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Fax: +44 (0)23 8088 1701
DX 2008 Southampton
www.bdo.co.uk

Arcadia House
Maritime Walk
Ocean Village
Southampton SO14 3TL

Mrs S Spence
Durham County Council
County Hall
DURHAM
County Durham
DH1 5UL

01 December 2011
our ref: 2011/A1/CHAR43/FINAL
Dial: 023 8088 1700
Email: councilaudits@bdo.co.uk

Dear Mrs Spence

The Charter Trustees for the City of Durham - Audit for the year ended 31 March 2011

We have now completed the above audit. Please find enclosed the following documents;

- Fee Note
- Notice of Conclusion of Audit
- Notes regarding the advertisement of the Conclusion of the Audit
- Issues arising from the audit
- Date selection form for 2011/12
- Contact details
- Survey 2010/11
- Annual Return

The enclosed annual return should be presented to the council/body/board, now that our audit opinion has been given, and a minute should be made to show that the Annual Return has been approved and accepted by the council/body/board. The issues arising report should also be presented to the council/body/board and an action plan produced, if required, to indicate how the issues raised will be addressed. The annual return and notice of conclusion of audit should then be displayed in a conspicuous place(s) for 14 days.

If you have any questions please contact Louise Nyland in the first instance.

Yours sincerely

Paul Bricknell
For and on behalf of BDO LLP

Enc.





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 Email: finance@bdo.co.uk
 VAT Reg No 830 8470 32
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Arcadia House
 Maritime Walk
 Ocean Village
 Southampton SO14 3TL
 DX 2008 Southampton

INVOICE

The Charter Trustees for the City of Dur
 Durham County Council
 COUNTY HALL
 DURHAM
 DH1 5UL

Bill Number: 1079362
 Invoice Date: 01 December 2011
 Tax Point Date: 01 December 2011
 Client Number: 0309129
 Project Number:
 Reference: 014344
 Payment Terms: 14 Days
 Page: 1 of 1

	£
Auditing the Annual Return for the year ended 31 March 2011	
Standard fee for income/expenditure band £100,001-£200,000	550.00
Additional correspondence required in order to obtain information to complete the audit	
1 letter @ £25 as notified	25.00
	575.00
SUBTOTAL:	
VAT @ 20.00%:	115.00
	690.00

If you disagree with, or have queries on, an invoice we request that you notify us in writing within 7 days from the invoice date, after which time we will assume that you have agreed its content.
 We welcome payments by BACS - please see reverse for details. If paying by cheque, please make payable to BDO LLP.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Services Authority to conduct investment business.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Please detach the payment slip and return with your remittance

Remittance Advice



Client Number: 0309129
 Bill Number: 1079362
 Project Number:

Client Name: The Charter Trustees for the City of Dur
 Partner Name: Thixton, Malcolm
 Reference: 014344

Date:
 Cheque Number:

Cheque Value:



Settlement Details

Invoices are due for settlement in full within 14 days from the date of the invoice, in sterling and without deduction, set off or counterclaim. We reserve the right to charge interest on any outstanding balance at 2% above the National Westminster Bank Plc daily bank rate from the 15th day after the invoice date until the date of settlement. If you disagree with, or have any queries on, an invoice we request that you notify us in writing within 7 days from the invoice date, after which time we will assume that you have agreed its content.

Methods of Payment

- Cheque payable to BDO LLP
- BACS - direct bank transfer
- CHAPS - same day UK bank transfer
- Credit card - Visa, MasterCard, JCB, Switch, Solo, Visa Electron, Maestro

Our bank details are as follows:

Bank: National Westminster Bank Plc
Branch: St James's & Piccadilly
Address: PO Box 2 DG
208 Piccadilly
London
W1A 2DG
United Kingdom

Account Name: BDO LLP
Account Number: 00065013
Sort Code: 56-00-03
Swift Address: NWBK GB 2L
IBAN: GB76NWBK56000300065013

When paying by bank transfer please quote your account number and invoice number(s).

NOTICE OF CONCLUSION OF AUDIT

(AUDIT COMMISSION ACT 1998
ACCOUNTS AND AUDIT (ENGLAND) REGULATIONS 2011)

FOR

The Charter Trustees for the City of Durham

NOTICE is hereby given that the audit for the
year ended 31 March 2011 was completed on

30 November 2011

and the accounts are now available for inspection by local electors
in accordance with Section 14 of the Audit Commission Act 1998.

The requisite information as defined by Section 13(4) of the Accounts and Audit
(England) Regulations 2011 is/is not* displayed alongside this notice

(* Please delete as necessary)

If the requisite information is not displayed alongside
this notice, it is available for inspection by appointment.

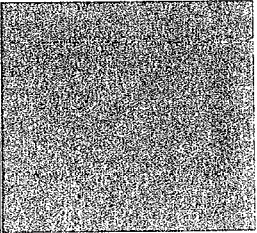

To arrange a viewing please contact

between the hours of _____ and _____

Dated: _____ 20

Signed:

(Responsible Financial Officer)



ISSUES ARISING REPORT FOR
The Charter Trustees for the City of Durham
Audit for the year ended 31 March 2011

Introduction

The following matters have been raised to draw items to the attention of The Charter Trustees for the City of Durham. These matters came to the attention of BDO LLP during the audit of the annual return for the year ended 31 March 2011.

The audit of the annual return may not disclose all shortcomings of the systems as some matters may not have come to the attention of the auditor. For this reason, the matters raised may not be the only ones that exist.

The matters listed below are explained in further detail on the page(s) that follow;

- Overdrawn bank account - small body
 - Expenditure powers
-

The following issue(s) have resulted in the annual return being qualified. They indicate a weakness in the body's procedures and require the body to take immediate action.

Overdrawn bank account - small body

What is the issue?

As at 31 March 2011 the body's current account was overdrawn.

Why has this issue been raised?

The body has contravened Sch 1, Para 2(3) of the Local Government Act 2003, where a Local Authority may only borrow by way of temporary loan or overdraft, from a bank or otherwise sums which they may temporarily require, without obtaining approval, for the purpose of defraying expenses pending the receipt of revenues receivable by them in respect of the period of account in which those expenses are chargeable.

What do we recommend you do?

The body must introduce monthly or quarterly budget monitoring as necessary to ensure it has the resources available prior to any expenditure being authorised.

The body has a responsibility for proper stewardship of their financial affairs and to conduct their affairs properly. Budget monitoring is an essential tool of the body as it enables the body to ensure the proper control of the public money it is entrusted to spend.

Further guidance on this matter can be obtained from the following source(s):

Governance and Accountability in Local Councils in England and Wales - A Practitioners Guide,
NALC/OVW/SLCC

Local Government Act 2003 - Office of Public Sector information website
(www.opsi.gov.uk/acts/acts2003/ukpga_20030026_en_1)

The following issue(s) have been raised to assist the body. The body is recommended to take action on the following issue(s) to ensure that the body acts within its statutory and regulatory framework.

Expenditure powers

What is the issue?

The body has received donations into its bank account during the year for the Mayor's Appeal which have subsequently been donated to charitable organisations. Whilst these payments may be considered part of the functions of the Mayoral office and no public funds have been used, the body has not fully demonstrated in correspondence that it does have the specific legal power to both receive and spend the funds or shown prior considerations before engaging in the transaction.

Why has this issue been raised?

The body is at risk of acting outside of its legal powers.

What do we recommend you do?

The body must always ensure that it acts solely within its specified legal powers. It is recommended that expenditure powers are minuted before incurring any expenditure, irrespective of how the transactions have been funded. The body should ensure it is financed in accordance with its legal powers.

Further guidance on this matter can be obtained from the following source(s):

The Charter Trustees Regulations 2009.

No other matters came to our attention.

For and on behalf of
BDO LLP

Date: 30 November 2011

Ref: A1 / CHAR43

It is a requirement for smaller relevant bodies to have their accounts approved by 30 June and we aim to complete the audit by 30 September. If you do not wish to specify a particular date range for your audit, you will be allocated a date by us. In addition if a particular date becomes full, an alternative date will be selected. We reserve the right to select alternative dates to ensure all audits are completed by 30 September. Please retain a copy of the dates you request.

We have also enclosed your current contact details form. Please retain this form, if a change occurs during the year amend and return the form to us so we can update the details.

Please indicate which batch of dates would be preferable for the audit for the year ending 31 March 2012.

Please ensure you allow sufficient time for the Annual Return, Section 1 and Section 2 to be completed and approved at a council meeting and for Section 4 to be completed by your internal auditor. You may wish to liaise with your internal auditor prior to completing this form.

**NB: It is preferable to ensure the Annual Return is completed and approved prior to the records being made available to the public.
(Tick box for preferred dates)**

✓	Display From To	Available From To	Audit Date
<input type="checkbox"/>	02/04/12 - 15/04/12	16/04/12 - 14/05/12	18/05/12
<input type="checkbox"/>	09/04/12 - 22/04/12	23/04/12 - 21/05/12	25/05/12
<input type="checkbox"/>	16/04/12 - 29/04/12	30/04/12 - 29/05/12	01/06/12
<input type="checkbox"/>	23/04/12 - 06/05/12	08/05/12 - 05/06/12	08/06/12
<input type="checkbox"/>	30/04/12 - 13/05/12	14/05/12 - 11/06/12	15/06/12
<input type="checkbox"/>	07/05/12 - 20/05/12	21/05/12 - 18/06/12	22/06/12
<input type="checkbox"/>	14/05/12 - 27/05/12	29/05/12 - 25/06/12	29/06/12
<input type="checkbox"/>	21/05/12 - 03/06/12	04/06/12 - 29/06/12	06/07/12

Ref: A1 / CHAR43

Contact Details

IMPORTANT:

- 1) Please check the name of the smaller relevant body and the associated contact details and return any amendments to us immediately.
- 2) Please ensure you provide us with the contact details for the Chairperson.
- 3) If there are no changes please retain the form and only return if a change takes place during the year.

Title: Mrs
Initials: S
Surname: Spence
Position: Clerk
Address Line 1: Durham County Council
Address Line 2: County Hall
Address Line 3:
Town/City: DURHAM
County: County Durham
Postcode: DH1 5UL
Home Tel:
Work Tel:
Fax:
Mobile:
Email: [#mailto:sharon.spence@durham.gov.uk#](mailto:sharon.spence@durham.gov.uk)

Supplementary Contact

Title:
Initials:
Surname:
Position:
Address Line 1:
Address Line 2:
Address Line 3:
Town/City:
County:
Postcode:
Home Tel:
Work Tel:
Fax:
Mobile:
Email:

CLIENT SATISFACTION SURVEY

AUDITS FOR THE YEAR ENDED 31 MARCH 2011

This survey relates to the audit for the year ended 31 March 2011. We would be grateful if you could spend 5 minutes of your time to complete this survey and return it to us with your remittance in the enclosed freepost envelope. This is your opportunity to have your say and provide us with ways to improve our service.

Client service

1.

Out of 10, how would you rate your experience with BDO LLP during the audit for the year ended 31 March 2011?	/ 10
---	------
2.

Overall, has the service improved?

- Improved Same Deteriorated No opinion

Communication during audit

If you received communication during the audit please answer the following questions, if not proceed to Q5.

3.

How would you rate our timeliness in contacting you with queries relating to the audit, after your initial submission?
--
- Good Average Poor No opinion
4.

How would you rate the clarity of our requests or questions?
--
- Clear Average Confusing No opinion

Completion

5.

If any matters were brought to your attention on completion of the audit, did you find the content helpful and easy to understand?
--
- Helpful Fairly Helpful Confusing No opinion
6.

How would you rate our service in terms of value for money?

- Good Average Poor No opinion
7.

Are there any areas of our service you would like improved or any recommendations you would like to make?

- Please detail...
- | |
|--|
| |
|--|

Reference material

8.

How would you rate the overall layout of the Audit Briefing?
--
- Good Average Poor No opinion

9.

How would you rate the technical content of the Audit Briefing?

Good Average Poor No opinion

10.

Are there any topics you would like us to cover in future years?

Please detail...

11.

How useful was the extranet?

Useful Fairly useful No use No opinion

12.

Are there any other useful documents you would like us to consider adding to the extranet?

Please detail...

General Information or Assistance

13.

If you contacted the Local Council team for general information or assistance, how satisfied were you with the outcome?

Satisfied Fairly satisfied Dissatisfied No opinion

Thank you for your time.

(Optional)

Name:

Council:

NOTES FOR THE RESPONSIBLE FINANCIAL OFFICER

In accordance with the Accounts and Audit (England) Regulations 2011 -
As soon as possible after conclusion of audit, notice must be given as follows:

Display the Notice of Conclusion of Audit in one or more conspicuous places advising that the audit has been completed. The notice must be displayed for at least 14 days.

The Council can either display the notice and the requisite information
or
display the notice only and make available, by appointment, the requisite information.

The requisite information consists of;
Section 1 to 3 of the Annual Return
Issues arising from the audit (if any)

In all cases, ensure that copies of the statement of accounts/annual return are made available for purchase at a reasonable sum.

Small Bodies in England

Annual return for the year ended 31 March 2011

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.

Each body 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 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 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 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:

THE CHARITABLE TRUSTS FOR THE CITY OF DURHAM

	Year ending		Notes and guidance
	31 March 2010 £	31 March 2011 £	
1 Balances brought forward	0	16,086	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 local taxation and/or levy	132,155	134,190	Total amount of local tax and/or levy received or receivable in the year including funding from a sponsoring body.
3 (+) Total other receipts	4,687	9,507	Total income or receipts as recorded in the cashbook less income from taxation and/or levy (line 2). Include any grants received here.
4 (-) Staff costs	41,692	45,020	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	0	0	Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6 (-) All other payments	79,064	89,113	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	16,086	25,650	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	136,842	- 17	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	0	0	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	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that for the year ended 31 March 2011 the accounting statements 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.

Signed by Responsible Financial Officer:

J. G. [Signature]

Date 28/06/2011

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

28/06/11

and recorded as minute reference:

3

Signed by Chair of meeting approving these accounting statements:

[Signature]

Date 28/06/11

Section 2 – Annual governance statement

We acknowledge as the members of THE CHARTER TRUST FOR THE CITY OF DURHAM 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/No	Yes means that the body:
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 body 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 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.	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 body'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 internal controls meet the needs of the body.
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 body 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.

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

3


dated 28/06/11

Signed by:

Chair 

dated 28/06/11

Signed by:

Clerk 

dated 29/06/11

***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

THE CHARITABLE TRUSTEES OF THE CITY OF SOUTHAMPTON

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 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).

The body’s accounts were overdrawn at 31 March in contravention of the Local Government Act 2003, Schedule 1, Paragraph 2(3).

BDO LLP Southampton
United Kingdom

(continue on a separate sheet if required)

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

Please see enclosed report

BDO LLP Southampton
United Kingdom

(continue on a separate sheet if required)

External auditor’s signature [Signature]

External auditor’s name BDO LLP Southampton
United Kingdom Date 30/11/11

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

CHARACTER TRUST FOR THE CITY OF DURHAM

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 2011.

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 kept properly throughout the year.	YES
B The body's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	YES
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	INCLUDED IN AUDIT PLAN FOR 2012/13
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.	INCLUDED IN AUDIT PLAN FOR 2012/13
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 body approvals, and PAYE and NI requirements were properly applied.	YES
H Asset and investments registers were complete and accurate and properly maintained.	NOT APPLICABLE
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

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: PETER JACKSON

Signature of person who carried out the internal audit: P Jackson Date: 30/9/2011

***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).

Section 4 – Annual internal audit report to

CHARGER TRUST FOR THE CITY OF DURHAM

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 2011.

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 kept properly throughout the year.	YES
B The body's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	YES
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	INCLUDED IN AUDIT PLAN FOR 2012/13
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.	INCLUDED IN AUDIT PLAN FOR 2012/13
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 body approvals, and PAYE and NI requirements were properly applied.	YES
H Asset and investments registers were complete and accurate and properly maintained.	NOT APPLICABLE
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

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: PETER JACKSON

Signature of person who carried out the internal audit: P Jackson Date: 30/9/2011

***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' Guides**. 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 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 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.
- 3 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.
- 4 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, Responsible Financial 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 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' Guides**.
- 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' Guides** 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! Also 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 their audit.

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 2011 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' Guides*, is available from NALC and SLCC representatives or *Governance and Accountability for Internal Drainage Boards in England – A Practitioners' Guides*, is available from the ADA at The Association of Drainage Authorities, 12 Cranes Drive, Surbiton, Surrey, KT5 8AL or from the NALC, SLCC or ADA websites - see page 1 for addresses.