

Committee: MERTON AND SUTTON JOINT CEMETERY BOARD

Date: 22nd June 2010

Agenda item: 7

Wards: Borough Wide Merton and Sutton

Subject: ABSTRACT OF ACCOUNTS 2009/2010

Urgent report:

The legal requirements for Access to Information have not been met. The Board is advised to consider the report as an urgent matter as the Board must consider its draft accounts by the end of June.

Recommendations:

- A. To re-appoint Mazars LLP as auditors of the Board to hold office until the conclusion of the next general Meeting at which accounts are laid before the board.
 - B. To receive and approve the Abstract of Accounts for 2009-10
 - C. To approve the Annual Audit Return for 2009-10
-

1. Purpose of report and executive summary

- 1.1 This report presents the Abstract of Accounts for 2009-10

2. Details

- 2.1 The Abstract of Accounts for 2009-10 is attached to this report. It includes the details of actuals for 2008/2009 for comparison purposes. The accounts are subject to audit.
- 2.2 The principal underspending/overspending areas are as follows: -

<u>Item</u>	<u>£</u>	<u>Reason</u>
Income underachieved	29,161	Overall decrease in fees and charges
Provision for Bad Debt	31,488	
Other decrease expenditure	379	
Net Overspend	<u>61,028</u>	

- 2.3 Fund balances and reserves

2.4 Members should note the overall level of the Common Fund Balance to be £107,028. A distribution to Constituent Boroughs for 2010-11 is not recommended due to ongoing and foreseeable capital projects.

3. Alternative options

3.1 None for the purposes of this report

4. Consultation undertaken or proposed

4.1 None for the purposes of this report

5. Timetable

5.1 None for the purposes of this report

6. Financial, resource and property implications

6.1 As contained in the body of the report

7. Legal and statutory implications

7.1 None for the purposes of this report

8. Human rights, equalities and community cohesion implications

8.1 None for the purposes of this report

9. Risk management and health and safety implications

9.1 None for the purposes of this report

10. Appendices – the following documents are to be published with this report and form part of the report

10.1

Appendices	A – Abstract of Accounts for 2009/2010 B – Copy of Annual Return 2009-10 to Auditors
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11. Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report

11.1 2009/2010 Closing files, 2009/10 Budget files and Budgetary Control files in the Corporate Services Department

MERTON AND SUTTON JOINT CEMETERY BOARD

ABSTRACT OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010

Treasurer of the Board

Merton Civic Centre
London Road
Morden
Surrey
SM4 5DX

MERTON AND SUTTON JOINT CEMETERY BOARD

ABSTRACT OF ACCOUNTS 2009/2010

STATEMENT OF MAIN ACCOUNTING PRINCIPLES

The accounts have been prepared in accordance with the Accounts and Audit Regulations 1983. There was a change in the basis of accounting during 1995/96. In prior years accounts have been prepared on an income and expenditure basis. Since 1996/97, the accounts have been prepared on an accruals basis.

The Revenue Account therefore includes all sums due to the Board in respect of the financial year and all sums payable for work done or goods received during the year.

Capital expenditure is dealt with on a cash basis and is defined as expenditure relating to assets in excess of £6,000. Capital expenditure is financed from the capital fund and loans, the redemption of which is provided for by annual instalments of principal and interest charged to the Revenue Account.

A precept can be levied on the London Boroughs of Merton and Sutton to meet the net expenditure of the Board (after adjusting for contributions to or from balances held in the Board's Common Fund). No precept was levied in 2009/2010. This is to be reviewed in the 2011-12 budget setting process.

AREA OF CEMETERY'S LAND	ACRES
Utilised at present for burial purposes	21.8
Let for stabling and grazing of horses at a rent of £17,700 per annum	32
Let to Royal Borough of Kingston-upon-Thames for school playing fields at a rent of £3,500 per annum.	2.5
Crown Castle UK Ltd rent of £12,900 per annum	0.03
National Grid rent of £7,875 per annum	0.02
TOTAL	56.35

Comment [ERF1]: Rent increased to £7875 as at 25/3/08

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MERTON AND SUTTON JOINT CEMETERY BOARD**REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009**

ACTUAL 2008/09 £		REVENUE ESTIMATE 2009/10 £	Actual to date 2009/10 £
	Employees		
48,590	Salaries	59,350	48,812
179,443	Wages	200,060	207,148
4,963	Pensions	270	4,549
0	Gratuities	90	0
232,996		259,770	260,509
	Running Expenses		
9,944	Maintenance - Buildings	2,660	5,266
44,591	Maintenance - Electrical	0	8,596
8,630	Maintenance - Grounds and Paths	11,270	9,540
2,728	Electricity	2,490	2,472
1,844	Gas	2,060	4,418
290	Cleaning Materials	310	295
2,894	Rubbish Disposal	7,700	203
2,768	Water	2,120	1,998
1,672	Rates	1,480	5,335
3,857	Equipment	1,740	2,242
2,587	Materials	5,270	3,642
456	Memorial Seats - Purchase	1,100	1,161
24	Laundry	100	0
864	Clothing and Uniforms	620	1,756
399	Car Allowances	510	198
66	Petrol and Oil	900	36
359	Repair and Maintenance - Vehicles and Plant	5,330	2,904
1,971	Printing and Stationery	1,460	2,079
1,397	Advertising	760	0
360	Postage	370	345
2,120	Telephones & IT	1,020	358
593	Training & Conference Expenses	520	2,825
326	Subscriptions	0	310
2,800	Insurance	2,880	2,880
50,420	Management and Administration Expenses	55,060	56,110
0	Members Allowances	180	0
1,020	Audit Fee	1,050	1,208
65	Travel Expenses	60	0
0	Depreciation	0	22,800
0	Provision for Bad Debt	0	31,488
145,045		109,180	170,465

MERTON AND SUTTON JOINT CEMETERY BOARD**REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009**

ACTUAL 2008/09 £		REVENUE ESTIMATE 2009/10 £	Actual to date 2009/10 £
5,836			
5,836	Debt Charges	4,000	73
	Miscellaneous Expenses		
0	Soil Clearance	10,000	0
0	Trees and Bedding	6,000	0
0	Concrete Headstone Bearers	5,000	0
508	General Repairs and Signage	0	0
0	Public Toilets, Decorate and Provide Frost Stat Heating	10,000	0
3,461	Loading and Disposing Spoil Heap	0	0
0	Gate & Fencing Repairs	6,000	15,601
58	Office Removal Expenses	5,000	0
336	Burial and Cremation	0	0
173	Landscaping	0	168
4,627	Legal & Professional Fees	0	0
9,163		42,000	15,769
393,040	TOTAL EXPENDITURE	414,950	446,817
	INCOME		
(354,520)	Interment Fees	(337,660)	(326,212)
(20,857)	Memorial Fees	(18,270)	(20,056)
(821)	Memorial Seats	(1,000)	0
(30,800)	Maintenance of Graves	(32,500)	(25,373)
(1,396)	Grave Rights Transfer Fees	(1,830)	(1,629)
0	Telephone Coin Box	(50)	0
(30,182)	Rents	(15,890)	(11,570)
(10,211)	Interest	(7,150)	(902)
(5,242)	Miscellaneous Fees	(50)	(47)
0	Sponsorship/Commercial Options	(550)	0
(454,029)	TOTAL INCOME	(414,950)	(385,789)
(60,989)	NET EXPENDITURE (INCOME)	0	61,028

MERTON AND SUTTON JOINT CEMETERY BOARD**REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009**

ACTUAL 2008/09 £		REVENUE ESTIMATE 2009/10 £	Actual to date 2009/10 £
<u>(1) PURCHASING GRAVES IN RESERVE FUND</u>			
19,978	Balance Brought Forward		26,040
6,062	Add Surplus		0
<u>26,040</u>			<u>26,040</u>
<u>(2) COMMON FUND</u>			
241,641	Balance Brought Forward		186,568
0	Contribution to - London Borough of Merton		0
0	London Borough of Sutton		0
241,641			186,568
54,927	Add Surplus (Deficit)		(61,028)
0	Adjustment to Depreciation		32,839
(110,000)	Contribution to Capital Fund		(50,000)
<u>186,568</u>	Common Fund Balance		<u>108,379</u>
<u>(3) CAPITAL FUND</u>			
95,760	Balance Brought Forward		2,727
0	Add Contribution from LBM		204,005
110,000	Add Contribution from Common Fund		50,000
(203,033)	Less Capital Investment Programme		(254,030)
<u>2,727</u>	Balance Carried Forward		<u>2,701</u>
<u>215,335</u>	TOTAL FUNDS AND BALANCES		<u>137,120</u>

MERTON AND SUTTON JOINT CEMETERY BOARD

BALANCE SHEET AS AT 31st MARCH 2010

31st March 2009		31st March 2010	
	FIXED ASSETS		
261,561	Land and Building	436,272	
<u>128,711</u>	Vehicles, Plant Furniture & Equipment	<u>174,731</u>	
390,272			611,002
	CURRENT ASSETS		
249	Investment at cost	249	
31,488	Sundry Debtors	31,488	
	Provision of Bad Debt	(31,488)	
<u>186,765</u>	Cash & Bank/(Overdraft)	<u>104,215</u>	
218,502			104,464
	CURRENT LIABILITIES		
<u>2,915</u>	Sundry Creditors	<u>0</u>	
215,587	NET CURRENT ASSETS		104,464
	LONG TERM LIABILITIES		
0	Loans from London Borough of Merton	204,005	
<u>251</u>	Loans from the Public Works Loans Board	<u>182</u>	
			204,186
<u>605,608</u>	TOTAL NET ASSETS		<u>511,280</u>
	CAPITAL ACCOUNTS		
390,021	Capital Adjustment account		245,960
0	Capital Revaluation account		127,948

FUND BALANCES & RESERVES

MERTON AND SUTTON JOINT CEMETERY BOARD

Appendix C

CAPITAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009

	Expenditure to 31/3/2008 £	Expenditure during year £	Expenditure to 31/3/2009 £	Expenditure during year £	Expenditure to 31/3/2010 £
Land acquired from constituent authorities -					
Carshalton UDC	22,220		22,220		22,220
Merton & Morden UDC	29,975		29,975		29,975
acquired from Merton & Morden UDC	18,621		18,621		18,621
Layout of new section	4,632		4,632		4,632
Superintendent's house & office	4,079		4,079		4,079
Waiting room and lavatories	7,153		7,153		7,153
Drawing room for works staff	220		220		220
Greenhouses	2,949		2,949		2,949
Chapel	13,033		13,033		13,033
Chapel heating	514		514		514
Layout of Roman Catholic section	928		928		928
Potting shed conversion	941		941		941
Cemetery extension	574		574	179,535	180,109
Mess room	4,166		4,166		4,166
Various Capital Assets		151,556	151,556		151,556
Tractor	8,054		8,054		8,054
Grave Digger	35,815		35,815	34,970	70,785
Vehicle equipment & potting sheds	6,575		6,575		6,575
Ivenco Tipper Truck		20,692	20,692		20,692
Indexing & Digitization DB		30,785	30,785		30,785
Cemetery Grounds	20,457		20,457		20,457
Sub Transformer				39,526	39,526
Store shed	193		193		193
Repairs to Service Yard & Storage	6,140		6,140		6,140
TOTAL	187,239	203,033	390,272	254,030	644,303

Depreciation	2008/09	
Consistency with LBM accounting policy based on useful economic life	Capital Outlay	390,272
Vehicles 7yrs	less Capt discharged	150,748
Buildings 40yrs	Add net additions 09/10	243,530
	Old valuation basis	<u>483,055</u>

	Expenditure to 31/3/2009 £	Depreciation at 31/03/2009	Disposals during year	Additions during year £	Valuation at 31/3/2010 £
Land acquired from constituent authorities -					
Carshalton UDC	22,220	0			22,220
Merton & Morden UDC	29,975	0			29,975
acquired from Merton & Morden UDC	18,621	0			18,621
Layout of new section	4,632	116			4,516
Superintendent's house & office	4,079	102			3,977
Waiting room and lavatories	7,153	179			6,974
Drawing room for works staff	220	6			215
Greenhouses	2,949	74			2,875
Chapel	13,033	326			12,707
Chapel heating	514	13			501
Layout of Roman Catholic section	928	23			905
Potting shed conversion	941	94			847
Cemetery extension	574	0		179,535	180,109
Mess room	4,166	104			4,062
Various Capital Assets	151,556	3,789			147,768
Tractor	8,054	1,151			6,903
Grave Digger	35,815	5,116	10,500	34,970	55,168
Vehicle equipment & potting sheds	6,575	939			5,636
Ivenco Tipper Truck	20,692	2,956			17,736
Indexing & Digitization DB	30,785	6,157			24,628
Cemetery Grounds	20,457	1,023			19,434
Sub Transformer	0	0		39,526	39,526
Store shed	193	19			174
Repairs to Service Yard & Storage	6,140	614			5,526
TOTAL	390,272	22,800	10,500	254,030	611,002

Capital Re-valuation account 127,948

PRECEPT HISTORY M&SJCB

Year ended 31st March	Interments	Expenditure	Income (excluding precepts)	Net Expenditure/ (Income)	Precepts	Surplus / (Deficit) C/Fwd
		£	£	£	£	£
1948	170	8,000	1,266	6,734	8,243	1,316
1949	285	7,477	2,214	5,263	4,593	646
1950	377	8,803	3,476	5,327	5,747	1,066
1951	414	9,927	4,572	5,355	6,494	2,205
1952	373	10,422	3,931	6,491	4,411	125
1953	406	10,845	4,152	6,693	6,927	359
1954	364	10,305	5,032	5,273	7,531	2,617
1955	379	11,091	5,660	5,431	5,344	2,530
1956	417	12,915	6,297	6,618	6,626	2,538
1957	423	14,338	6,584	7,754	7,355	2,139
1958	396	15,237	7,482	7,755	7,413	1,797
1959	422	14,680	7,459	7,221	9,215	3,791
1960	374	17,225	7,123	10,102	8,903	2,592
1961	372	16,485	7,121	9,364	9,455	2,683
1962	379	17,968	8,226	9,742	10,462	3,403
1963	409	19,154	8,202	10,952	11,406	3,851
1964	333	18,636	8,150	10,486	10,956	4,327
1965	339	19,356	7,727	11,629	10,472	3,170
1966	410	21,488	9,539	11,949	12,971	4,192
1967	355	24,293	9,307	14,986	13,989	3,195
1968	375	26,500	9,322	17,178	18,346	4,363
1969	399	26,182	10,103	16,079	17,564	5,848
1970	411	25,878	10,191	15,687	17,983	8,144
1971	387	30,941	10,156	20,785	17,983	5,342
1972	397	33,707	15,173	18,534	26,228	13,036
1973	359	33,495	18,645	14,850	18,395	16,581
1974	346	37,703	15,871	21,832	20,104	14,853
1975	322	46,775	17,103	29,672	19,785	4,966
1976	323	57,495	24,559	32,936	35,180	7,210
1977	295	67,119	24,308	42,811	42,084	6,483
1978	313	67,444	25,799	41,645	36,636	1,424
1979	301	75,975	28,991	46,984	53,581	8,071
1980	325	91,654	34,860	56,794	60,155	11,432
1981	304	107,837	43,524	64,313	69,434	16,553
1982	304	117,461	48,842	68,619	69,784	17,718
1983	325	129,798	48,909	80,889	71,163	7,992
1984	303	137,921	51,307	86,614	80,920	2,298
1985	306	129,955	61,550	68,705	88,640	22,533
1986	311	134,485	66,690	67,795	80,560	35,298
1987	333	148,940	71,782	77,158	67,860	26,000
1988	320	146,533	75,728	70,805	73,442	28,637
1989	340	159,704	80,465	79,239	69,058	18,456
1990	327	162,053	88,208	73,845	75,565	20,176
1991	314	179,929	92,042	87,887	85,149	17,438
1992	343	188,624	110,025	78,599	68,365	7,204
1993	312	191,312	107,427	83,885	76,192	(489)
1994	387	189,687	152,926	36,761	79,444	42,194
1995	379	231,725	167,181	64,544	79,444	36,261

PRECEPT HISTORY M&SJC

Year ended 31st March	Interments	Expenditure	Income (excluding precepts)	Net Expenditure/ (Income)	Precepts	Surplus / (Deficit) C/Fwd
		£	£	£	£	£
1996	358	207,870	197,191	10,679	80,795	106,377
1997	348	198,678	204,958	(6,280)	40,000	152,658
1998	364	194,514	236,535	(42,021)	0	194,679
1999	356	211,242	244,542	(33,300)	0	227,979
2000	312	216,869	248,694	(31,825)	0	259,804
2001	314	230,329	255,315	(24,987)	0	284,791
2002	317	218,613	286,709	(68,096)	(194,064)	158,823
2003	320	260,664	302,866	(42,202)	0	201,025
2004	320	285,719	336,688	(50,970)	0	251,995
2005	302	291,487	351,113	(59,626)	(150,000)	161,621
2006	290	329,568	394,944	(65,376)	0	226,997
2007	290	357,500	374,118	(16,619)	0	243,616
2008	264	363,008	361,033	1,975	0	241,641
2009	267	503,040	447,967	55,073	0	186,568
2010	228	463,978	385,789	78,189	0	108,379

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Small bodies in England

Annual return for the year ended

31 March 2010

Small relevant bodies in England with an annual turnover of £1 million or less must complete an annual return summarising their annual activities at the end 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 person nominated by the body.
- **Section 3** will be completed by the external auditor.
- **Section 4** is to be completed by the body's internal audit provider.

The body must ensure this annual return is approved no later than 30 June 2010.

Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Please complete all sections highlighted in red. Do **not** leave any red box blank. Incomplete or incorrect returns may require additional external audit work and incur additional costs.

Please send the annual return, together with your bank reconciliation as at 31 March 2010, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your appointed external auditor by the due date.

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

Audited and certified annual returns will be returned to the body for publication or public display of sections 1,2 and 3.

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

More guidance on completing this annual return is available in the Practitioners' Guides for either local councils or internal drainage boards. These publications may be downloaded from the National Association of Local Councils (NALC) or Society of Local Council Clerks (SLCC) websites (www.nalc.gov.uk or www.slcc.co.uk) or from the members area of the Association of Drainage Authorities website (www.ada.org.uk).

Section 1 – Accounting statements for:

ENTER NAME OF REPORTING BODY HERE

	Year ending		Notes and guidance
	31 March 2009 £	31 March 2010 £	
1 Balances brought forward			Total balances and reserves at the beginning of the year as recorded in the body's financial records. Value must agree to Box 7 of previous year.
2 (+) Income from taxation and/or levy			Total amount of tax and/or levy received or receivable in the year including funding from a sponsoring body.
3 (+) Total other receipts			Total receipts or income as recorded in the cashbook less income from taxation and/or levy (line 2). Include any grants received here.
4 (-) Staff costs			Total expenditure or payments made to and on behalf of all body employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5 (-) Loan interest/capital repayments			Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6 (-) Total other payments			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			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			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 and long term assets			The recorded book value at 31 March of all fixed assets owned by the body and any other long term assets e.g. loans to third parties and any long-term investments.
10 Total borrowings			The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that the accounting statements contained in this annual return present fairly the financial position of the body and its income and expenditure, or properly present receipts and payments, as the case may be, for the year ended 31 March 2010.

Signed by Responsible Financial Officer:

SIGNATURE REQUIRED

Date DD/MM/YYYY

I confirm that these accounting statements were approved by the body and recorded as minute reference:

MINUTE REFERENCE

Date DD/MM/YYYY

Signed by Chair of meeting approving these accounting statements:

SIGNATURE REQUIRED

Date DD/MM/YYYY

Section 2 – Annual governance statement

We acknowledge as the members of 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 body's accounting statements for the year ended 31 March 2009, that:

	Agreed – Yes or No*	'Yes' means that the body:
1 we have approved the accounting statements which have been 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 have 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 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 body to conduct its business or on its finances.		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 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 body's accounts.
5 we have carried out an assessment of the risks facing the body and taken 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 have maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems and carried out a review of its effectiveness.		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 body and reviewed the impact of this work.
7 we have taken 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 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 body 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.

This annual governance statement is approved by the body and recorded as minute reference

dated

Signed on behalf of

Signed by: Chair Date

Signed by: Clerk Date

***Note:** 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 for the year ended 31 March 2010 of

ENTER NAME OF REPORTING BODY HERE

Respective responsibilities of the body and the auditor

The body is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The body prepares an annual return which:

- summarises the accounting records for the year ended 31 March 2010; 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. (*delete as appropriate).

(continue on a separate sheet if required)

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

(continue on a separate sheet if required)

External auditor’s signature

External auditor’s name

Date

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 Auditors and of Audited Small Bodies*.

Section 4 – Annual internal audit report to

ENTER NAME OF REPORTING BODY HERE

The body'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 2010.

Internal audit has been carried out in accordance with the body'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 body.

Internal control objective	Agreed? Please choose from one of the following Yes/No*/Not covered**
A Appropriate accounting records have been properly kept throughout the year.	
B The body's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	
D The annual taxation or levy or funding 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, expenditure was approved and VAT appropriately accounted for.	
G Salaries to employees and allowances to members were paid in accordance with body 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 basis (receipts and payments/income and expenditure), agreed with the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded.	

For any other risk areas identified by the body (list any other risk areas below or on separate sheets if needed) adequate controls existed:

Name of person who carried out the internal audit:

PRINT NAME

Signature of person who carried out the internal audit:

SIGNATURE REQUIRED

Date:

DD/MM/YYYY

***Note:** 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).

Guidance notes on completing the 2010 annual return

- 1 Please make sure that your annual return is complete (i.e. no empty red boxes), and is 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 body, properly initialled and an explanation for them is provided to the auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 2 Use the checklist provided below. Use a second pair of eyes, perhaps a member or the Chair, to review your annual return for completeness before sending it off to the auditor.
- 3 Please do not send the auditor any information not specifically asked for. Doing so is not helpful. However, you must advise the auditor of any change in Clerk or Chair.
- 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 body holds any short-term 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 accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The auditor wants to know that **you** understand the reasons for all variances. Please include a complete analysis to support your explanation. There are a number of examples provided in the *Practitioners' Guide** to assist you.
- 6 If the auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
- 7 Please make sure that your accounting statements add up! Also please ensure that the balance carried forward from the previous year (Box 7 of 2009) equals the balance brought forward in the current year (Box 1 of 2010).
- 8 **Do not complete section 3.** The external auditor will complete it at the conclusion of their audit.
- 9 Use the *Practitioners' Guides** for guidance. These publications are regularly updated and contain everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines open should you wish to talk through any problem you may encounter.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All red boxes have been completed?	
	All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit.	
Section 1	Approval by the body confirmed by signature of Chair of meeting approving the accounting statements?	
	An explanation of significant variations from last year to this year is provided?	
	Bank reconciliation as at 31 March 2010 agreed to Box 8?	
	An explanation of any difference between Box 7 and Box 8 is provided?	
Section 2	For any statement to which the response is 'no', an explanation is provided?	
Section 4	All red boxes completed by internal audit and explanations provided?	

*Note: *Governance and Accountability for Local Councils in England – A Practitioners' Guide*, is available from NALC and SLCC representatives or *Governance and Accountability for Internal Drainage Boards in England – A Practitioners' Guide*, is available from the ADA at The Association of Drainage Authorities, 12 Cranes Drive, Surbiton, Surrey, KT5 8AL.