
Hatfield Town Council

Statement of Accounts 2009/10

**Hatfield Town Council
Council Offices
Birchwood Leisure Centre
Longmead
Hatfield AL10 0AN**

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Further information on the accounts can be obtained from:

Hatfield Town Council
Council Offices
Birchwood Leisure Centre
Longmead
Hatfield AL10 0AN
Tel: 01707 262023
Email: enquiries@hatfield-herts.gov.uk
www.hatfield-herts.gov.uk

These accounts should be read in conjunction with the Annual Report.

Interested members of the public have a statutory right to inspect the Accounts each year before the audit is completed.

HATFIELD TOWN COUNCIL

ANNUAL REPORT

2009/10

INTRODUCING HATFIELD

Dating back to Saxon times, the village of Hatfield was first known as "Hetfelle" and then became known as "Haethfeld" when around 970 King Edgar gave 5,000 acres to the monastery of Ely. No records remain from this time until 1226 when Henry III granted the Bishops of Ely rights to an annual four-day fair and a weekly market. Old Hatfield retains many historic buildings notably the Old Palace, St. Etheldreda's Church and Hatfield House.

The main offices of the Town Council are at Birchwood Leisure Centre, Longmead, Hatfield. Hertfordshire. AL10 0AN. Further information concerning the Town Council can be found on our web site. www.hatfield-herts.gov.uk or by telephoning the Council on 01707 262023.

PRINCIPLE ACTIVITIES

Our unique purpose is to offer a range of very local services that meet the need of our communities, many of which would not otherwise be provided.

More specifically we will offer our residents:

- A main sports and leisure centre offering a wide range of indoor and outdoor sporting options, as well as a holiday playscheme, all at competitive prices meeting local needs.
- Other venues, situated within the heart of our communities, two of which are highly valued village based centres, providing local people and local groups with a choice of easily accessible activities, including outdoor and indoor sports, playgroups, play areas and hosting local clubs requiring meeting and other social event space.
- Well maintained and well occupied allotment spaces.
- Well maintained community parks and open spaces.

In addition to these specific services, we seek to promote the broader interests of the community. The Council will achieve these objectives by

- Consulting the community generally and service users specifically on services provided and by demonstrably responding to findings.
- Engaging the Community on the big issues facing Hatfield and playing a key advocacy role on their behalf.
- Working in partnership with a wide range of local organisations to ensure an improving standard of services to meet the needs of residents and others. Our relationship with the University of Hertfordshire, and other public bodies are critical to that success.

Facilities available to the Community

- Birchwood Leisure Centre
- Roe Hill Hall
- Lemsford Village Hall
- Oxlease House Community Centre
- Howe Dell Community Centre
- Newgate Street Village Hall
- Green Lane Allotments
- Community Parks and Open Spaces at the following locations;
Centenary Park, Newstead, Mulberry Mead, Coppice Close,
Ellenbrook, St Albans Road East, Cherry Way, Memorial Gardens,
Pleasant Rise, The Dell and Coronation Gardens.

Our facilities are multi-purpose and currently offer the following activities for the Community individually or as a group hiring.

- Football, Cricket & Rugby
- Badminton, Tennis, Table Tennis, Karate, Yoga, Fitness Classes,
Basketball, 5 a side Football, Netball & Dance Classes
- Fitness Suite & Pilates Studio
- Children's soft play centre on three levels
- Wedding Reception Venue along with a variety of family gatherings
- Playgroups and holiday playschemes
- Allotment plots
- Children's parks and open spaces
- Meeting and conference facilities
- Religious meetings



Members of the Council

- Councillor Mike Alder ¹ 69 Northfield Hatfield
- Councillor Sarah Atkinson ² 365 St Albans Road West Hatfield
- Councillor Doug Berry ² 9 Daffodil Close Hatfield
- Councillor Hannah Berry ² 9 Daffodil Close Hatfield
- Councillor Linda Clark ² 39 Chantry Lane Hatfield
- Councillor Mick Clark ² 39 Chantry Lane Hatfield
- Councillor Caron Juggins ² 44 Park Meadow Hatfield
- Councillor Dave Kay ² 49 Northfield Hatfield
- Councillor Stan Laver- Walton ² 1 Almond Walk Hatfield
- Councillor Howard Morgan ² Maynard House, The Common Hatfield
- Councillor Kim Langley ² 37 Stanley Drive Hatfield
- Councillor Ron Smith ² 44 Willow Way Hatfield
- Councillor Ron Wheeler ² 53 Westland Drive Brookmans Park
- Councillor Margaret White¹ 30 The Downs Hatfield
- Councillor Geoff Wiltshire ² Tolmers Park Farm Newgate Street

¹ Labour Councillor ² Conservative Councillor

Mayor

Councillor Caron Juggins

Deputy Mayor

Councillor Linda Clark

Leader of the Council

Councillor Howard Morgan

Deputy Leader of the Council

Councillor Mick Clark

Chairman of Resources & Policy Committee

Councillor Doug Berry

Chairman of Leisure Committee

Councillor Sarah Atkinson

Chairman of Planning Committee

Councillor Linda Clark

Chairman of Audit Committee

Councillor Doug Berry



Fixed Asset Acquisitions

During 2009/10 the Town Council acquired the following major assets.

| | | |
|--------------------------|--------------------|--------------------------------------|
| Birchwood Leisure Centre | £13,952.61 | Heating System & Extension Retention |
| Roe Hill Hall | £16,751.50 | Flooring |
| Grounds Maintenance | £30,517.00 | Tractor |
| Grounds Maintenance | £27,345.00 | Mower |
| Building Maintenance | £10,720.00 | Van |
| Children's Parks | <u>£17,170.09</u> | Play Equipment |
| Total | £116,456.20 | |

Unusual Charge or Credit

In completing the 2007/08 Accounts a Post Balance Sheet Event was recorded concerning dilapidations for the Town Council's former offices Kennelwood House that it vacated in September 2008 under the terms of the 25 year lease that was taken out in 1983.

Following legal and surveyors advice a payment of £49,209 was made on 1st February 2010 to the Town Council's landlord of Kennelwood House Leavenvoy for dilapidations in accordance with the lease.

Changes in Accounting Policy

These Accounts have been drawn up under the Financial Reporting Standard for Smaller Entities (FRSSE) and Part 4 Governance and Accountability for Local Councils for the first time in 2009/10. This is recognised by statute as representing proper accounting practices. This follows the SORP previously used by Larger Local Councils being disapplied from 2009/10.

In the main this includes:-

- Income & Expenditure Account,
- Statement of Movement of Reserves,
- Balance Sheet,
- Capital Financing Account,
- Pension Reserve &
- General Reserve

Fixed Assets

During the first year of FRSSE, as a transition year the Council has the three options in the establishment of its fixed asset base.

Retain Book amounts (a hybrid approach),
Restate carrying amount to historical cost or
Informed estimate by members (rare approach)

The Council has decided to retain the book amounts from the 2008/9 accounts and depreciate these accordingly over the use life of each asset.

Major Changes in Statutory Functions

No major changes are planned to the existing level of service provided by the Town Council. However the Council still has to resolve the legal title of the land upon which Birchwood Leisure Centre is sited and the treatment of all associated income and expenditure streams. This matter is still to be resolved fully with the Charity Commission.

Borrowing

The Council took out a £200,000 loan with Public Works Loan Board in 1990 to assist with the building of Birchwood Leisure Centre.

During 2009/10 £25,133 was repaid in principle and interest.

The final payment of £12,566 of principle and interest takes place on 3rd August 2010.

The Council has no other borrowing.

Source of Funds

The Town Council's main source of funds is the Precept, additional income is raised through fees & charges for use of its services and facilities. During 2009/10 the Town Council received £21,000 from Welwyn Hatfield Borough Council towards the improvements programme in its Children's play areas.

Financial Summary 2009/10

The following shows a comparison of the original budget against outturns for the various service departments. These are analysed using the previous statutory Best Value budget headings.

| | Actual £ | Budget £ | Variance £ |
|-----------------------------------|---------------------|---------------------|-----------------------|
| Democratic Representation | 49,952.83 | 69,424.00 | -19,471.17 |
| Corporate Management | 144,921.37 | 155,804.00 | -10,882.63 |
| Community Events & Activities | 21,210.87 | 28,030.00 | -6,819.13 |
| Section 137 Expenditure | 46,214.00 | 38,240.00 | 7,974.00 |
| Allotments | 4,779.90 | 7,450.00 | -2,670.10 |
| Birchwood Centre & Playing Fields | 201,527.74 | 153,185.00 | 48,342.74 |
| Howe Dell Community Hall | 6,936.53 | 7,193.00 | -256.47 |
| Lemsford Hall & Playing Field | 23,472.40 | 28,268.00 | -4,795.60 |
| Newgate Street Village Hall | 19,252.94 | 19,430.00 | -177.06 |
| Oxlease House & Grounds | 3,371.68 | 2,616.00 | 755.68 |
| Community Parks & Open Spaces | 31,664.74 | 80,374.00 | -48,709.26 |
| Roe Hill Hall & Playing Field | 60,233.57 | 48,988.00 | 11,245.57 |
| Improvement to Facilities | 0.00 | 165,865.00 | -165,865.00 |
| Loan Charges | 3,173.17 | 25,133.00 | -21,959.83 |
| Bank Interest | -4,384.49 | -15,000.00 | 10,615.51 |
| Total | 612,327.25 | 815,000.00 | -202,672.75 |

Explanations for the significant variances are detailed below.

Democratic Representation – No specialist employees were engaged.

Corporate Management – External audit fees less than expected.

Birchwood – Depreciation had no budget and facility improvements budget was within the general facility improvement cost centre.

Community Parks & Open Spaces – Commuted s106 sums greater than expected.

Bank Interest – Fall in interest rates.

Improvements to Facilities – Expenditure is allocated to the Facility were the works, goods or services have taken place.

Signed

Councillor L Clark
Mayor

Councillor G Wiltshire
Leader of the Council

HATFIELD TOWN COUNCIL

ANNUAL GOVERNANCE STATEMENT

2009/10

ANNUAL GOVERNANCE STATEMENT

1. SCOPE OF RESPONSIBILITIES

Hatfield Town Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically and effectively.

Whilst Hatfield Town Council is exempt from the duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness, it seeks to operate within the general principles of Best Value.

In discharging this overall responsibility, Hatfield Town Council is responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk.

This statement explains how the Council has complied with the requirements of Regulation 4 of the Accounts and Audit Regulations, 2003, as amended, in relation to the publication of an Annual Governance Statement including a statement of internal control.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The Governance framework comprises the system and processes for the direction and control of the authority and its activities through which it accounts to, engages with and leads the community. It enables the Town Council to monitor the achievements of its objectives and to consider whether those objectives have led to the delivery of the appropriate, cost-effective services.

The governance framework has been in place at the Council for the year ended 31 March 2010 and up to the date of approval of this statement.

The publication of this statement confirms that Hatfield Town Council has undertaken a review of governance arrangements in order to satisfy themselves that all appropriate processes and procedures are in place.

3. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievements of Hatfield Town Council's policies, aims and

objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

A system of internal control has been in place at Hatfield Town Council for the year ended in March 2010.

4. THE GOVERNANCE ENVIRONMENT

The Town Council operates within relevant legislation and guidance from the Secretary of State.

Key elements of the Town Council's governance environment are summarised as follows:

- During 2009/10 the Council held seven meetings together with an annual town meeting. These meetings received reports from officers on operations, complaints, service development issues and changes to procedures or legislation. All these reports are submitted after review by the Town Clerk ensuring compliance with established, policies, procedures, laws and regulations.
- Procedures for policy and decision making are enshrined within the Council's Standing Orders, Procedures, Code of Conduct and Financial Regulations and are reviewed on regular basis. These include responsibility for functions, scheme of delegation, procedure rules, including Financial Regulations and Contract Procedure Rules and Codes of protocol.
- The inclusion of Risk Management as an activity of the Council is established through its Risk Management Strategy and regular activity based risk assessments are completed. Statutory health and safety practices as required by relevant legislation are followed and the Council has an appointed lead officer for health and safety matters.
- Management of the Councils Financial Resources includes the annual setting of a budget for revenue and capital expenditure by Council. This is regularly reviewed against actual expenditure and income by the spending committees. Financial procedures operate within the Councils Financial Regulations. The Council also has an Annual Investment Strategy and Earmarked Reserves Policy. The Annual Accounts comply with the Financial Reporting Standard for Small Entities (FRSSE).
- The Council also seeks to ensure economical, effective and efficient use of resources.
- Members are subject to a Code of Conduct (approved by Parliament). They are responsible for upholding high standards of conduct and behaviour which promotes the values of good governance. This includes declaring any items which may result in a conflict of interest.

- Officers are appointed with relevant experience and qualifications with job descriptions that outline their areas of responsibilities and reporting lines. The Deputy Town Clerk is the officer appointed under Section 151 of the Local Government Act 1972 to have responsibility for financial matters. Officers work within a framework of Council policies on conduct and behaviour.

- The Council takes fraud, corruption and mal-administration seriously and has a whistle-blowing policy.

- The Council has a complaints procedure to ensure a swift and successful resolution to issues.

- Arrangements are in place to research citizens' views and consult them on policies and proposals of the Council. These include an Annual Town meeting and through its newsletter.

- Within the Governance environment the system of internal control framework is based on a framework of:
 - Policies, objectives and plans e.g. budget, risk management, business continuity, revenue and capital strategies
 - Operational and reporting guidelines – e.g. accounting/auditing standards, financial regulations
 - Budgetary system including regular reporting
 - Supervision and training
 - Management review and monitoring of financial and other performance
 - Reporting and communicating to the appropriate levels
 - Separation of duties – e.g. clear lines of authority
 - Accounting procedures – e.g. timely reconciliation and closure of accounts
 - Information systems
 - Adequate and effective systems of Internal Audit
 - Risk management embedded in the activity of the authority

5. REVIEW OF EFFECTIVENESS

Hatfield Town Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of the effectiveness is guided by the work of the Town Clerk. The Town Clerk has responsibility for reviewing the effectiveness of the development and maintenance of the governance environment. The Council is also guided by the work of their independent internal auditor and comments made by the

external auditors who are the Audit Commission and other review agency or inspectorate in their annual audit letters and other reports.

The process agreed by the Council which is applied in maintaining and reviewing the effectiveness of governance arrangements, including the system of internal control includes:

- Approval through the spending committees of budget plans, the subsequent collation of comments for policy guidance at the Town Council meeting on the setting of the budget and any Precept requirements for the following year.
- Regular reporting to spending committees and Council of actual spending against budget.
- Responsibility for receiving regular reports on work in progress and to be programmed for the future on internal audit and external audit functions.
- Where any recommendations are made either by the Internal Auditor or the Audit Commission suggesting improvements to the effectiveness of the system of governance and internal control, a plan of action will be agreed with the relevant Officer within a reasonable period to address weaknesses and to ensure agreed action is undertaken.

Having implemented risk management as part of their corporate governance arrangements the Council will continue to develop these risk management arrangements to ensure they are sufficiently embedded and effective.

The Council will also co-operate with any internal or external audit work and will address any weakness and also consider implementations of any recommendations which may affect improvements within areas of activity.

There is requirement under the Accounts and Audit (amendment) Regulations 2006 that councils also review the effectiveness of their system of Internal Audit once a year to include the results in the Annual Governance Statement. The review of effectiveness is not solely about the Internal Auditor but about the whole system of Internal Audit, including the work overseeing and responding to the Internal Auditors recommendations.

The review is undertaken by assessing:

- The scope of internal audit;
- Independence
- Competence
- Relationships and;
- Audit planning and reporting

Evidence of effectiveness is presented to the Council including an action plan showing areas where it is found that improvements in effectiveness can be made.

6. SIGNIFICANT GOVERNANCE ISSUES

Should the Council receive either from their independent internal auditor or from their external auditor, the Audit Commission, or any other agency a report on any matter which is considered to be one of significant governance and/internal control, such matters will be reported to and will be personally investigated by the Town Clerk who will submit a report to the Resources and Policy Committee and Council as soon as practicable on the implications thereof to seek guidance and instruction on any action to be taken.

The review process has highlighted a number of issues regarding governance and these are described briefly in the table below.

| <u>Issue</u> | <u>Action</u> |
|--|---|
| A policy on the level and nature of reserves and balances has not been established | This was rectified during 2009/10. |
| The budget monitoring information does not compare actual to date to budget to date, nor is there a report to highlight the salient financial points | This is being developed further in 2010/11. |
| The draft accounts were not approved before the deadline set by the Accounts and Audit Regulations 2006. In addition, the draft accounts were not compliant with requirements and contained material errors. | The Council meeting date for the 2010/11 Accounts has been brought forward to meet the deadline. |
| There was no counter fraud and corruption strategy in place. | This was rectified during 2009/10. |
| A medium term financial strategy needs implementing. | Medium term financial strategy will be developed. |
| The Town Council does not have a sound system of internal control in place. A significant legal issue has arisen in relation to the Birchwood playing fields as it has been identified that this site is actually 'owned' by a 'charity trust', set up under a 1956 conveyance. The Trust was set up to provide 'open space' facilities to the residents of Hatfield in perpetuity. However, this Trust is currently not Registered with the Charity Commission and a leisure centre | The Town Council meet with the Charity Commission on 15 th July 2010. Following this meeting the Town Council has meet on two occasions. A formal letter to the Charity Commission was sent in August to exchange the leisure centre land for land at De Havilland Grange in Hatfield as 'open space' in perpetuity. A reply is still awaited. |

has been built on this site, and extended to accommodate the Town Council itself, which is potentially in breach of the covenant.

7. APPROVAL OF STATEMENT

This statement was recommended for approval at a meeting of the Council, when authority was granted for the Town Mayor and Town Clerk to sign.

We propose over the coming year to take steps to address the matters raised by this statement to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Councillor L.Clark
Town Mayor

Carrie Lloyd
Town Clerk

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required:

to make arrangements for the proper administration of its financial affairs.

to secure that one of its officers has the responsibility for the administration of those affairs. At this Council, that officer is the Deputy Town Clerk.

to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

to approve the Statement of Accounts.

The Deputy Town Clerk Responsibilities

The Deputy Town Clerk is responsible for the preparation of the Council's statement of accounts in accordance with the proper accounting practices found in the Financial Reporting Standard for Smaller Entities (the FRSSE) which is issued by the Accounting Standard Board to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year (ended 31 March, 2010).

In preparing the statement of accounts, the Deputy Town Clerk has selected suitable accounting policies and then applied them consistently made judgements and estimates that were reasonable and prudent and complied with FRSSE.

The Deputy Town Clerk has also:

kept proper accounting records which were up to date and taken reasonable steps for the prevention and detection of fraud and other irregularities.

Deputy Town Clerk Certificate

I hereby certify that the statements of accounts for the year ended 31 March, 2010 required by the Accounts and Audit Regulations 2003 are set out in the following pages.

I further certify that the statement of accounts presents fairly the financial position of Hatfield Town Council at 31 March 2010, and its income and expenditure for the year ended 31 March, 2010.

Signed.....Deputy Town Clerk
Paul Widdicombe

HATFIELD TOWN COUNCIL

STATEMENT OF ACCOUNTING POLICIES

2009/10

STATEMENT OF ACCOUNTING CONCEPTS

The Council's accounts for 2009/10 have been prepared in accordance with the fundamental accounting concepts described below, and the accounting policies and standards as required by the Financial Reporting Standard for Smaller Entities (FRSSE) and Part 4 – Accounting guidance for local councils in England with income or expenditure exceeding £1 million.

a. Relevance

The accounts are prepared so as to provide readers with information about the Council's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.

b. Reliability

The accounting statements have been prepared on the basis that the financial information contained within them is reliable, that is, they are free from material error, deliberate or systematic bias, complete within the bounds of materiality and represent faithfully what they intend to represent.

In addition, the accounting statements have been prepared so as to reflect the reality or substance of the transactions and activities underlying them, rather than their formal legal character. In determining the substance of a transaction, it has been necessary to identify all of its aspects and implications. Any group or series of transactions that achieves or is designed to achieve an overall economic effect has been viewed as a whole.

Where there was uncertainty in measuring or recognising the existence of assets, liabilities, income and expenditure then caution or prudence has been used as a basis to inform the selection and application of accounting policies and estimation techniques.

c. Comparability

The accounting statements have been prepared so as to enable comparison between financial periods. To aid comparability the Council has applied accounting policies consistently within the accounts for a year and between years. No changes to accounting policies have been made unless they could be justified on the grounds that the new policy is preferable to the old and would give a fairer view of the transactions and financial position of the Council.

d. Understandability

All effort has been made to make the statements as easy to understand as possible, nevertheless, they do assume that the reader will have a reasonable knowledge of accounting and local government.

e. Accruals

The accounts have been prepared on an accruals basis. The accruals basis of accounting requires the non-cash effects of transactions to be reflected in the financial statements for the period in which those effects are experienced and not in the period in which cash is actually received or paid.

f. Going Concern

The accounts have been prepared on a going concern basis. This means that the accounts have been prepared on the assumption that the Council will continue to

operate for the foreseeable future. The Revenue Account and Balance Sheet assume no intention to significantly curtail the Council's operations.

g. Prudence

The Council determines any amount of any item on a prudent basis. Caution is exercised when making estimates under conditions of uncertainty so that assets are not overstated and liabilities understated.

h. Materiality

Strict compliance with the Accounting Code of Practice, both as to disclosure and accounting principles is not necessary where the amounts involved are not material to the fair presentation of the financial position and transactions of the Council and to an understanding of the Statement of Accounts.

i. Consistency

Consistent accounting policies are applied both within the accounting period and between accounting periods.

STATEMENT OF ACCOUNTING POLICIES

General

The accounts have been drawn up in accordance with the **Financial Reporting Standard for Smaller Entities (FRSSE)** and Part 4 Governance and Accountability for Local Councils for the first time in 2009/10 which is recognised by statute as representing proper accounting practices. In the main this involves the inclusion and valuation of fixed assets and the capital financing account: and the inclusion of depreciation charges in the service centre revenue accounts for all fixed assets used in the delivery of such services.

Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the authority and the services it provides, for a period of more than one year. The Council has set a de minimis level of £6000 below which expenditure need not be capitalised.

Depreciation is charged over the full life of the asset.

The following rates of depreciation are currently being used:

Vehicles Straight line method over 3 years.

Tractors & Mowers Straight line method over 10 years

Play Equipment Straight line method over 10 years.

Buildings Straight line method for all dwellings and other buildings based on the useful economic life of the building.

The council's policy is to carry out a maintenance programme so that as far as possible; its fixed assets' useful lives remain the same.

Contingent Liabilities and Contingent Assets

Contingent liabilities and assets are reported as a note to the balance sheet in the year in which they occur, and are reviewed annually to assess whether a provision should be made in the accounts.

Bar Stocks and Work in Progress

Bar stocks held at community centres are valued at cost. There was no work in progress.

Capital Receipts

Capital receipts arising from the disposal of fixed assets are taken to the capital financing reserve until such time as they are used to finance new capital expenditure

Grants

Revenue grants are credited to the general fund in the year they are receivable. Sundry debtors are raised for any sums due but not paid in the year to which they relate.

Leases

Rentals payable under operating leases are charged to revenue on an accruals basis.

Reserves

The council maintains certain reserves to meet general and specific future expenditure. The purpose of the council's reserves is explained in notes to the accounts.

The Capital Finance Account, which represents revenue or capital resources applied to finance expenditure of a capital nature or for the repayment of external loans and the reversal of depreciation to ensure it does not impact on the amount to be met from precept.

Post Balance Sheet Events

Where a material post Balance Sheet event occurs that provides additional evidence relating to conditions existing at the Balance Sheet date or indicates that the application of the going concern concept to a material part of the authority is not appropriate, changes are made to the accounts.

Where applicable, the occurrence of a material post Balance Sheet event concerning conditions that did not apply at the Balance Sheet date is also disclosed in the accounts. Such disclosure would include the nature of the event and an estimate of its financial effect.

Debtors and Creditors

The revenue accounts of the council are maintained on an accruals basis in accordance with the code. That is sums due to or from the council during the year are included whether or not the cash has actually been received or paid in the year and included a provision for bad debts. Exceptions to this are payment of annual insurance premiums and regular quarterly accounts (e.g. telephones, electricity) This policy is applied consistently each year. Therefore, it will not have a material effect on the year's accounts or on the council's annual budget.

Interest Receivable

All interest receipts are credited to the general fund.

Interest Payable

The only interest payable is on a loan taken out in 1990 for the building of Birchwood Leisure Centre. Interest is charged to the Income & Expenditure Account.

Investments

Investments are shown in the balance sheet at lower of cost or net realisable value. Interest earned on investments is credited to the general fund.

Income and Expenditure Account

This statement is fundamental to the understanding of the Council's activities, in that it reports the net cost for the year of all the functions for which the council is responsible, and demonstrates how that cost has been financed from the precept. It brings together expenditure and income relating to all of the councils functions in three distinct sections.

- * the first section provides information on the type of income received by the Council
- * The second section provides information on the breakdown of expenditure between Direct Services and Democratic, Management and Civic Costs.
- * The third section shows the adjustments required by statute.

| <u>2008/09</u> | | <u>2009/10</u> |
|----------------------------|--|----------------------------|
| | <u>Income</u> | |
| 778,248.00 | Precept | 815,000.00 |
| 21,850.00 | Grant Received | 21,000.00 |
| 29,917.17 | Rental Income, interest and investment income | 4,384.49 |
| 514,534.43 | Charges for Services | 448,913.23 |
| 413.86 | Other income and contributions | 89,805.83 |
| <u>1,344,963.46</u> | | <u>1,379,103.55</u> |
| | <u>Expenditure</u> | |
| | Direct Service Costs | |
| 439,890.64 | Salaries & Wages | 475,289.61 |
| 35,214.51 | Grant-aid expenditure | 46,214.00 |
| 561,457.21 | Other direct service Costs | 427,519.89 |
| | Democratic, Management & Civic Costs | |
| 148,092.96 | Salaries & Wages | 153,346.39 |
| 132,506.16 | Other Democratic, Management and Civic Costs | 90,060.91 |
| <u>1,317,161.48</u> | | <u>1,192,430.80</u> |
| <u>27,801.98</u> | Net Operating Surplus or Deficit for Year | <u>186,672.75</u> |
| | Reversal of annual depreciation charge and impairments | |
| 140,042.45 | | 55,087.01 |
| 25,000.00 | Statutory replacement of pension costs | 16,000.00 |
| -19,706.60 | Statutory charge for capital | -21,959.91 |
| <u>173,137.83</u> | Net Surplus or Deficit for Year | <u>235,799.85</u> |

The Statement of Movement of Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

| Reserve | Balance 1 April 2009 | Net Movement in Year | Balance 31 March 2010 | Note |
|---------------------------|----------------------------|----------------------------|-----------------------------|-----------|
| Capital Financing Account | 3,805,424.08 | -33,127.10 | 3,772,296.98 | See Below |
| General Fund | 488,868.06 | -116,200.15 | 372,667.91 | See Below |
| Earmarked Reserves | | 352,000.00 | 352,000.00 | See Below |
| Pension Reserve | -602,000.00 | -881,000.00 | -1,483,000.00 | See Below |
| | <u>3,692,292.14</u> | <u>-678,327.25</u> | <u>3,013,964.89</u> | |
| Net movement in 2008/09 | | -566,201.54 | | |

Capital Financing Account

| | |
|---------------------------------------|----------------------------|
| Balance at 1 April 2009 | 3,805,424.08 |
| PWLB Loan Repayments | 21,959.91 |
| Reversal of Depreciation & Impairment | -55,087.01 |
| Restatement inline with FRSSE | 0.00 |
| | <u>3,772,296.98</u> |

General Fund

| | |
|-------------------------|--------------------------|
| Balance at 1 April 2009 | 488,868.06 |
| Surplus for the Year | 235,799.85 |
| Earmarked Reserves | -352,000.00 |
| | <u>372,667.91</u> |

Earmarked Reserves

| | |
|-------------------------|--------------------------|
| Facility Improvements | 103,000.00 |
| Parks & Open Spaces | 199,000.00 |
| Multi Purpose Play Area | 50,000.00 |
| | <u>352,000.00</u> |

Pension Reserve

| | |
|-------------------------|-----------------------------|
| Balance at 1 April 2009 | -602,000.00 |
| Movement during Year | -881,000.00 |
| | <u>-1,483,000.00</u> |

| 2008/09 | The Statement of Total Recognised Gains and Losses | 2009/10 |
|---------------------------|---|---------------------------|
| 27,801.98 | Net operating surplus for year | 186,672.75 |
| -837,003.52 | Surplus arising on Revaluation of Fixed Assets | 0.00 |
| 243,000.00 | Actuarial Gains/(-) on Pension Assets and Liabilities | -865,000.00 |
| <u>-566,201.54</u> | Total Recognised Gains and Losses (-) | <u>-678,327.25</u> |

Notes to the Accounts including disclosures required by statute

1. Local Authority Superannuation Scheme

The Town Council is in membership of the Hertfordshire County Council Superannuation Scheme which is a defined benefit scheme operated by the County Council for all relevant accepted bodies in the area.

In 2009/10 the Council paid an employer's contribution of £73,435.50 representing 21.60% of employees pensionable pay into the Hertfordshire Local Government Pension Scheme, which provides members with defined benefits related to pay and service. The contribution rate is determined by the scheme's actuary based on triennial actuarial valuations. The latest review being 31 March 2007. The contribution rate for 2010/11 will be at 21.60%.

FRS 17 "Retirement Benefits" sets down the way the Council must account for Pension Costs. The intention of the standard is that organisations should recognise their liability for providing retirement benefits as they are incurred, irrespective of the fact that such liabilities will not be settled until many years in the future.

The Council contributes to the Hertfordshire Local Government Pension Fund on behalf of employees and at 31 March 2010 it is estimated that the Council had the following overall assets and liabilities for Pensions.

| | 31/03/2010 | 31/03/2009 |
|--------------------------|--------------------|------------------|
| | £ | £ |
| Estimated Assets | 1,469,000 | 1,052,000 |
| Estimated Liabilities | 2,952,000 | 1,654,000 |
| Net Assets/(Liabilities) | <u>(1,483,000)</u> | <u>(602,000)</u> |

The estimated liabilities comprise of approximately £2,285,000, £354,000 and £313,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2010.

Liabilities have been assessed on an actuarial basis an estimate of the Pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels etc. The Pension Scheme has been assessed by Hymans Robertson, an independent firm of Actuaries who have provided the following information. The main assumptions made are as follows:-

| Assumptions as at | 31 March 2010 % p.a. | 31 March 2009 % p.a. |
|---------------------------------|-------------------------|-------------------------|
| Inflation/Pension Increase Rate | 3.8% | 3.1% |
| Salary Increase Rate | 5.3% | 4.6% |
| Expected Return on Assets | 7.0% | 6.3% |
| Discount Rate | 5.5% | 6.9% |

| Assets (Employer) | Long Term Return at 31 March 10 | Assets at Return at 31 March 10 | Long Term Return at 31 March 09 | Assets at Return at 31 March 09 |
|-------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Equities | 7.8% | 1,043,000 | 7.0% | 705,000 |
| Bonds | 5.0% | 279,000 | 5.4% | 200,000 |
| Property | 5.8% | 44,000 | 4.9% | 42,000 |
| Cash | 4.8% | 103,000 | 4.0% | 105,000 |
| Total | | 1,469,000 | | 1,052,000 |

Actuarial calculations involve a number of assumptions about events and circumstances in the future which may mean that the result of actuarial calculations may be affected by uncertainties within a range of possible values.

| Income and Expenditure Account | 2009/10 | 2008/09 |
|---|-----------------|-----------------|
| Current Service Costs | 42,000 | 51,000 |
| Past Service Costs | | 22,000 |
| Interest Cost | 115,000 | 116,000 |
| Expected Return on Assets | <u>(68,000)</u> | <u>(96,000)</u> |
| Charge to net operating surplus | 89,000 | 93,000 |
| Reversal of net charges made for Retirement benefits in accordance With FRS17 | (89,000) | (93,000) |
| Actual amount charged against the General Fund Balance for pensions In the year | <u>73,000</u> | <u>68,000</u> |
| Amount charged against the Precept | <u>73,000</u> | <u>68,000</u> |
| Movement on Pension Reserve | (16,000) | (25,000) |

Further information can be found in the Hertfordshire County Council's Pension Scheme Annual Report which is available upon request from County Hall, Hertford.

2. Officers Emoluments

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 was:

| Remuneration Band | | Number of Employees | |
|--------------------|--|---------------------|---------|
| | | 2009/10 | 2008/09 |
| £50,000 to £55,000 | | 1 | 1 |

| Post Title | Salary (including fees & allowances) | Bonuses | Total remuneration excluding employer's pension contributions | Employer's pension contribution | Total remuneration including pension contributions 2009/10 |
|------------|---|---------|--|---------------------------------------|---|
| Town Clerk | £51,438 | nil | £51,438 | £11,071 | £62,509 |

3. Audit Costs

Hatfield Town Council incurred the following fees relating to external audit and inspection.

| | 2009/10 £ | 2008/09 £ |
|---|--------------|--------------|
| Fees payable to the Audit Commission | 9,500.00 | 19,500.00 |

4. Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

The Council has no material transactions with related parties which require disclosure.

5. Publicity & Advertising

Section 5 of the Local Government Act 1986 requires the Council to disclose expenditure on publicity and advertising.

| | 2009/10 | 2008/09 |
|-------------------------|------------------|------------------|
| | £ | £ |
| Civic Newsletter | 11,701.80 | 12,619.95 |
| Recruitment Advertising | 7.50 | 488.15 |
| General Advertising | <u>3,641.27</u> | <u>3,480.34</u> |
| | <u>15,350.57</u> | <u>16,588.44</u> |

6. Post Balance Sheet Events

The Chancellor of the Exchequer announced in his Emergency Budget on 22 June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases. In accordance with FRSSE, this change is deemed to be a non-adjusting post balance sheet event. It is estimated that this change will reduce the value of an average employer's FRS17 liabilities in the Hertfordshire County Council Pension Fund by around 6-8%.

7. Contingent Liabilities

Birchwood Playing Fields

In 1956 the Parish Council purchased the site known as Birchwood Playing Fields and agreed for it to be held "upon Trust for the perpetual use thereof by the Public for the purpose of public playing fields and Public Recreation ground pursuant to the provisions of the Open Spaces Act 1906".

The conveyance is very clear in intent. The use is clearly stated several times and this together with the "perpetual" intention almost certainly means that a charity was created on transfer. There was therefore created a charitable trust of the land under the authority of the Open Spaces Act 1906 with the Parish Council as trustee (now the Town Council).

The charitable trust should have been registered with the Charity Commission at that point in time but was not. The registration is now being done.

The charitable purposes which continue to refer to the Open Spaces Act 1906 are rather restrictive for a modern recreation site. The Council built Birchwood Leisure Centre on the site in the 1980.s. The Town Council have taken legal advice and the definition of an "open space" is such that the Council was in breach of trust by building the centre and the Council Offices.

The Council have requested that the Charity Commission consider that the purposes of the Charity should be extended to ratify the Trustee's actions in this regard.

The Council following legal advice requested that the purpose clause of the Charitable Trust should be re-drafted along the following lines:-

- a) to hold the Property on trust for the perpetual use thereof by the community of Hatfield and the surrounding areas for the purposes of public playing fields and public recreation ground; and/or
- b) to provide or assist in the provision of facilities for recreation or other such leisure time occupation in the interest of social welfare, such facilities being provided to the public at large save that special facilities may be provided to the persons who by reason of their youth, age, infirmity or disability, poverty or social or economic circumstances may have need of special facilities and services; and/or
- c) to promote and preserve good health through community participation in healthy recreation; and/or
- d) such other charitable purposes beneficial to the community consistent with the objects above as the trustees shall in their absolute discretion determine.
- e) To grant a lease of the whole or part or parts of the Property for a term not exceeding [25] years at the best possible rent reasonably obtainable, regard being had to the purposes contained in paragraphs (a) to (d).

The Charity Commission's initial advice has not been supportive. A meeting with the Town Council and the Charity Commission took place at the Commissions offices in Taunton on 16th July 2010. The Town Council has met since on two occasions and has formally written to the Charity Commission offering to replace the land on which the centre was built with land at De Havilland Grange, Hatfield. A reply is still awaited.

It is estimated that the land lost in building the Leisure Centre is recorded in the balance sheet as £19,200.

Birchwood Fun Zone

The Council are in dispute with a local Plumbing Company over repairs to the Fun Zone heating system at Birchwood Leisure an invoice for £27,000 has been received. Following legal advise £3000 has been offered in fully settle of this account, a final agreement is still to be reached.

8. Fixed Assets

Movements in fixed assets during the year were:

| | Land | Buildings | Vehicle & Equipment | Community Assets | Total |
|----------------------|---------------------|---------------------|------------------------|---------------------|---------------------|
| | £ | £ | £ | £ | £ |
| Value at 01/04/09 | 2,250,963.50 | 1,661,227.25 | 30,836.89 | 300.00 | 3,943,327.64 |
| Additions | | 30,704.11 | 86,252.09 | | 116,956.20 |
| Disposals | | | -500.00 | | -500.00 |
| Depreciation | | -40,584.15 | -14,502.86 | | -55,087.01 |
| Value at 31/03/10 | <u>2,250,963.50</u> | <u>1,651,347.21</u> | <u>102,086.12</u> | <u>300.00</u> | <u>4,004,696.83</u> |

Birchwood Playing Fields are subject to a charitable trust and that there is a covenant that restricts the use of the land to that in the Open Spaces Act 1906. Further detail regarding this is within the contingent liability note.

9. Assets Held under Operating Leases

The Council has no assets held under operating leases.

10. Borrowing

The Council took out a £200,000 loan in 1990 to building Birchwood Leisure Centre with the Public Works Loan Board. The final payment of £12,566.54 is due on 3rd August 2010.

The Council has not taken out any loans since this date.

11. Short Term Investments

| | 2009/10 | 2008/09 |
|-------------------|-------------------|-------------------|
| | £ | £ |
| Barclays Bank Plc | 410,114.02 | 403,000.00 |
| Natwest Plc | 300,000.00 | 300,000.00 |
| Total | 710,114.02 | 703,000.00 |

12. Stocks

| | 2009/10 | 2008/09 |
|-------------------|-----------------|-----------------|
| | £ | £ |
| Roe Hill Hall Bar | 2,028.92 | 1,883.46 |
| Lemsford Hall Bar | 1,244.89 | 1,717.41 |
| Birchwood Café | 1,020.40 | 2,297.36 |
| Cleaning Stocks | 2,791.46 | 3,264.31 |
| Total | 7,085.97 | 9,162.54 |

13. Debtors

| | 2009/10 | 2008/09 |
|------------------|------------------|------------------|
| | £ | £ |
| Users | 12,330.66 | 15,582.03 |
| Customs & Excise | 6,782.42 | --- |
| Total | 19,113.08 | 15,582.03 |

14. Payments in Advance

| | 2009/10 | 2008/09 |
|---|----------------|----------------|
| Goods or services required to be paid in advance. | 2,568.70 | 2,672.25 |

15. Cash in Hand

| | 2009/10 | 2008/09 |
|---|----------------|----------------|
| Floats and Imprest Accounts held at facilities. | 1,400.00 | 1,400.00 |

16. Bank Position

| | 2009/10 | 2008/09 |
|--|----------------|----------------|
| Bank position at 31 st March 2010 | 61,103.26 | 24,602.67 |

17. Creditors

| | 2009/10 | 2008/09 |
|--|----------------|----------------|
| Sums due to suppliers as at 31 March 2010. | 26,002.69 | 98,000.49 |

18. Deposits

| | 2009/10 | 2008/09 |
|------------------------------------|----------------|----------------|
| Refundable deposits for hall hire. | 2,800.00 | 5,800.00 |

19. Receipts in Advance

| | 2009/10 | 2008/09 |
|---|----------------|----------------|
| Section 106 Commuted Sums and facility hire fees paid in advance. | 268,409.93 | 267,790.24 |

20. Loan Repayment

| | 2009/10 | 2008/09 |
|---|----------------|----------------|
| Principle due on PWLB loan taken out in 1990 to build Birchwood Leisure Centre. | 11,904.35 | 21,959.89 |

21. Other Expenditure within Democratic, Management and Civic Costs

| <u>2009/10</u> | | <u>2008/09</u> |
|-------------------------|--------------------|--------------------------|
| 55,087.01 | Depreciation | 45,548.51 |
| 3,300.71 | Subscriptions | 3,032.34 |
| 0.00 | Twinning | 3,744.72 |
| 1,170.00 | Mayor's Allowance | 1,140.00 |
| 1,004.85 | Civic Hospitality | 1,492.97 |
| 3,141.05 | Elections | 19,771.68 |
| 4,119.53 | Postages | 4,070.62 |
| 3,129.17 | Stationery | 7,562.10 |
| 19,108.59 | Admin & Management | 45,693.22 |
| <u>90,060.91</u> | Total | <u>132,056.16</u> |

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HATFIELD TOWN COUNCIL

Opinion on the financial statements

I have audited the accounting statements and related notes of Hatfield Town Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement of Reserves, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Hatfield Town Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Responsible Financial Officer and auditor

The Responsible Financial Officer's responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Financial Reporting Standard for Smaller Entities (Effective April 2008), are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Financial Reporting Standard for Smaller Entities (Effective April 2008).

I review whether the governance statement reflects compliance with 'Governance and Accountability for Local Councils: A Practitioners' Guide (England) 2010' published by the National Association of Local Councils (NALC) in 2010. I report if it does not comply with proper practices specified by NALC or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the content of the Annual Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Council in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Adverse opinion on the financial statements

As more fully explained in Note 7 to the financial statements, the Council currently recognises land and buildings and income attributable to the Birchwood site charity of which it is the sole trustee. In my view, the Council should not have recognised the assets and associated income as the nature of their tenancy does not meet the criteria specified for a finance lease in the Financial Reporting Standard for Smaller Entities (Effective April 2008). In my view the accounting treatment constitutes a fundamental error and prior period comparators should have been restated in accordance with the Financial Reporting Standard for Smaller Entities (Effective April 2008).

De-recognising the assets as a prior period adjustment would have the following effect on the financial statements:

- For the year ended 31 March 2010:
 - the carrying value of land would reduce by £1,664,937;
 - the carrying value of buildings would reduce by £1,265,371;
 - the capital finance account would reduce by £2,930,308; and
 - the net operating surplus for the year and net surplus for the year would reduce by £21,019 and the surplus for the year would increase by the same amount.

- For the year ended 31 March 2009 corresponding amounts:
 - the carrying value of land would reduce by £1,664,937;
 - the carrying value of buildings would reduce by £1,281,531;
 - the capital finance account would reduce by £2,946,468;
 - the net operating surplus for the year and net surplus for the year would reduce by £18,619 and the surplus for the year would increase by the same amount; and
 - the statement of total recognised gains and losses would show a deficit on revaluation of fixed assets of £15,098.

Furthermore, income in the year ended 31 March 2008 and earlier years is overstated and the balance on the Income and Expenditure Account as at 31 March 2009 and 31 March 2010 is overstated as a result of recognition within the Council's accounts of income attributable to the Birchwood site charity. I have been unable to quantify the sums involved.

In my view, the contingent liability note 7 discloses liabilities which are not liabilities of the Council as they are liabilities of the Birchwood site charity.

In view of the effect of recognition and disclosure of income, expenditure, assets, liabilities and contingent liabilities attributable to the Birchwood site charity referred to above, in my opinion the Council's accounting statements do not give a true and fair view, in accordance with relevant legal and regulatory requirements and the Financial Reporting Standard for Smaller Entities (Effective April 2008), of the financial position of the Council as at 31 March 2010 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Council's Responsibilities

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Town Council for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for other local government bodies specified by the Audit Commission and published in January 2009. I report if significant matters have come to my attention which prevent me from concluding that the Council has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Adverse Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice. In doing so, I identified the following:

- the Council has not set any strategic objectives, therefore it can not demonstrate that the medium term financial strategy will support the delivery of the Council's future intentions;
- the Council does not assess the impact of its policies and strategies on its diverse communities in compliance with the requirements of equalities legislation, mainly because a strategic direction has not been set;
- the budget monitoring information provided to Council Members is not sufficient to enable them to provide rigour to the scrutiny and management process;
- the Council prepared draft financial statements after the date specified in the Accounts and Audit Regulations 2003 (as amended) and which contained material errors;
- the risk register was not reviewed or updated during the year;
- the Council does not have a sound system of internal control in place. As explained in my opinion on the financial statements above the Council had failed to identify that the Birchwood site is subject to a charitable trust and has constructed buildings on the site in breach of trust.

For the reasons set out above, and having regard to the criteria for other local government bodies specified by the Audit Commission and published in January 2009, and the supporting guidance, I am not satisfied that, in all significant respects, Hatfield Town Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010, in that it did not:

- plan its finances effectively to deliver strategic priorities and secure sound financial health;
- have financial reporting that is timely, reliable and meets the needs of internal users, stakeholders and local people; and
- manage its risks and maintain a sound system of internal control.

Other matter

I reviewed the Annual Governance Statement prepared by Hatfield Town Council. In my opinion, the statement does not appropriately reflect my understanding of the governance framework because it does not reflect the significant issues in relation to the Birchwood Leisure Centre that led to a qualified opinion of the 2008/9 financial statements and the omission of corporate arrangements which led to the qualification of the value for money conclusion in 2008/09.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Mark Hodgson

Date: 24 September 2010

Officer of the Audit Commission, Regus House, 1010 Cambourne Business Park,
Cambourne, Cambridge, CB23 6DP

ANNEX

The budget headings used throughout the Statement of Accounts, are as follows

Democratic, Management & Civic

- General Administration & Management
- Councillor Training
- Subscriptions
- Town Twinning
- Mayors Allowance
- Civic Hospitality
- Election Expenses
- Telephone, Stationary & Postages
- Insurance
- Audit Fees
- Professional Fees
- Banking Fees

Direct Services

- Events
- Grants
- Birchwood Leisure Centre & Playing Fields
- Allotments
- Grounds Maintenance
- Building Maintenance
- High View Depot
- Lemsford Village Hall & Playing Fields
- Newgate Street Village Hall & Playing Fields
- Oxlease House Community Centre
- Roe Hill Hall & Playing Fields
- Community Parks & Open Spaces
- Howe Dell Community Centre