

Small Bodies in England Electronic annual return Year ended 31 March 2012

Small relevant bodies in England with an annual turnover of £6.5 million or less must complete an annual return summarising their activities at the end of each financial year.

The annual return on pages 2 to 5 is made up of four sections:

- Sections 1 and 2 are completed by the person nominated by the body.
- Section 3 is completed by the external auditor.
- Section 4 is completed by the body's internal audit provider.

The body must approve this annual return no later than 30 June 2012.

Completing your electronic annual return (eAR)

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return. For further information on eAR go to <http://www.audit-commission.gov.uk/audit-regime/support-guidance/Pages/Annualreturn.aspx>

Once downloaded you are able to complete certain sections of this e-annual return. You must then print the e-annual return to complete the remainder of the information required before approval by the body. The sections available for completion electronically are:

- the name of your body in sections 1, 2 and 4 on pages 2, 3 and 5
- boxes 1 to 10 in Section 1 on page 2; and
- the responses in boxes 1 to 8 in Section 2 on page 3.

You cannot save the e-annual return or send it electronically. You may only print it.

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

Send the annual return, together with your bank reconciliation as at 31 March 2012, 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.

Your auditor will identify and ask for any documents needed for audit. Therefore, unless requested 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. You must publish or display the audited annual return by 30 September 2012.

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 may be found 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:

Colchester & Ipswich Joint Museums Committee **(RING BODY HERE)**

	Year ending		Notes and guidance
	31 March 2011 £	31 March 2012 £	
1 Balances brought forward	75,898	72,902	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	1,921,029	1,801,749	Total amount of local tax and/or levy received or receivable in the year including funding from a sponsoring body.
3 (+) Total other receipts	1,789,494	1,905,299	Total income or receipts as recorded in the cashbook less income from taxation and/or levy (box 2). Include any grants received here.
4 (-) Staff costs	2,138,524	2,193,584	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	1,574,995	1,671,427	Total expenditure or payments as recorded in the cashbook less staff costs (box 4) and loan interest/capital repayments (box 5).
7 (=) Balances carried forward	72,902	-85,061	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	-135,940	-213,401	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 2012 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:

Date 19/06/2012

Sean Plummer

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

19/06/2012

and recorded as minute reference:

MINUTE REFERENCE

Signed by Chair of meeting approving these accounting statements:

Date 19/06/2012

Councillor B Rudkin

Section 2 – Annual governance statement

We acknowledge as the members of:

Colchester & Ipswich Joint Museums Committee **THE BODY HERE**

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 2012, that:

	Agreed –		'Yes' means that the body:
	Yes	No*	
1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	<input checked="" type="radio"/>	<input type="radio"/>	prepared its accounting statements in the way prescribed by law.
2 We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<input checked="" type="radio"/>	<input type="radio"/>	made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 We took 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.	<input checked="" type="radio"/>	<input type="radio"/>	has only done things it has the legal power to do and conformed to codes of practice and standards in the way it has done so.
4 We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	<input checked="" type="radio"/>	<input type="radio"/>	during the year gave all persons interested the opportunity to inspect and ask questions about the body's accounts.
5 We assessed the risks facing the body and taken appropriate steps to manage those risks, including the introduction of internal controls and external insurance cover where required.	<input checked="" type="radio"/>	<input type="radio"/>	considered the financial and other risks it faces and dealt with them properly.
6 We maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems.	<input checked="" type="radio"/>	<input type="radio"/>	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 took appropriate action on all matters raised in reports from internal and external audit.	<input checked="" type="radio"/>	<input type="radio"/>	responded to matters brought to its attention by internal and external audit.
8 We 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 included them in the accounting statements.	<input checked="" type="radio"/>	<input type="radio"/>	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

MINUTE REFERENCE

dated **DD/MM/YYYY**

Signed by: **Concullor B Rudkin**

Chair **[Signature]**

dated **19/06/2012**

Signed by: **POSTER BERRIDGE**

Clerk **[Signature]**

dated **DD/MM/YYYY**

*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the body will address the weaknesses identified.

SECTION 3 – EXTERNAL AUDITOR’S CERTIFICATE AND OPINION

We certify that we have completed the audit of the annual return for the year ended 31 March 2012 of

COLCHESTER & IPSWICH JMC

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 is also responsible for preparing an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2012; 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 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).

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

Approval arrangements

Although Section 1 (accounting statements) and Section 2 (annual governance statement) were both signed and dated the approval minute references were omitted.

Minute references provide a link to the permanent record of the accounting statement’s and the annual governance statement’s submission to and approval by the Joint Museums Committee and should in future be entered in the box provided for doing so.

Bank reconciliation

Although differences between Section 1 box 7 (balances carried forward) and box 8 (total cash and short term investments) totals of - £85,061 and £- £213,401 respectively could be reconciled to the balance sheet presented to audit, the box 8 total was not supported by a bank reconciliation.

I note that the Joint Museums Committee does not operate its own banking facilities, transactions being processed through Colchester Borough Body’s financial system and bank account. Nevertheless periodic and year end bank reconciliations provide an important cash control procedure, serving to verify the balance of cash shown in the Joint Museum Committee’s cash book against the balance shown on the bank statement.

In this context the Joint Museum’s Committee should in future provide a supporting working paper demonstrating how the box 8 total has been derived and how in turn it has been reconciled within the Borough Council’s overall year end cash reconciliation.

External Auditor’s signature

External Auditor’s name

L E Cross

Date

19 September 2012

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

Colchester & Ipswich Joint Museums Committee **THE 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 2012.

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.	✓		
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 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.	✓		

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: **ELFREDA WALKER**

Signature of person who carried out the internal audit:

Date: **19/06/2012**

*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 2012 annual return

- 1 Proper practices for preparing this annual return are found in the *Practitioners' Guides**. These publications are updated from time to time and contain everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines if you want to talk through any problem you may encounter. If you are using the electronic annual return (e-AR) read carefully the guidance on page 1.
- 2 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 drawn to the attention of and approved by the body, properly initialled and an explanation 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 to the auditor.
- 4 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 of 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, note their value on the bank reconciliation. The auditor should be able to agree your bank reconciliation to Box 8 on the accounting statements. 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 Explain fully significant variances in the accounting statements on page 2. 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. 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 Make sure that your accounting statements add up and the balance carried forward from the previous year (Box 7 of 2011) equals the balance brought forward in the current year (Box 1 of 2012).
- 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 2012 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.