

Local Councils in England and Wales

Annual return for the year ended*31 March 2002*

Local councils in England and Wales (Parish Meetings, Parish Councils, Town Councils and Community Councils) are expected to complete an annual return summarising their annual activities at the completion of each financial year.

The annual return on the following pages is made up of four sections. Sections 1 and 2 are to be completed by the local council, Section 3 by its external auditor and Section 4 by the council's independent internal auditor. Please complete all relevant sections or attach notes explaining why this cannot be done. Incomplete or incorrect returns may require additional external audit work, which will be charged at the Commission's agreed variable fee rate. When these three sections are complete, please send the annual return, together with the additional information requested, to your appointed external auditor who will add his or her certificate and opinion in section 3.

Please do not send any original financial records to the auditor. If required, your appointed auditor will request to see any documents he/she needs.

Audited and certified annual returns will be returned to the Responsible Financial Officer of the submitting council for publication in accordance with the Accounts and Audit Regulations 1996. There is no requirement for councils to publish the internal auditor's annual report although councils may choose to do so.

Guidance notes and instructions for completion are included at relevant points in the return. In the event that further guidance may be required, councils should refer to the practitioners' guide or contact their representative bodies, the County Associations of NALC and/or SLCC, who are providing support to local councils and their clerks.

It should, therefore, not be necessary for councils to contact the external auditor or the Audit Commission directly for guidance.

Annual return contents

Section	Content	To be completed by:
1	The Statement of Accounts	Responsible Financial Officer
2	Statement of Assurance	Clerk (following approval by the Council)
3	Auditor's Certificate and Opinion	External Auditor
4	Annual Report by Internal Auditor	Internal Auditor

LOCAL COUNCILS IN ENGLAND AND WALES

ANNUAL RETURN

FOR THE YEAR ENDED 31 MARCH 2002

COLNEY HEATH PARISH

COUNCIL

SECTION 1 – THE STATEMENT OF ACCOUNTS

I certify that the accounts contained in this annual return present fairly the financial position of the council, are consistent with the underlying financial records and have been prepared on a receipts and payments/income and expenditure* basis. [* Select only one option and delete the other.]

(Responsible Financial Officer) DEBRA MAYHEW Date 1/10/2002

I confirm that these accounts were approved by the Council and recorded as council minute reference

7.2

dated

9/10

20

02

Signed on behalf of the above Council

*(Chair) A. Galk Date 9.10.02

			Notes and Guidance for Compilers
	Last Year £	This Year £	General Please round all figures to nearest £. Report £0 or Nil balances. All figures must agree to the Council's underlying financial records for the relevant year.
1 Balances brought forward	<u>52,250</u>	<u>64,833</u>	Total balances and reserves at the beginning of the year as recorded in the Council's financial records.
2 (+) Annual Precept	<u>79,077</u>	<u>91,926</u>	Total amount of Precept income received in the year.
3 (+) Total other receipts	<u>28,481</u>	<u>10,374</u>	Total income or receipts as recorded in the cashbook minus the precept.
4 (-) Staff costs	<u>39,251</u>	<u>42,029</u>	Total expenditure or payments made to and on behalf of all council employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and expenses.
5 (-) Loan interest/ capital repayments	<u>—</u>	<u>—</u>	Total expenditure or payments of capital and interest made during the year on the Council's borrowings (if any).
6 (-) Total other payments	<u>55,725</u>	<u>57,911</u>	Total expenditure or payments as recorded in the cashbook minus employment costs (line 4) and loan/interest expenditure/payments (line 5).
7 (=) Balances carried forward	<u>64,833</u>	<u>67,193</u>	Total balances and reserves at the end of the year. (Must equal (1+2+3) – (4+5+6))
8 Total Cash & Investments	<u>60,540</u>	<u>58,062</u>	The sum of all current and deposit bank accounts, cash holdings and investments held as at 31 March 2002 (as a check, this amount will, in most cases, be equal to the value of the council's total reserves and balances).
9 Total Fixed Assets	<u>320,522</u>	<u>339,685</u>	The recorded current book value at 31 March 2002 of all tangible fixed assets owned by the Council as recorded in the asset register.
10 Total Borrowings	<u>—</u>	<u>—</u>	The outstanding capital balance as at 31 March 2002 of all loans from third parties (usually PWLB).

The following documents should accompany the accounts when submitted to the auditor:

- a brief explanation of significant variations from last year to this year in Section 1; and
- bank reconciliation as at 31 March 2002.

SECTION 2 – STATEMENT OF ASSURANCE

We acknowledge as the members of **COLNEY HEATH PARISH** Council our responsibility for the preparation of the accounts and confirm, to the best of our knowledge and belief, with respect to the council's accounts for the year ended 31 March 2002, that:

	Agreed – Yes or No*	'Yes' means that the Council:
1 we have approved the accounts which have been prepared in accordance with the requirements of the Accounts and Audit Regulations 1996 and proper accounting practice.	YES	prepared its accounts in the way prescribed by law.
2 we have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption.	YES	made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 we have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice which could have a significant financial effect on the ability of the council to conduct its business or on its finances.	YES	has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.
4 we have carried out an assessment of the risks facing the council and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	YES	considered all the risks it faces in the operation of the council and has dealt with them properly.
5 we have appointed an internal auditor who is both competent and who has acted independently from influence by the council.	NO	arranged for a person unconnected with the council to check that its activities are properly carried out and recorded.
6 we have taken what we consider to be appropriate action on all matters raised in previous reports from the internal and external auditors.	YES	followed the advice received from its auditors.
7 we have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations 1996.	YES	has given all persons interested the opportunity to inspect and ask questions about the council's business.
8 we are not aware of any litigation, liabilities or commitments, events or transactions, occurring either during or after the end of the financial year being reported, other than those included in the accounts.	YES	disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.

This Statement of Assurance is approved by the Council and recorded as council minute reference

7.2 dated **9/10** 20**02**

Signed on behalf of **COLNEY HEATH PARISH** Council:

Certified by: Chair **H. Park** Date **9-10-02**

Clerk **D. Morgan** Date **9.10.02**

***Please provide explanations to the auditor on a separate sheet if a 'No' response has been given; and describe what action is being taken to address the weaknesses identified.**

SECTION 3 – EXTERNAL AUDITOR'S CERTIFICATE AND OPINION

Certificate

I certify that I/we* have completed the audit of the annual return of **COLNEY**
WATH PARISH Council for the year ended 31 March 2002

Respective responsibilities of the Council and the auditor

The Council is responsible for the preparation of the accounts in accordance with the requirements of the Accounts and Audit Regulations 1996 and for the preparation of an annual return which:

Summarises the Council's accounting records for the year ended 31 March 2002; and

Confirms and provides assurance on those matters that are important to my/our* audit responsibilities.

My* responsibility is to conduct an audit in accordance with guidance issued by the Audit Commission and, on the basis of my/our* review of the annual return and supporting information, to state whether any matters that come to my attention give cause for concern that relevant legislation and regulatory requirements have not been met.

Auditor's report

In my/our* report on the matters reported below I* on the basis of my/our* review, in my/our* opinion the information contained in the annual return is in accordance with the Audit Commission's requirements and no matters have come to my/our* attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

(Where any matters arising at audit to be reported)

SECTION 4: ANNUAL REPORT BY INTERNAL AUDITOR HAS NOT BEEN COMPLETED BECAUSE THERE WAS NO INTERNAL AUDIT FUNCTION DURING THE YEAR ENDED 31 MARCH 2002: AN INDEPENDENT INTERNAL AUDITOR HAS SINCE BEEN APPOINTED.

THE 'NOTICE OF APPOINTMENT OF DATE FOR THE EXERCISE OF ELECTORIAL RIGHTS' WAS NOT POSTED FOR THE REQUIRED 14 CLEAR DAYS BEFORE THE DATE WHEN ACCOUNTS WERE MADE AVAILABLE FOR INSPECTION.

THE FOLLOWING BANK ACCOUNTS BALANCES HAVE NOT BEEN INCORPORATED IN THE ACCOUNTS IN SECTION 1:

"MAP" ACCOUNTS THAT HAD A TOTAL BALANCE OF £626.77 AT 31 MARCH 2002.

"WAGES" BANK ACCOUNT THAT HAD A BALANCE OF £893.99 PER BANK STATEMENT (£962.99 PER ACCOUNTING RECORDS) AT 31.3.2002. AS A RESULT, WAGES EXPENDITURE WAS OVERSTATED BY £755.28.

(continue on a separate sheet if required)

as appropriate

re

Lubbock Steve

Date

24/7/03

LUBBOCK STEVE

SECTION 4 – ANNUAL REPORT BY INTERNAL AUDITOR

I provided an internal audit service to [REDACTED] Council for the financial year ended 31 March 2002 and, acting independently, I examined the system of internal control by undertaking the following tests and reported any findings to the Council:

- Checking that books of account have been properly kept throughout the year
- Checking a sample of payments to ensure that the Council's financial regulations have been met, payments are supported by invoices, expenditure is approved and VAT is correctly accounted for
- Reviewing the Council's risk assessment and ensuring that adequate arrangements are in place to manage all identified risks
- Verifying that the annual precept request is the result of a proper budgetary process; that budget progress has been regularly monitored and that the council's reserves are appropriate
- Checking income records to ensure that the correct price has been charged, income has been received, recorded and promptly banked and VAT is correctly accounted for
- Reviewing petty cash records to ensure payments are supported by receipts, expenditure is approved and VAT is correctly accounted for
- Checking that salaries to employees have been paid in accordance with Council approvals and that PAYE and NI requirements have been properly applied
- Checking the accuracy of the asset and investments registers
- Testing the accuracy and timeliness of periodic and year-end bank account reconciliation(s)
- Year-end testing on the accuracy and completeness of the financial statements
- (Optional) In addition to the above, I carried out the following relevant testing during the year which has been reported to the Council (use separate sheet if necessary):

Test done –
Yes or No*

N/A for

2001/2002

*Please provide explanations on a separate sheet whenever a 'No' response has been given

On the basis of my examination, which is limited to the tests indicated above, in my view the Council's system of internal controls is/is not** in place, adequate for the purpose intended, and effective, and, where appropriate, I have made recommendations to the Council. [**delete as appropriate]

Signed (Internal Auditor)

Date

Name

A suggested approach to internal audit testing

The Council's appointed internal auditor and the Council will together determine the scope and extent of testing of internal controls required in order that an adequate level of assurance may be obtained by the Council and for the internal auditor to be able to complete his/her Annual Report.

The ten key control tests identified in Section 4 of the Council's annual return, however, represent the likely minimum level of coverage required in all local councils. The following suggested testing of these key control areas, if carried out, documented and reported to the Council, should enable internal auditors to report their findings to the Council and complete their Annual Report. The frequency with which these tests are to be carried out, and the sample sizes to be used, will be a matter for the exercise of judgement. However, testing should always be kept in proportion to the likelihood of fraud, error or misstatement that could occur, and be related to the size and level of business activity of the council.

Internal Control	Suggested tests
Proper bookkeeping	• Is the cashbook maintained and up to date? • Is the cashbook arithmetic correct? • Is the cashbook regularly balanced?
a) Standing Orders and Financial Regulations adopted and applied; and b) Payments controls	• Has the Council formally adopted standing orders and financial regulations? • Has a Responsible Financial Officer been appointed with specified duties? • Have items or services above a de minimis amount been competitively purchased? • Are payments in the cashbook supported by invoices, authorised & minuted? • Has VAT on payments been identified, recorded and reclaimed? • Is s137 expenditure separately recorded and within statutory limits?
Risk management arrangements	• Does a scan of the minutes identify any unusual financial activity? • Do the minutes record the council carrying out an annual risk assessment? • Is insurance cover appropriate and adequate? • Are internal financial controls documented and regularly reviewed?
Budgetary controls	• Has the Council prepared an annual budget in support of its precept? • Is actual expenditure against the budget regularly reported to the Council? • Are there any significant unexplained variances from budget?
Income controls	• Is income properly recorded and promptly banked? • Does the precept recorded in the cashbook agree to the District Council's notification? • Are security controls over cash adequate and effective?
Petty cash procedures	• Is all petty cash spent recorded and supported by VAT invoices/receipts? • Is petty cash expenditure reported to each Council meeting? • Is petty cash reimbursement carried out regularly?
Payroll controls	• Do salaries paid agree with those approved by the Council? • Are other payments to the Clerk reasonable and approved by the Council? • Has PAYE/NIC been properly operated by the council as an employer?
Assets controls	• Does the Council keep an asset register of all material assets owned? • Are the Asset/Investments registers up to date? • Do asset insurance valuations agree with those in the asset register?
Bank reconciliation	• Is there bank reconciliation for each account? • Is bank reconciliation carried out regularly on the receipt of statements? • Are there any unexplained balancing entries in any reconciliation?
Year-end procedures	• Are year-end accounts prepared on the correct accounting basis (Receipts & Payments/Income & Expenditure)? • Do accounts agree with the cash book? • Is there an audit trail from underlying financial records to the accounts? • Where appropriate, have debtors and creditors been properly recorded?