

ARRETON PARISH COUNCIL

INTERNAL AUDIT REPORT 2017-18

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 2018 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 £739.45. was received from HMRC on the 9th March 2018.
- (4) A proper budget process was undertaken in support of the 2018-19 precept commencing with consideration of the budget at the Council meeting on 14th December. The budget and precept for 2018-19 of £9,000 were agreed at the Council meeting on 12th February 2018.
- (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 2017-18 financial year and agreed at the Parish Council meeting on the 9th October 2017.
- (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) The External Auditor Conclusion Of Audit for the 2016-17 financial year was reported to the Council meeting on 9th October 2017 and there were two matters arising from the audit. 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. The information to be supplied to the External Auditor remains basically unchanged but there are changes in the process of audit as follows –
- (i) 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, containing information as previously contained in the Annual Return) and associated documents need to be placed on the Parish Council website by 2nd July 2018.
 - (ii) 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.
- (9) The Transparency Code for Smaller Authorities requires the publication of certain information on a website. The definition of Smaller Authority is one with turnover not exceeding £25,000 and so the code is applicable to the Parish Council. 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.

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

22ND MAY 2018