

ARRETON PARISH COUNCIL

INTERNAL AUDIT REPORT 2019-20

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 2020 were examined and agreed. Sampled payment invoices were requested and sent electronically and 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 £670.94. was received from HMRC on the 20th February 2020.
- (4) A proper budget process was undertaken in support of the 2020-21 precept. The budget and the precept for 2020-21 of £10,400 were approved at the Council meeting on 10th February 2020.
- (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. At the Council meeting on 9th September it was agreed that the Risk Assessment for the year would be undertaken by the Chairman and Parish Clerk, a revised document being subsequently approved by the Council at its meeting on the 14th October 2019.
- (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) 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 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 2018-19 financial year were carried out in the correct order and this was clearly detailed in the minutes of the Parish Council meeting on 13th May 2019.

Having regard to the Covid-19 outbreak legislation has been introduced to put back the deadline for submission of the 2019-20 AGAR by two months until the end of August, local councils are however encouraged to make an earlier submission where possible to ease pressure on the External Auditor as the new submission date approaches. At its meeting on 23rd March 2020 the Council made amendments to its Standing Orders and Financial Regulations to provide for the effects of Covid-19 on its administration.

- (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. 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.