

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

\*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](http://www.nalc.gov.uk) or [www.slcc.co.uk](http://www.slcc.co.uk)