £2,487 above forecast and expenditure £1,298 below. The underspending largely related to an increase in market stalls above the level estimated, with some of the spending contingency for repairs and erection of stalls remaining unspent.
14. **Bus Shelters and Street Furniture (£1,342 underspent)** – This underspending was due to refurbishments to bus shelters planned for 2014-15 not taking place within that year. An amount of £3,400 has been rolled forward to meet the costs of delayed works in 2014-15 via the rollover reserve, but this will be reduced by £2,100 in 2015-16 to £1,300.
15. **Building Maintenance (£9,800 underspent)** – This is a budget against which no spending is ever shown. As spending needs are identified in other areas of the Council, costs are charged direct to those areas, and the budget vired from building maintenance to them to cover it. Since the forecast was prepared no further spending has been identified to be met from the reserve. The £9,800 has been rolled forward into 2015-16 via the rollover reserve.
16. **Christmas Lights (£7,015 underspent)** – The underspending relates a reduction in the tender price, the amount held back from the contract payment and an underspending on the contingency provided for costs relating to works outside the main contract. An amount of £10,100 has been rolled forward to meet the cost of these items in 2014-15 via the rollover reserve, but this will be reduced to £7,000 in the new financial year.
17. **Town Promotion (£1,548 underspent)** – Although a reduction was made to this budget during the year, the contingency retained for possible town promotion events was not spent.

18. **Administration (£3,680 underspent)** – The provision for new IT equipment, networking and website development was only partly expended in 2014-15. £3,600 has been rolled forward to meet these costs in 2014-15 via the rollover reserve.
19. **Miscellaneous (£4,998 overspent)** – When the budget was set for 2015-16, a sum of £5,000 was allowed for in respect of general underspendings across a range of budgets. As this could not be added to any specific budget, it was taken from the miscellaneous budget instead. A reported overspending on this budget head of £4,998 thus actually reflects a true underspending of £2 on this budget head, with a £5,000 overspending effectively cancelling out a number of the underspendings identified above and in Appendix 3.
20. **Neighbourhood Plan (£1,350 underspent)** – This represents the estimated cost of the workshop meeting, which did not take place until the 2015-16 financial year. As spending on the Neighbourhood Plan is matched by a contribution from an earmarked reserve, the reserve contribution has been similarly reduced, leaving the funds available to meet the cost in 2015-16.

#### **Audit Submission**

21. The completed annual return for the Council's external auditors is attached at Appendix 5. The internal auditor visited the Council on 8 May 2015 to complete his audit work. He completed the return without qualification and without wishing to make a specific report on any matter. His report is included within Appendix 4.
22. It should be noted that the figure for income in the audit return is £2,873 higher than set out in other parts of this report. This is because the Mayor's Charity Fund is required to be treated as income to the Council for external reporting purposes, but I exclude it from internal income and expenditure reports for the sake of clarity.
23. The Committee are asked to approve the return for submission.

#### **Recommendations**

24. The Committee are recommended to:
  - a. Approve the Council's Accounts for 2014-15 as set out in this document, including the use of the rollover reserve to allow the transfer of budgets between financial years and its proposed use in 2015-16.
  - b. Note the variances between the forecast outturn for 2014-15 and the actual outturn, and the reasons identified for the major variances.
  - c. Note that the internal auditor made no comments that he wished to be reported to the Council.
  - d. Approve the annual audit return for submission to the Council's external auditors.

# Stone Town Council

## Income and Expenditure Account 2014-15

2013-14			2014-15	
£	£		£	£
		<b>Income</b>		
12,867		Frank Jordan Centre	14,446	
10,486		Stone Station	12,121	
32,807		Town Market	28,287	
2,134		Allotments	2,122	
630		Tourism & Town Promotion	630	
2,070		Civic Dinner & Hospitality	1,733	
575		Miscellaneous	50	
243		Interest	551	
	<b>61,812</b>	<b>Total Income</b>		<b>59,940</b>
		<b>Expenditure</b>		
28,487		Frank Jordan Centre	23,052	
26,032		Stone Station	23,331	
22,245		Town Market	12,302	
5,418		Car Parking	4,844	
3,336		Bus Shelters & Street Furniture	1,458	
445		Street Lighting	813	
593		Dog & Litter Bins	691	
-		Joules Clock	-	
1,505		Town Electricity Supply	144	
10,666		Grounds Maintenance	10,696	
4,791		Crown Meadow Improvements	1,941	
1,479		Allotments	2,178	
-		Environmental Projects	-	
15,867		Christmas Lights	11,385	
300		Advertising	363	
6,479		Tourism & Town Promotion	7,382	
5,775		Grants to Outside Bodies	4,700	
112,321		Salaries & Employment Costs	116,284	
4,208		Accommodation	4,493	
9,431		Insurances	7,509	
18,468		Administration	12,320	
865		Audit & Legal Fees	965	
-		Town Council Elections	-	
2,627		Allowances - Mayor & Deputy Mayor	2,706	
531		Regalia & Presentations	328	
2,250		Civic Dinner & Hospitality	2,598	
1,507		Remembrance Sunday & War Memorials	1,839	
1,172		Miscellaneous	1,248	
-		Neighbourhood Plan	250	
	<b>286,799</b>	<b>Total Expenditure</b>		<b>255,818</b>
	<b>224,987</b>	<b>Total Net Expenditure</b>		<b>195,878</b>
		<b>Financing</b>		
217,969		Precept	219,811	
18,069		Council Tax Support Grant	18,069	
11,461		Concurrent Functions Allowance	11,461	
2,682		Transfer from (to) Earmarked Reserves	-36,912	
	<b>250,181</b>	<b>Total Financing</b>		<b>212,429</b>
	<b>25,194</b>	<b>Net Surplus for Year</b>		<b>16,551</b>

# Stone Town Council

## Balance Sheet as at 31 March 2015

2013-14			2014-15	
£	£		£	£
<b>Current Assets</b>				
2,186		Debtors	1,208	
1,577		Payments in Advance	1,436	
3,288		VAT Recoverable	2,971	
275,374		Cash at Bank and In Hand	325,089	
	<b>282,425</b>	<b>Total Current Assets</b>		<b>330,705</b>
<b>Current Liabilities</b>				
17,652		Creditors	12,788	
1,982		Receipts in Advance	2,114	
	<b>19,633</b>	<b>Total Current Liabilities</b>		<b>14,903</b>
	<b>262,792</b>	<b>Total Net Assets</b>		<b>315,802</b>
<b>Represented by</b>				
244,329		General Fund Balances	260,880	
15,138		Earmarked Reserves	52,050	
3,325		Mayor's Charity Fund	2,873	
	<b>262,792</b>	<b>Total Reserves and Balances</b>		<b>315,802</b>

# Stone Town Council

## Comparison of Actual 2013-14 with Budget and Forecast

Actual 2012-13 £		Actual 2013-14 £	Actual Compared With Approved Budget		Actual Compared With Forecast		
			Budget	Variance	Outturn		Report Paragraph
			2013-14 £	2013-14 £	Forecast 2013-14 £	Variance 2013-14 £	
15,620	Frank Jordan Centre	8,606	12,300	-3,694	9,300	-694	
15,546	Stone Station	11,210	12,880	-1,670	8,900	+2,310	12
-10,562	Town Market	-15,985	-8,700	-7,285	-12,200	-3,785	13
5,418	Car Parking	4,844	5,600	-756	4,800	+44	
3,336	Bus Shelters & Street Furniture	1,458	4,900	-3,442	2,800	-1,342	14
445	Street Lighting	813	500	+313	500	+313	
593	Dog & Litter Bins	691	700	-9	700	-9	
-	Joules Clock	-	-	-	-	-	
1,505	Town Electricity Supply	144	1,000	-856	200	-56	
-	Building Maintenance	-	9,801	-9,801	9,800	-9,800	15
10,666	Grounds Maintenance	10,696	11,200	-504	11,000	-304	
4,791	Crown Meadow Improvements	1,941	1,100	+841	2,200	-259	
-655	Allotments	56	-800	+856	200	-144	
-	Environmental Projects	-	500	-500	-	-	
15,867	Christmas Lights	11,385	21,500	-10,115	18,400	-7,015	16
300	Advertising	363	500	-137	400	-37	
5,849	Tourism & Town Promotion	6,752	12,700	-5,948	8,300	-1,548	17
5,775	Grants to Outside Bodies	4,700	10,925	-6,225	4,900	-200	
112,321	Salaries & Employment Costs	116,284	119,600	-3,316	116,500	-216	
4,208	Accommodation	4,493	5,200	-707	4,800	-307	
9,431	Insurances	7,509	8,400	-891	7,500	+9	
18,468	Administration	12,320	18,523	-6,203	16,000	-3,680	18
865	Audit & Legal Fees	965	900	+65	900	+65	
-	Town Council Elections	-	3,300	-3,300	300	-300	
2,627	Allowances - Mayor & Deputy Mayor	2,706	2,700	+6	2,700	+6	
531	Regalia & Presentations	328	1,000	-672	500	-172	
180	Civic Dinner & Hospitality	865	1,000	-135	1,000	-135	
1,507	Remembrance Sunday & War Memorials	1,839	2,600	-761	1,900	-61	
-	Council Newsletter	-	2,000	-2,000	-	-	
598	Miscellaneous	1,198	900	+298	-3,800	+4,998	19
-243	Interest	-551	-200	-351	-300	-251	
-	Neighbourhood Plan	250	0	+250	1,600	-1,350	
<b>224,987</b>		<b>195,878</b>	<b>262,529</b>	<b>-66,651</b>	<b>219,800</b>	<b>-23,922</b>	


# Section 1 – Accounting statements 2014/15 for

Enter name of  
reporting body here:

STONE TOWN

Council/Meeting

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

1 Balances brought forward	236,955 262,792	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	217,969 219,811	Total amount of precept received or receivable in the year. Excludes any grants received.
3 (+) Total other receipts	94,667 89,469	Total income or receipts as recorded in the cashbook less the precept received (line 2). Include any grants received here.
4 (-) Staff costs	112,321 117,027	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	NIL NIL	Total expenditure or payments of capital and interest made during the year on the council's borrowings (if any).
6 (-) All other payments	174,478 139,243	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	262,792 315,802	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	275,374 325,089	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 other long term investments and assets	229,452 246,260	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	NIL NIL	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11 <b>Disclosure note</b> Trust funds (including charitable)		The council acts as sole trustee for and is responsible for managing trust funds or assets. N.B. The figures in the accounting statements above do not include any trust transactions.

I certify that for the year ended 31 March 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

Date

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

and recorded as minute reference:

Signed by Chair of the meeting approving these accounting statements.

Date



## Section 2 – Annual governance statement 2014/15

We acknowledge as the members of:

STONE TOWN

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:

- |   |   |  |
|---|---|--|
| 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.                        | ✓ | 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 the council and recorded as minute reference

dated

Signed by:

Chair

dated

Signed by:

Clerk

dated

\*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 4 – Annual internal audit report 2014/15 to

STONE 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.

- | Objective   | Conclusion |
|---|------------|
| 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 C. W. Wright MBA DMS(dist) C.Eng. MICE

Signature of person who carried out the internal audit [Signature] Date 08/05/2015

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).