

# **ARRETON PARISH COUNCIL**

## **INTERNAL AUDIT REPORT 2021-22**

### **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 31<sup>st</sup> March 2022 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 sum of £291 was due from HMRC as at 31<sup>st</sup> March 2022.
- (4) A proper budget process was undertaken in support of the 2022-23 precept. The budget and the precept for 2022-23 of £10,400 were approved at the Council meeting on 14<sup>th</sup> February 2022. This was the same sum as precepted for 2021-22.
- (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 was last reviewed and agreed and signed at the Parish Council meeting held on 9<sup>th</sup> November 2020. It is recommended that a review is undertaken in the 2022-23 financial year.
- (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 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.
- (9) A review of the Asset Register and insurance valuations were undertaken in the year.
- (10) 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.**

**GARETH HUGHES BA (Hon) CPFA**

**14<sup>TH</sup> MAY 2022**