

Appendix A



COUNCIL MEETING

**7.45pm on Wednesday 9 May 2018
Loughton Library and Town Hall
Traps Hill, Loughton, IG10 1HD**

Agenda items

- 10 – The Annual Governance Statement
and**
- 11 – Accounts and Audit 2017/18**

Agenda item 10
The Annual Governance Statement

The Council is asked to complete Section 1 of the Annual Return – the Annual Governance Statement (see page 10).

This part of the annual return requires members to acknowledge their responsibility for ensuring there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. The return has to be signed by the Chairman and Clerk to this effect once the Council has carefully considered and agreed each of the nine specific statements.

The following provides a more detailed explanation of each item:

1 We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.

The accounts are prepared by the RFO on an income and expenditure basis in accordance with the Accounts and Audit Regulations and guidance in Governance and Accountability for Smaller Authorities in England (A Practitioner's Guide). This is scrutinised by the Resources and General Services Committee and through the internal audit process.

2 We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.

The Council carried out the annual review of its systems of Internal Audit and Internal Control and their effectiveness at its meeting on 7 March 2018 (Min no 141.1) and agreed a Statement of Internal Control (Min no 141.1.2).

At this meeting members also reviewed and updated the Council's Risk Assessment and Management document (Min no 141.3).

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.

The Council operates within a robust set of governance arrangements, resulting from controls identified in the Risk Assessment which are reviewed annually. Measures also include regular reviews of Standing Orders and Financial Regulations, training for councillors and staff and identification of powers for all council payments.

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.

The Council provided an inspection period from Monday 5 June 2017 to Friday 14 July 2017 for the exercise of electors' rights. This entitled any person interested to inspect and make copies of the Annual Return, books, invoices, receipts etc at the Council Offices in normal working hours during this period.

Notices to this effect were displayed on the Council's noticeboards around the town and on the Council's website where the Statement of Accounts and accompanying documentation were also displayed. A similar period for electors' rights will commence this year on 4 June 2018.

- 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.**

At its meeting on 27 March 2018, the Council carried out the annual review of the Risk Assessment and Management document (Min no 141.3) which included details of internal controls and/or external insurance cover where required. The Council's insurance cover was reviewed on 14 February 2018 (Min no RG111).

- 6 We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.**

Following the annual review of the system of internal audit and its effectiveness in April 2015, Auditing Solutions were re-appointed as the Council's internal auditors for a five-year period 2015/19 Min no (RG235.6). The auditors spent two days with the Council on 9 and 10 November 2017 with a final end of year visit on 19 April 2018 to inspect the annual accounts. The scope of their work followed the outline programme drawn up in 2015 with councillors and officers afforded the opportunity to request coverage of particular areas especially when new working procedures or responsibilities were introduced. The reports from the internal auditor were presented to all councillors and any issues raised by him following the end of year visit reviewed at the next meeting of the Resources and General Services Committee.

During 2017/18, the Council has continued the practice of appointing a member to carry out spot checks on the accounts throughout the year. The reports on these visits were also minuted.

- 7 We took appropriate action on all matters raised in reports from internal and external audit.**

The Resources and General Services Committee is charged with responding to any and all matters raised by the internal and external auditors.

- 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.**

The RFO has considered these matters and debtors and creditors are included in the end of year accounts.

- 9 Trust Funds – in our capacity as the sole managing trustee we have discharged our responsibility in relation to the accountability for the funds / assets, including financial reporting and, if required, independent examination or audit.**

Not applicable.

Agenda item 10 cont'd

Section 1 – Annual Governance Statement 2017/18

We acknowledge as the members of:

LOUGHTON TOWN COUNCIL

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 2018, 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 it is a sole managing trustee of a local trust or trusts.</i>

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

This Annual Governance Statement is approved by this authority and recorded as minute reference:



dated 

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

Chairman 

Clerk 

Other information required by the Transparency Codes (not part of Annual Governance Statement)
Authority web address

www.loughton-tc.gov.uk

Agenda item 11
Accounts and Audit 2017/18

A copy of Section 2 of the Annual Return for 2017/18 is provided for approval on page 12 of this appendix.

Please note that a copy of Section 3 of the Annual Return has not been provided at this time as it is reserved for the external auditor's certificate and opinion.

The Council is asked to consider the following documents:

- 11.1 i) Income and expenditure reports by Committee (pages 13 – 16);
- ii) The balance sheet as at 31 March 2018 (pages 17 – 18);
- iii) Details of the transfers to and from earmarked reserves (page 19);
- iv) Supporting notes to the accounts (pages 20 – 21).

11.2 Reserves Policy

As part of the decision making process in January 2018 for reaching agreement on the level of Precept for 2018/19 the following items were estimated and are now shown with the end of year actual.

Estimated net running costs for 2018/19	£403,357
Forecast general reserves at 31 March 2018	£320,458
Actual general reserves at 31 March 2018	£320,242

The Council is asked to note that if, as budgeted for 2018/19, £78,000 is taken from general reserves this leaves the general reserves at 60.06% of the estimated net running costs for 2018/19, within the Council's reserves policy.

- 11.3 **Annual Return** – the Council is asked to **approve Section 2 – the Accounting Statements** to enable the Town Mayor (as Chairman of this meeting) to sign the statement at the bottom of Section 2 to confirm that the accounting statements present fairly the financial position of the Council and its income and expenditure for the year 2017/18.


Section 2 – Accounting Statements 2017/18 for

LOUGHTON TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2017 £	31 March 2018 £	
1. Balances brought forward	847,396	711,875	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	594,600	634,800	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	222,401	183,085	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	373,353	326,302	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	100,497	100,497	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	478,672	394,992	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	711,875	707,969	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	843,492	866,143	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	531,649	531,649	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	769,776	708,393	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.

I certify that for the year ended 31 March 2018 the Accounting Statements in this Annual Governance and Accountability Return present fairly the financial position of this authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer



Date

01/05/18

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

and recorded as minute reference:

Signed by Chairman of the meeting where approval of the Accounting Statements is given

Loughton Town Council 2017-18

Summary Income & Expenditure by Budget Heading 31/03/2018

Month No : 12

Committee Report

		Actual Last Year	Actual Year To Date	Current Annual Budget	Variance Annual Total	Funds Available	% of Budget	
<u>Resources and General Services</u>								
Communication	Expenditure	17,192	18,906	18,800	-106	-106	100.6 %	
Office Expenses	Expenditure	12,054	10,780	12,300	1,520	1,520	87.6 %	
	Income	57	20	0	20		0.0 %	
Audit	Expenditure	2,860	2,860	2,900	40	40	98.6 %	
Central Personnel	Expenditure	300,976	250,432	316,300	65,868	65,868	79.2 %	
Council Expenses	Expenditure	14,628	11,395	14,150	2,755	2,755	80.5 %	
	Income	609	168	0	168		0.0 %	
Other Services (RGS)	Expenditure	23,426	20,170	11,250	-8,920	-8,920	179.3 %	
	Income	202	0	0	0		0.0 %	
Members' Expenses	Expenditure	2,106	2,130	3,000	870	870	71.0 %	
Buckingham Court	Expenditure	53,797	45,155	32,450	-12,705	-12,705	139.2 %	
	Income	9,611	300	28,500	-28,200		1.1 %	
Service Re-charge (RGS)	Expenditure	-251,000	-253,000	-253,000	0	0	100.0 %	
Library	Expenditure	0	4,751	13,700	8,949	8,949	34.7 %	
Grants	Expenditure	35,328	30,760	35,500	4,740	4,740	86.6 %	
Resources and General Services Expenditure		211,367	144,340	207,350	63,010	0	63,010	69.6 %
	Income	10,479	488	28,500	-28,012		1.7 %	
Net Expenditure over Income		200,887	143,852	178,850	34,998			

Loughton Town Council 2017-18

Summary Income & Expenditure by Budget Heading 31/03/2018

Month No : 12

Committee Report

		Actual Last Year	Actual Year To Date	Current Annual Budget	Variance Annual Total	Funds Available	% of Budget	
Recreation								
Kingsley Hall	Expenditure	18,665	14,042	15,200	1,158	1,158	92.4 %	
	Income	34,874	36,498	36,000	498		101.4 %	
The Murray Hall	Expenditure	135,437	125,445	131,600	6,155	6,155	95.3 %	
	Income	68,551	73,186	64,400	8,786		113.6 %	
Other Services (Rec)	Expenditure	8,247	14,875	11,000	-3,875	-3,875	135.2 %	
	Income	1,287	8,129	0	8,129		0.0 %	
Service Re-charge (Rec)	Expenditure	131,000	135,000	135,000	0	0	100.0 %	
Roding Valley Recreation Ground	Expenditure	125,660	137,888	261,450	123,562	123,562	52.7 %	
	Income	11,191	14,019	11,250	2,769		124.6 %	
Open Spaces	Expenditure	21,683	23,488	25,025	1,537	1,537	93.9 %	
	Income	0	225	125	100		180.0 %	
Playgrounds	Expenditure	99,506	17,034	27,857	10,823	10,823	61.1 %	
	Income	20,920	0	0	0		0.0 %	
Skateboard Facility	Expenditure	1,990	0	34,000	34,000	34,000	0.0 %	
	Income	500	0	0	0		0.0 %	
Will. Rd. Playing Field	Expenditure	10,807	15,286	16,010	724	724	95.5 %	
	Income	1,619	2,912	1,610	1,302		180.9 %	
Van replacement fund	Expenditure	0	0	1,000	1,000	1,000	0.0 %	
Recreation Expenditure		552,994	483,058	658,142	175,084	0	175,084	73.4 %
Income		138,942	134,969	113,385	21,584			
Net Expenditure over Income		414,052	348,089	544,757	196,668			

Loughton Town Council 2017-18

Summary Income & Expenditure by Budget Heading 31/03/2018

Month No : 12

Committee Report

		Actual Last Year	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committ ed Expendit ure	Funds Available	% of Budget
<u>Environment and Heritage</u>								
Christmas Best Dressed Window	Expenditure	391	351	375	24		24	93.5 %
Cemetery (Church Lane)	Expenditure	42,858	46,360	71,600	25,240		25,240	64.7 %
	Income	23,469	15,211	22,000	-6,789			69.1 %
Street Furniture	Expenditure	19,428	23,002	28,800	5,798		5,798	79.9 %
Allotments	Expenditure	4,907	2,749	5,500	2,751		2,751	50.0 %
	Income	3,032	2,774	2,466	308			112.5 %
Cemetery (Debden Lane)	Expenditure	510	2,110	10,600	8,490		8,490	19.9 %
Other services (EH)	Expenditure	0	0	1,000	1,000		1,000	0.0 %
Service Re-charge (EH)	Expenditure	90,000	87,000	87,000	0		0	100.0 %
Environment and Heritage	Expenditure	158,093	161,572	204,875	43,303	0	43,303	78.9 %
	Income	26,501	17,985	24,466	-6,481			73.5 %
Net Expenditure over Income		131,592	143,587	180,409	36,822			

Loughton Town Council 2017-18

Summary Income & Expenditure by Budget Heading 31/03/2018

Month No : 12

Committee Report

		Actual Last Year	Actual Year To Date	Current Annual Budget	Variance Annual Total	Funds Available	% of Budget	
<u>Planning and Licensing</u>								
Service Re-charge (PL)	Expenditure	30,000	31,000	31,000	0	0	100.0 %	
Other Services (PLC)	Expenditure	68	1,821	35,500	33,679	33,679	5.1 %	
Planning and Licensing	Expenditure	30,068	32,821	66,500	33,679	0	33,679	49.4 %
	Income	0	0	0	0		0.0 %	
Net Expenditure over Income		30,068	32,821	66,500	33,679			

Loughton Town Council EOY 17-18

Summary Income & Expenditure by Budget Heading 31/03/2018

Month No : 12

Committee Report

	Actual Last Year	Actual Year To Date	Current Annual Budget	Variance Annual Total	Funds Available	% of Budget
<u>Other Costs and Income</u>						
Other Costs and Income	Income 641,079	664,443	671,816	-7,373		98.9 %
Other Costs and Income Expenditure	0	0	0	0	0	0.0 %
Income	641,079	664,443	671,816	-7,373		98.9 %
Net Expenditure over Income	-641,079	-664,443	-671,816	-7,373		
<u>INCOME - EXPENDITURE TOTALS</u>						
Expenditure	952,522	821,791	1,136,86	315,076	0 315,076	72.3 %
Income	817,001	817,885	838,167	-20,282		97.6 %
Net Expenditure over Income	135,521	3,905	298,700	294,795		

Printed on : 01/05/2018

Loughton Town Council

At : 09:38

Balance Sheet as at - 31st March 2018

31st March 2017		31st March 2018		
Net Value	Fixed Assets	Cost of Asset	Depreciation	Net Value
0		0	0	0
	Current Assets			
2,757	Debtors	7,414		
5,503	Other Debtors (non Sales Led)	3,409		
29,890	Vat Refunds	4,484		
11,868	Prepayments	9,603		
20,922	Current Account	25,231		
35,000	No 2 Current Account	35,000		
138,096	Capital Reserve	100,122		
44,455	Santander Business Reserve	600,719		
3,000	Security Deposits Current a/c	2,650		
400,000	Santander 180 Day Notice A/c	0		
201,869	Nationwide Building Society	102,272		
150	Petty Cash	150		
893,510			891,052	
	893,510 Total Assets			891,052
	Current Liabilities			
142,170	Creditors	2,834		
16,340	Accruals	143,409		
17,342	Receipts in Advance	28,352		
2,200	Security deposits	4,500		
960	Key deposits	1,260		
2,624	BOOKING DEPOSITS	2,728		
181,635			183,083	
	711,875 Total Assets Less Current Liabilities			707,969
	Long Term Liabilities			
0				0
	711,875 Total Assets Less Long Term Liabilities			707,969

Printed on : 01/05/2018

Loughton Town Council

At : 09:38

Balance Sheet as at - 31st March 2018

31st March 2017

31st March 2018

Represented By

309,747	General Reserve	320,242
402,127	Earmarked Reserves	387,727
<u>711,875</u>		<u>707,969</u>

The above statement represents fairly the financial position of the authority as at 31st March 2018 and reflects its Income and Expenditure during the year.

Signed :
Chairman _____ Date : _____

Signed :
Responsible
Financial
Officer _____ Date : _____

Schedule of Earmarked Reserves	2017/18		
	1.4.17	Net transfers to/from reserves	31.3.18
Recreation Committee			
Murray Hall	40,500	0	40,500
Kingsley Hall	25,000	0	25,000
Roding Valley Recreation Ground	122,200	0	122,200
Skateboarding	30,000	-20,000	10,000
Playgrounds	12,800	6,200	19,000
Open Spaces	1,000	1,500	2,500
WRPF	6,500	1,500	8,000
Community events	2,000	-2,000	0
Defibrillators	1,200	-1,200	0
Van replacement	6,000	1,000	7,000
Total	247,200	-13,000	234,200
Environment & Heritage Committee			
Street furniture	7,850	-2,000	5,850
Christmas lights	1,000	0	1,000
Oakwood Hill Estate improvements	4,000	0	4,000
Community toilet scheme	1,000	0	1,000
Allotments	1,000	2,000	3,000
Cemetery	27,265	3,000	30,265
Cemetery plot maint endowment (restricted fund)	8,262	0	8,262
Lady Whitaker's Mead/new cemetery	44,400	-2,400	42,000
Tree strategy	500	0	500
Roding Hub	500	0	500
Total	95,777	600	96,377
Resources and General Services Committee			
Elections	8,000	8,000	16,000
Noticeboards	1,000	0	1,000
Office expenses	3,000	150	3,150
Communication	1,000	-1,000	0
Council expenses	2,000	0	2,000
Accommodation	16,450	-16,450	0
Buckingham Court maint. fund	2,000	0	2,000
Honours board	700	-700	0
Total	34,150	-10,000	24,150
Planning & Licensing Committee			
Neighbourhood Plans	25,000	8,000	33,000
Total	25,000	8,000	33,000
Grand total	402,127	-14,400	387,727

Supporting Notes to the Accounts 2017/18

1 **Basis of accounts**

This statement of accounts has been prepared in accordance with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015, i.e. on an income and expenditure basis with a statement of balances and complies with Proper Practices in completing Sections 1 and 2 of the Annual Governance and Accountability Return.

2 **Assets, property etc**

During 2017/18, the Town Council continued lease negotiations for the transfer of the land used by the Loughton Cricket Club at the junction of the High Road with Traps Hill from the trustees. Owing to various legal issues, the transfer and the subsequent lease to the Cricket Club have not yet been completed.

The office move to accommodation in Loughton Library was completed in July 2017. The former offices in no 1 Buckingham Court were placed in the hands of a commercial letting agent and lease negotiations commenced with a prospective tenant.

The total of fixed assets and long terms assets remained static at £531,649.

The asset register was reviewed by the Resources and General Services Committee at its meeting on 25 April 2018.

See separate schedule of assets held, including leases, licences, management agreements etc. for more information.

3 **Borrowings**

At the end of the financial year 2017/18 the council had the following loans outstanding. All loans were from the Public Works Loans Board.

Purpose	Opening balance 1st April 2017	Closing balance 31st March 2018	End date of loan
Buckingham Court	202,428.50	184,117.42	19.01.26
Community Centre (1)	280,226.07	258,407.69	28.03.27
Community Centre (2)	287,121.29	265,867.61	28.06.27
Total	769,775.86	708,392.72	

4 **Earmarked Reserves**

See attached schedule of earmarked reserves on page 19 of this agenda.

The earmarked reserves represent the amount of money within the Council's balances that has been set aside for specific purposes.

The Council had no useable capital reserves at 31 March 2018. Capital reserves represent the amount of money available within the Council's balances which are restricted and can only be used to finance capital expenditure.

5 **Section 137**

The limit for the Council's spending under S137 of the Local Government Act 1972 (as amended) for the year was £186,880.59 (£7.57 x 24,687). Payments totalling £3,070.00 were made under S137 during the year.

6 **Analysis and apportionment of income and expenditure**

Income and expenditure are analysed in accordance with the Council's committee structure. The costs of management and administration have been apportioned to all services on an appropriate basis (recharges).

7 **Advertising and Publicity**

The following costs for advertising and publicity were incurred during the year:

	£
Recruitment advertising	100.00
Other advertising	-
Publicity & marketing	-
Total	100.00

8 **Pensions**

During 2017/18 the Council contributed 19.9% of employees' total pensionable pay to the pension fund.

9 **Members Allowances**

The total of members' allowances including expenses paid to serving councillors during the year was £2,035.12.

10 **Agency Work**

The Council did not undertake any agency work on behalf of other authorities during the year.

11 **Creditors**

The only significant creditor at the end of 2017/18 was Epping Forest District Council in the sum of £118,582.79 net of VAT for the grounds maintenance.

12 **Bad Debts**

No bad debts were written off during the year.

13 **Contingent Liabilities**

The accounts do not include provision for any contingencies.