

Local Councils in England and Wales

Annual return for the year ended

31 March 2004

Local councils in England and Wales (Parish Meetings, Parish Councils, Town Councils and, in Wales, Community Councils) and Joint Committees thereof must 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 five sections. Sections 1 and 2 are to be completed by the person nominated by the council and Section 4 by the council's internal auditor. Section 5 contains guidance on completion. Section 3 will be completed by the external auditor.

Please complete all relevant sections, which are highlighted in green for your convenience. Do not leave any green box blank. Incomplete or incorrect returns may require additional external audit work, which will be charged at the Commission's agreed variable fee rate.

When Sections 1 and 2 have been approved by the council and section 4 is complete, please send the annual return, together with any additional information requested, to your appointed external auditor who will add the certificate and opinion in section 3.

Unless requested, do not send any original financial records to the external auditor. If required, your auditor will identify and ask for any documents needed for audit.

PLEASE COMPLETE THIS CHECKLIST		
Content	Key step	Done?
Section 1 Statement of Accounts	All green boxes have been completed?	✓
	Council approval confirmed by signature of Chair of meeting approving accounts?	
Section 1 Information requested in support	An explanation of significant variations from last year to this year is provided?	✓
	Bank reconciliation as at 31 March 2004 agreed to Box 8?	✓
Section 2 Statement of Assurance	All green boxes have been completed?	✓
Section 2 Explanation of 'no' responses	For any statement to which the response is 'no', an explanation is provided?	✓
Section 4 Internal Auditor's report	All green boxes completed by internal auditor and explanations provided?	✓
All sections Completed return and requested supporting information	All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit.	✓

Audited and certified annual returns will be returned to the council for publication in accordance with the Accounts and Audit Regulations. 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 annual return. In the event that further guidance may be required, councils should refer to the NALC/SLCC practitioners' guide (*Governance and Accountability in Local Councils in England and Wales*) or contact NALC through County Associations or SLCC through the helplines set up for this purpose. It should not be necessary for councils to contact the external auditor or the Audit Commission directly for guidance.

LOCAL COUNCILS IN ENGLAND AND WALES

ANNUAL RETURN

FOR THE YEAR ENDED 31 MARCH 2004

Colwyn Haven Parish

COUNCIL MEETING

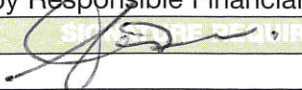
SECTION 1 – THE STATEMENT OF ACCOUNTS

In completing the boxes below please explain any significant variances on a separate sheet and send this to the external auditor together with a copy of your bank reconciliation as at 31 March 2004. See page 6 and the Practitioners' Guide for guidance.

	Year ending		Notes and Guidance for Compilers
	31 March 2003 £	31 March 2004 £	Please round all figures to nearest £. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to the council's underlying financial records for the relevant year.
1 Balances brought forward	68,676.	86,651	Total balances and reserves at the beginning of the year as recorded in the council's financial records.
2 (+) Annual precept	92,666.	108,827	Total amount of precept income received in the year.
3 (+) Total other receipts	8947.	17,146.	Total income or receipts as recorded in the cashbook minus the precept.
4 (-) Staff costs	43,355	29,227	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 related 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 (-) Total other payments	40,282	86,571.	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).
7 (=) Balances carried forward	86,651.	96,826	Total balances and reserves at the end of the year. (Must equal (1+2+3) – (4+5+6))
8 Total cash & investments	84,734	99,119	The sum of all current and deposit bank accounts, cash holdings and investments held as at 31 March – to agree with bank reconciliation.
9 Total fixed assets and long term assets	368,584	418,461	The recorded current book value at 31 March of all fixed assets owned by the council and any other long term assets e.g. loans to third parties.
10 Total borrowings	Nil.	Nil	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that the statement of accounts contained in this annual return presents fairly the financial position of the council and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2004.

Signed by Responsible Financial Officer:



Date 120 July 2005.

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

Date 7 July 2005

Signed by Chair of meeting approving council's accounts:



Date 28/7/05

SECTION 2 – STATEMENT OF ASSURANCE

We acknowledge as the members of County Water Board COUNCIL/MEETING our responsibility for the preparation of the statement of accounts and confirm, to the best of our knowledge and belief, with respect to the council's statement of accounts for the year ended 31 March 2004 in section 1, that:

	Agreed – Yes or No*	'Yes' means that the council:
1 we have approved the statement of accounts which has been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	Yes	prepared its statement of 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 provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	Yes	has given all persons interested the opportunity to inspect and ask questions about the council's accounts.
5 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.	No Further Risk to be assessed	considered the financial and other risks it faces in the operation of the council and has dealt with them properly.
6 we have maintained an adequate and effective system of internal audit of the council's accounting records and control systems.	Yes	arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the council.
7 we have taken what we consider to be appropriate action on all matters raised in previous reports from the internal and external auditors.	Response Clerk not Entered	has taken appropriate action in response to matters brought to its attention by auditors. At this time
8 we have 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 statement of accounts.	None was Aware	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

Finance Item 7, Rev Council Mins. dated 7/7/05

Signed on behalf of County Water Board Council COUNCIL/MEETING

Signed by: Chair [Signature] Date 28/7/05

Signed by: Clerk [Signature] Date 13 July 2005

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

SECTION 3 – EXTERNAL AUDITOR’S CERTIFICATE AND OPINION

Certificate

We certify that we have completed the audit of the annual return of COLNEY HEATH PARISH COUNCIL/MEETING for the year ended 31 March 2004.

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 and for the preparation of an annual return which:

- summarises the council’s accounting records for the year ended 31 March 2004; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

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

External Auditor’s report

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

1. The Statement of Accounts was not approved on or before 30 September 2004 as required by the Accounts and Audit Regulations 2003.
2. In the Notice of Appointment of Date for the Exercise of Electors’ Rights the notice period given was not 14 days as required by the Accounts and Audit Regulations 2003. In addition we noted that the date upon which Electors’ could contact the Auditor was incorrect. The date indicated was before the completion of the inspection period, whereas it should have been the first working day after the completion of the inspection period.
3. As noted in the Statement of Assurance (Section 2) and the Internal Auditor’s Report (Section 4), the Council had not undertaken a comprehensive risk assessment covering all risk areas. We would recommend that such a risk assessment is carried out on at least an annual basis.

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

1. In relation to Council meeting minutes during the year we noted that the minutes did not specifically identify expenditure powers, outside of the general expenditure powers, when approving expenditure. We would recommend that the minutes clearly identify the expenditure powers relied on when authorising expenditure.
2. The Council’s fidelity guarantee insurance cover is considered to be low in view of the level of income and bank account balances.
3. The Council should ensure that its fixed asset records are reviewed and updated annually. We would further recommend that on the basis of the fixed asset records the insurance cover for all assets should be reviewed to ensure that adequate cover is in place. Specifically we would note that play equipment amounting to approximately £28,000 is not insured.
4. The Internal Auditor has made many recommendations in relation to the accounting and general records of the Council. Many of these have now been implemented but the Council should ensure that good controls are maintained.

External Auditor’s signature Lubbock Fine

External Auditor’s name LUBBOCK FINE Date 31/3/00

Note: The auditor signing this page has been appointed by the Audit Commission and is reporting to you that they have carried out and completed all the work that is required of them by law. For further information please refer to the Audit Commission’s publication entitled *Statement of Responsibilities of Local Councils and their Auditors*.

SECTION 4 – ANNUAL INTERNAL AUDIT REPORT TO

COLNEY HEATH PARISH

COUNCIL/MEETING

The council's internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2004.

The 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, opposite, are the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the council.

	Agreed? Please choose from one of the following Yes/No*/Not covered**
A Appropriate books of account have been properly kept throughout the year.	Yes
B The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	Yes, but see IAR report
C The council assessed the significant risks to achieving its objectives and had adequate arrangements to manage these.	No financial risks assessed as per
D The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Yes
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	Yes
F Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	No, see IAR report
G Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.	Yes, but see IAR report
H Asset and investments registers were complete and accurate and properly maintained.	No - see IAR report
I Periodic and year-end bank account reconciliations were properly carried out.	Yes
J Year end accounts were prepared on the correct accounting basis (receipts & payments/income & expenditure), agreed with cash book, were supported by an adequate audit trail from underlying records, and, where appropriate debtors and creditors were properly recorded.	Yes

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: S. S. [Signature] [Name]

Signature of person who carried out the internal audit: [Signature] REQUIRED Date: 13/7/2005

* 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).

** 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).

SECTION 5 – GUIDANCE NOTES ON COMPLETING THE 2004 ANNUAL RETURN

- 1 Please note the changed layout of Section 1 and the revised wording in assertion 8 in Section 2. These changes are made in response to feedback from practitioners.
- 2 Please make sure that your annual return is complete (i.e. no empty green boxes), properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are approved by the council, properly initialled and an explanation for them is provided to the auditor. Annual returns containing unapproved and/or unexplained amendments will be returned unaudited.
- 3 Use the checklist provided on page 1. Use a second pair of eyes, perhaps your internal auditor or the Chair just before he or she signs it, to review your annual return for completeness before sending it off to the auditor.
- 4 Make sure that the copy of the bank reconciliation which you send to your auditor with the annual return covers **all** your bank accounts. If your council holds any investments, please note their value on the bank reconciliation. The auditor should be able to agree your bank reconciliation to Box 8 on the Statement of Accounts. You must provide an explanation for any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- 5 Please **explain fully** significant variances in the statement of accounts. Do not just send in a copy of your detailed accounts instead of this explanation. The auditor wants to know that **you** understand the reasons for the change. Please include a relevant analysis to support your explanation. There are a number of examples provided in the *Practitioners' Guide** to assist you.
- 6 Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful. If the auditor has to review unsolicited information, this will take additional time and may incur additional cost for which the auditor is entitled to charge.
- 7 Please make sure that your statement of accounts adds up! Also please ensure that the balance carried forward from the previous year (Box 7 of 2003) equals the balance brought forward in the current year (Box 1 of 2004).
- 8 **Do not complete section 3.** This section is reserved for the external auditor who will complete it at the conclusion of their audit.
- 9 Use the *Practitioners' Guide** for guidance. This publication is regularly updated and contains everything you should need to prepare successfully for your financial year-end and the subsequent statutory audit. Both NALC and SLCC have helplines open should you wish to talk through any problem you may encounter.

* Governance and Accountability for Local Councils in England and Wales: A Practitioners' Guide, is available from your local NALC and SLCC representatives.