

ARRETON PARISH COUNCIL

INTERNAL AUDIT REPORT 2018-19

1.INTRODUCTION

All Local Councils in England are required to complete an Annual Governance and & Accountability Return (AGAR) summarising their financial records at the end of the financial year. The Annual Report of the Internal Auditor section of the AGAR needs to be completed by an Auditor who shall be independent of the Council. The Councils External Auditor needs to place reliance on the work of the Internal Auditor and provides guidance on the minimum level of testing required to provide this assurance.

2. SCOPE OF AUDIT

The audit includes for examination on a test basis of evidence relevant to the amounts and disclosures as contained in the accounts. This examination has included the following-

Appropriate accounting records have been kept
Payments were supported by invoices and all expenditure reported.
VAT had been accounted for correctly and reclaimed from HMRC
Examination of budget preparation & precept setting
Inspection of bank reconciliation.
Accounts have been prepared on the correct basis.
PAYE requirements were being met.
Compliance with Transparency Code.

3. FINDINGS

- (1) The accounting record's, bank statement's and bank reconciliation for the year ended 31st March 2019 were examined and agreed. Sampled payment invoices for were agreed to bank statement entries and to accounting records. All payments made are reported to the Council on a monthly basis.
- (2) VAT expenditure has been accounted for correctly in the accounts and is subsequently reclaimed from HMRC. A VAT refund of £652.40. was received from HMRC on the 18th February 2018.
- (4) A proper budget process was undertaken in support of the 2019-20 precept. The budget and precept for 2019-20 of £9,000 were agreed at the Council meeting on 11th February 2019.
- (5) The Annual Governance & Accountability Return requires the Internal Auditor to be satisfied that the Council has assessed the risks to not achieving its objectives. The Risk Assessment had been reviewed in the 2018-19 financial year and agreed at the Parish Council meeting on the 12th November 2018.
- (6) The accounts had been prepared on a receipts and payments basis, the threshold for having to produce income and expenditure based accounts (ie with accruals) is set at £200,000 and so well above the Councils level of turnover.

(7) Arrangements for PAYE are carried out by the Clerk, with deductions in respect of income tax and national insurance being paid by cheque to Her Majesty's Revenues and Customs (HMRC) on a quarterly basis.

(8) Smaller Authorities Audit Appointments Ltd (SAAA) have appointed PKF Littlejohn as the External Auditor for a period of five years commencing with the 2017-18 financial year.

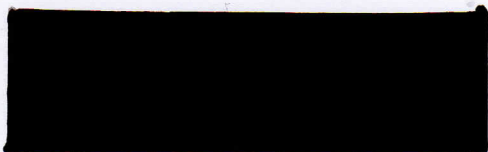
Arreton Parish Council has income & expenditure of less than £25,000 per annum and is therefore only required to submit to the External Auditor a contact detail and a Certificate of Exemption signed by the Chairman & RFO. The Annual Governance and Accountability Return (AGAR) and associated documents need to be placed on the Parish Council website by 1st July 2019.

The approval of Annual Internal Auditor Report section of AGAR needs to take place prior to the approval of the Annual Governance Statement (Section 1) and the Accounting Statements (Section 2) and the order of approval should be recorded in the minutes. These approvals in respect of the AGAR for the 2017-18 financial year were carried out in the correct order and this was clearly detailed in the minutes of the Parish Council meeting on 11th June 2018.

(9) The Transparency Code for Smaller Authorities requires the publication of certain information on a website. On examination of information contained on its website I am of the opinion that the Parish Council is complying with the requirements of the code. Following the approval of the AGAR the following documents need to be detailed on the website -

1. Certificate of Exemption.
2. Annual Report of the Internal Auditor section of AGAR.
3. Section 1 of AGAR – Annual Governance Statement.
4. Section 2 of AGAR – Accounting Statements.
5. Analysis of significant variances.
6. Year end bank reconciliation.
7. Notice of the period for the exercise of public rights.

Having regard to the above I am of the opinion that I have adequate assurance to complete and sign the Annual Internal Audit Report section of the AGAR.



GARETH HUGHES BA (Hon) CPFA

2ND MAY 2019