

LOCAL COUNCILS IN ENGLAND

Kings Hill Parish Council

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

Mrs H Munro
Kings Hill Parish Council Office
70 Gibson Drive
Kings Hill, West Malling
Kent
ME19 4LG

RECEIVED - 4 OCT 2011

Audit Commission
2nd Floor
Aspinal Close
Middlebrook
Horwich
Bolton
BL6 6QQ

Dear Mrs Munro

29 September 2011

COMPLETION OF THE ANNUAL AUDIT

We have completed work on your 2010/11 audit and enclose your certified Annual Return for the financial year ending on 31 March 2011.

You now need to consider whether you need to take any action in response to our audit certificate and report.

External Auditor's Certificate and Report

Our external audit certificate and opinion is in Section 3 of the Annual Return. If there are any issues arising from the audit, they are included in the External Auditor's Report in Section 3.

The Council must consider any issues in our report and decide whether any action should be taken to ensure an unqualified opinion in future years.

Usually, the action required should be obvious. For further guidance, please refer to *Governance and Accountability for Local Councils A Practitioners' Guide (England) 2010* which is produced by NALC/SLCC.

The Accounts and Audit (England) Regulations 2011 (SI 2011 No 817)

You also need to comply with the Accounts and Audit (England) Regulations 2011 which sets out what you must do at the conclusion of the audit.

Regulation 13 (4) [Signing, approval and publication of accounting statements] and Regulation 16 [Notice of conclusion of audit] require you to:

- display a notice for a period of at least 14 days stating that the audit has been completed and that the Annual Return is available for inspection by local government electors;
- provide a statement of rights conferred on local government electors by section 14 of the Audit Commission Act 1998;
- provide details of how local government electors may exercise their rights to inspect the Annual Return; and
- publish or display your Annual Return.

The Annual Return fulfils the requirements of the Regulations where these refer to the income and expenditure account and the statement of balances

What should you do?

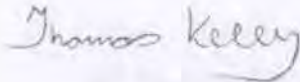
- Prepare the Notice of Conclusion of Audit and Right to Inspect the Annual Return (a pro forma notice is attached).
- Put the completed notice in a prominent place for at least 14 days. You may also display the certified Annual Return, if this is your chosen method of publication.
- Keep evidence that this has been done to support compliance with the exercise of electors' rights, which forms part of the Annual Governance Statement.

Other matters

Our invoice for the work carried out will be sent to you shortly. Please settle this promptly.

If you sent any surplus documents with your Annual Return, I am returning them with this letter. We only require those documents requested in the notice of audit letter. Please do not send additional documents unless we have asked for them specifically. Please note, we will not return surplus documents in future years because of the extra administrative costs involved.

Yours sincerely



Thomas Kelly
Audit Manager
Audit Commission

Limited Assurance Team – 0844 798 2435

Email: limitedauditregime@audit-commission.gov.uk

Local Councils in England

Annual return for the year ended 31 March 2011

Local councils 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. In this annual return the term 'local council' means a Parish Meeting or a Parish Council or a Town Council.

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 local council.
- **Section 3** will be completed by the external auditor.
- **Section 4** is to be completed by the local council's internal audit provider.

Each council must ensure this annual return is approved no later than 30 June 2011.

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 green. Do **not** leave any green 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 2011, 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 council 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' Guide for local councils that can be downloaded from www.nalc.gov.uk or from www.slcc.co.uk

Section 1 – Accounting statements for

KINGS HILL PARISH COUNCIL COUNCIL HERE

Readers should note that throughout this annual return references to a 'local council' or 'council' also relate to a parish meeting.

	Year ending		Notes and guidance
	31 March 2010 £	31 March 2011 £	
1 Balances brought forward	295,470	341,578	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 (+) Annual precept	135,583	147,194	Total amount of precept received or receivable in the year.
3 (+) Total other receipts	208,593	143,558	Total income or receipts as recorded in the cashbook less the precept received (line 2). Include any grants received here.
4 (-) Staff costs	60,462	99,611	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	42,696	42,696	Total expenditure or payments of capital and interest made during the year on the council's borrowings (if any).
6 (-) All other payments	194,909	163,646	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	341,578	326,377	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	329,478	332,067	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	53,703	56,382	The recorded 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 and any long term investments.
10 Total borrowings	554,436	538,355	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11 Trust funds (including charitable) disclosure note	NO	NO	The council acts as sole trustee for and is responsible for managing trust funds or assets. (Readers should note that the figures above do not include any trust transactions.)

I certify that for the year ended 31 March 2011 the accounting statements in this annual return present fairly the financial position of the council and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer

[Signature]
SIGNED

Date 15/06/2011

I confirm that these accounting statements were approved by the council on:

15/06/2011

and recorded as minute reference:

FC 11/127 REFERENCE

Signed by Chair of the meeting approving these accounting statements.

[Signature]
SIGNED

Date 15/06/2011

Section 2 – Annual governance statement

We acknowledge as the members of **KINGS HILL 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 2011, that:

	Agreed – Yes or No*	'Yes' means that the council:
1 We have approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	YES	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.	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 that 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 during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	YES	during the year 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.	YES	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 council 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 internal controls meet the needs of the council.
7 We have taken appropriate action on all matters raised in reports from internal and external audit.	YES	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 council and, where appropriate have included them in the accounting statements.	YES	disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.
9 Trust funds (including charitable) – in our capacity as the sole managing trustee we have discharged our responsibility in relation to the accountability for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	N/A	has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.

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

FC **MINUTE** /127
dated **15/06/2011**

Signed by:

Chair **S.M. Banho**
dated **15/06/2011**

Signed by: **H. Murre**
Clerk **H. Murre**
dated **15/06/2011**

***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 2011 of

KINGS HILL PARISH COUNCIL

Respective responsibilities of the council and the auditor

The council is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The council prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2011; 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 in the annual return is in accordance with proper practices 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 council:

(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

KINGS HILL PARISH COUNCIL HERE

The council'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 2011.

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 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 council.

Internal control objective	Agreed? Please choose from one of the following Yes/No*/Not covered**
A Appropriate books of account have been kept properly 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
C The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES
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.	YES
G Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.	YES
H Asset and investments registers were complete and accurate and properly maintained.	YES
I Periodic and year-end bank account reconciliations were properly carried out.	YES
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, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.	YES
K Trust funds (including charitable) The council met its responsibilities as a trustee.	N/A / NA

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 KEVIN FUNNELL, F.H.A.A.T.

Signature of person who carried out the internal audit *K. Funnell* Date 16 MAY 2011

***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 2011 annual return

- 1 Proper practices for preparing this annual return are found in the *Practitioners' Guide**. This publication is regularly updated and contains everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines should you wish to talk through any problem you may encounter.
- 2 Please make sure that your annual return is complete (i.e. no empty green 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 council, 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.
- 3 Use the checklist provided below. Use a second pair of eyes, perhaps a council member or the Chair, to review your annual return for completeness before sending it off to the auditor.
- 4 Please do not send the auditor any information not specifically asked for. Doing so is not helpful. You must, however, notify the auditor with details of any change of Clerk, Responsible Finance Officer or Chair.
- 5 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 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**.
- 6 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.
- 7 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.
- 8 Please make sure that your accounting statements add up! Please ensure that the balance carried forward from the previous year (Box 7 of 2010) equals the balance brought forward in the current year (Box 1 of 2011).
- 9 **Do not complete section 3.** The external auditor will complete it at the conclusion of the audit.

Completion checklist – 'No' answers mean you may not have met requirements		Done?
All sections	All green boxes have been completed?	YES
	All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit.	YES
Section 1	Council approval confirmed by signature of Chair of meeting approving accounting statements?	YES
	An explanation of significant variations from last year to this year is provided?	YES
	Bank reconciliation as at 31 March 2011 agreed to Box 8?	YES
	An explanation of any difference between Box 7 and Box 8 is provided?	YES
Sections 1 and 2	Trust funds – all disclosures made if council is a sole managing trustee? NB: Do not send trust accounting statements unless requested.	N/A
Section 2	For any statement to which the response is 'no', an explanation is provided?	N/A
Section 4	All green boxes completed by internal audit and explanations provided?	YES

***Note:** *Governance and Accountability for Local Councils in England – A Practitioners' Guide* is available from your local NALC and SLCC representatives or from www.nalc.gov.uk or www.slcc.co.uk