

Section 1 – Annual governance statement 2016/17

We acknowledge as the members of:

Enter name of
smaller authority here:

COMBE FLOREY 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 2017, 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	has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.
		NA	

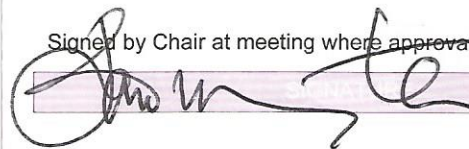
This annual governance statement is approved by this smaller authority on:

03/05/2017

and recorded as minute reference:

MINUTE 16

Signed by Chair at meeting where approval is given:



Clerk:



*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 2016/17 for

Enter name of smaller authority here:

COMBE FLOREY PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2016 £	31 March 2017 £	
1. Balances brought forward	5447	restated 5891	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	2500	2500	Total amount of precept (or for IDBs, rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	525	862	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	NIL	1342	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 smaller authority's borrowings (if any).
6. (-) All other payments	2580	1903	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	5892	6008	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	5892	6008	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	NIL	1523	This cell shows the value of all the property the authority owns. It is made up of its fixed assets and long-term investments.
10. Total borrowings	NIL	NIL	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.
		N/A	

I certify that for the year ended 31 March 2017 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:

Date

26-04-2017

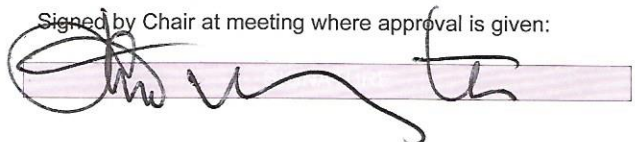
I confirm that these accounting statements were approved by this smaller authority on:

03/05/2017

and recorded as minute reference:

MINUTE 17

Signed by Chair at meeting where approval is given:



Section 3 – External auditor report and certificate

In respect of:

Enter name of
smaller authority here:

COMBE FLORET PARISH COUNCIL

1. 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 2017; 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.

2. 2016/17 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 other matters have come to our attention giving cause for concern that relevant legislative 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)

3. 2016/17 External auditor certificate

We certify/~~do not 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 2017.

* We do not certify completion because:

External auditor signature Grant Thornton UK LLP

External auditor name Grant Thornton UK LLP Date 21/8/17

Note: The NAO issued guidance applicable to external auditors' work on 2016/17 accounts in Auditor Guidance Note AGN/02. The AGN is available from the NAO website (www.nao.org.uk)

Annual internal audit report 2016/17 to

Enter name of smaller authority here:

COMBE FLORET PARISH 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 2017.

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.	✓		
B. This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This smaller 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 smaller 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. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.			Not applicable N/A.

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 KATRIONA SMITH

Signature of person who carried out the internal audit *K Smith*

Date 19/04/2017

*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).

**This page is part of Section 3 - External auditor certificate and opinion 2016/17
Combe Florey Parish Authority
External Auditor Report for the year ended 31 March 2017**

Matters reported

Risk Assessment

The Authority has not taken undertaken a risk assessment. A risk assessment should be performed at least annually and as a minimum, members should: -

- take steps to identify the key risks facing the Authority
- evaluate potential consequences to the Authority if an event identified as a risk takes place; and
- decide upon appropriate measures to avoid, reduce or control the risk or its consequences. This might involve insurance or the implementation of internal controls.

More guidance on risk management can be found in the NALC / SLCC publication "Governance and Accountability for Local Authority's – A Practitioners Guide (England)" at paragraphs 2.99 to 2.116.

Public Rights

The Authority must provide for the exercise of public rights as set out in Sections 26 and 27 of the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015. The Regulations require the Authority to approve and publish the Annual Governance Statement and the Accounting Statement alongside a Notice of commencement and a Declaration of status of accounts to allow it to commence the period for the exercise of public rights so that it includes the first ten working days of July.

The Authority did not publish a notice of conclusion of the external auditor's limited assurance review of the annual return, or its notice of commencement, on its website. The Authority is therefore unable to demonstrate that it made proper provision for the exercise of public rights in 2015/2016.

In future, the Authority must ensure that the Annual Return is approved and published to allow for the proper provision for the exercise of public rights in accordance with the Regulations and proper practices.

**This page is part of Section 3 - External auditor certificate and opinion 2016/17
Combe Florey Parish Authority
External Auditor Report for the year ended 31 March 2017**

Matters reported, continued

Competency of the Internal Auditor

The Internal Auditor ticked “Yes” in response to Objectives C, E, G, H and I of the Internal Audit Report. This is inconsistent with the Annual Governance Statement. The Authority should review the findings of the Internal Audit report and ensure declaration in the Annual Governance Statement is consistent with it.

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

The Authority have provided a commentary on the issues which have led to them being unable to agree to Assertions 2, 3, 4, and 5 of the Annual Governance Statement. This commentary appears reasonable, therefore the inconsistent “Yes” responses provided by the Internal Auditor raises concerns regarding the competence of the Internal Auditor.

Whilst there is no requirement for a person providing the internal audit role to be professionally qualified, essential competencies to be sought from any internal audit service include:

- understanding basic book-keeping and accounting processes;
- understanding the role of internal audit in reviewing systems rather than undertaking detailed checks that are more appropriately the responsibility of management;
- awareness of relevant risk management issues; and
- understanding proper practices in relation to governance and accounting requirements within the legal framework and powers of smaller authorities.

In our view, the response to Assertion 6 on the Annual Governance Statement should therefore be ‘No’.



**This page is part of Section 3 - External auditor certificate and opinion 2016/17
Combe Florey Parish Authority
External Auditor Report for the year ended 31 March 2017**

Other matters not affecting our opinion which we wish to draw to the attention of the authority

Financial Regulations

For part of the financial year 2016/17 the Authority did not have in place Financial Regulations. It is good practice for Authorities to have Financial Regulations in place. A model set of Financial Regulations is available from the National Association of Local Authorities. Financial Regulations should be adopted and periodically reviewed.

Compliance with Laws, Regulations and Proper Practices

The Authority has not taken all reasonable steps to assure themselves that there are no matters of actual or potential non-compliance with laws, regulations, and proper practices during the year 2016/17. Specifically, the Authority did not appoint their Chairman at the Annual Meeting of the Authority, meaning it failed to comply with Section 3 of the Local Government Act 1972.

The Authority needs to ensure that it complies with laws, regulations and proper practices when conducting its business and finances.

Fixed Asset Register

The Authority has not maintained a register of all of its assets throughout the financial year 2016/17. A formal schedule of assets should be maintained and regularly updated.

Internal Financial Controls

The Authority has not implemented adequate internal controls throughout the financial year 2016/17. It is good practice for the Authority to fully document and periodically review the specific day to day procedures it undertakes to implement its system of internal control.



This page is part of Section 3 - External auditor certificate and opinion 2016/17

Combe Florey Parish Authority

External Auditor Report for the year ended 31 March 2017

Other matters not affecting our opinion which we wish to draw to the attention of the authority, 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 any rights of objection, inspection and questioning of the external auditor conferred by sections 26 and 27 of the Act may only be exercised within a single period of 30 working days.

The Authority published its Notice indicating the period for the exercise of public rights commenced on 15 June 2017 and ended on 27 July 2017. This is more than the 30 working days as required by the Regulations. For any days over those 30 working days, a member of the public would have no formal rights in respect of objection, inspection and questioning of the external auditor.

In the future, the Authority must ensure that it complies with the Local Audit and Accountability Act 2014, sections 26 and 27, and the Accounts and Audit Regulations 2015, sections 14 and 15 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 Authority should also consider the impact of this failure on its disclosures in the 2017/18 Annual Return.



**This page is part of Section 3 - External auditor certificate and opinion 2016/17
Combe Florey Parish Authority
External Auditor Report for the year ended 31 March 2017**

Internal Auditor's Report

The Internal Auditor has answered 'Yes' to Objective F in relation to petty cash. This should state 'not covered' as the Authority does not operate a petty cash system.

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

Grant Thornton UK LLP

Grant Thornton UK LLP

Date 21/8/17

Our ref SOM079