

Annual Internal Audit Report 2019/20

Abberley Parish Council
ENTER NAME OF AUTHORITY

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2020.

The internal audit for 2019/20 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			✓
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2018/19 AGAR tick "not covered")	✓		
L. The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.	✓		
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

20/04/2020

Name of person who carried out the internal audit

KEVIN ALTTIN

Signature of person who carried out the internal audit

[Signature]

Date

21/04/2020

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Charlbury House
Menithwood
Worcester
WR6 6UN

20 April 2019

To the Councillors of the Abberley Parish Council

Dear Councillors,

INTERNAL AUDIT OF THE ABBERLEY PARISH COUNCIL

Engagement Letter – Internal Auditor

Thank you for appointing me as the Internal Auditor for Abberley Parish Council. I understand the role and responsibilities of being an Internal Auditor, as I have been the Internal Auditor for Pensax Parish Council for four years and for Abberley for the last three years. I realise I am required to produce a report covering the audit of the 2019/20 Annual Accounts and completion of the 2019/20 Annual Return for the Parish Council.

Certificate of Exemption AGAR 2019/20 Part 2

The Clerk to the Parish Council has obtained a "Certificate of Exemption" for the 2019/20 AGAR. As a consequence, the Parish Council is no longer subjected to an External Audit investigation. This action has saved the Parish Council £200 per annum and speeded up the year-end accounting and publication processes.

Declaration of Interest

I should declare I know Trevor Nott, who is a Councillor on Abberley Parish Council, we sing in Abberley Church choir together and are both members of the Abberley Parochial Church Council and Abberley Churches Restoration Fund Committee Abberley Churches Restoration Committee. I also know Catherine Knight, who is the Chairman of the Abberley Parish Council, we are both members of the Abberley Churches Restoration Fund Committee.

I can confirm I will operate in an independent manner.

Internal Audit of the Annual Accounts for 2019/20

The Clerk to the Parish Council has provided me with all the accounting records and working papers, which support the production of the Annual Accounts and Annual Return. The working papers were of a high standard and correct.

I have examined and checked the following working papers:

- Receipts, Payments, Invoices and Vouchers
- HSBC Bank Statements and Cheque book up to 1 October 2019
- Lloyds Bank Statements and online banking payments
- Bank Reconciliation Statements
- Asset Register
- Risk Assessment and Risk Register
- VAT Records and the arrangements for reclaiming VAT
- Summary of Receipts and Payments

The Parish Council does not have any "Petty Cash Payments", because they do not operate a "Petty Cash" system. Therefore, there is nothing to audit for this payment category.

I have been impressed with the significant work the Clerk to the Parish Council has undertaken in producing the Accounts and Annual Return, in order to meet the accounting requirement for the Parish Council. The Clerk is an employee of the Abberley Parish Council and you will be aware the Parish Council is responsible for ensuring the appropriate income tax and national insurance has been deducted and paid to HMRC.

The Annual Accounts have been prepared on a "Receipts and Payments" basis and therefore no accrual or prepayments are not required. As a consequence, some receipts and payments that relate to the year ended 31 March 2019 financial year will be included in the Annual Accounts for next year.

The Parish Council spent £17,621 in 2019/20 which was more than the receipts received which amounted to £14,325. Although it appears a deficit of £3,296 has been made, I should emphasise the Parish Council spent £5,418 on Neighbourhood Development Planning work in 2019/20, which was funded from the Neighbourhood Development Planning balance of £5,779 carried forward from the 2018/19 financial year into the 2019/20 financial year.

You will be aware the Parish Council has a health financial reserve of £21,865 as at 31 March 2020. However, the following specific reserves have been established amounting to £11,061 as at 31 March 2020 :

- £9,500 for the repairs/maintenance of the Village Hall Car Park.
- £1,200 for the repairs/maintenance of the Village Green Footpath.
- £361 for the Neighbourhood Development Plan.

Internal Audit of the Annual Report for 2019/20

The Clerk has provided me with the working papers to support the completion of Annual Return for 2019/20, which included an explanation of the main inter year variations in excess of 10%. The figures were correct. Section 2 – Accounting Statements for 2019/20” will be signed by the Clerk to the Parish Council and the Chairman of the Abberley Parish Council to authorise/certify the Annual Accounts and Annual Return.

My Internal Audit Report is being presented to the Parish Council for approval at the Council meeting on Wednesday 22 April 2020, including the 2019/20 Annual Accounts and Annual Return for approval.

Scope of Internal Audit and Reporting Requirements

I have signed “Section 4 of the Annual Report”, which requires me to certify compliance with the guidance contained in the “Local Councils for England – Annual Return”. This letter meets the requirement for the Internal Auditor to produce a written report.

Annual Accounts and Annual Return 2019/20

The Clerk and I thought it would be good financial practice to include the two financial statements as appendices to my Internal Audit Report, which gives Councillors a clear understanding of where the figures have come in the Annual Accounts and how they are presented in the Annual Return.

If you need any further assistance on Internal Audit aspects during the next financial year please do not hesitate to contact me on 01584 881444.

Yours sincerely

Kevin Gittins ACMA, CPFA

Attachment Appendix 1 - Annual Accounts for 2019/20 - Receipts and Payment

Attachment Appendix 2 - Annual Return for 2019/20

ANNUAL ACCOUNTS FOR 2019/20 - RECEIPTS AND PAYMENTS

OPENING ACCOUNT BALANCE AT 1 APRIL 2018

	£	£
Main Current Account	4,316.03	
Deposit Account	11,127.56	
Car Park and Village Green Footpath Account	10,019.29	
		25,462.88
Less Unpresented Cheques		- 301.80
Opening Balance as at 1 April 2018		<u>25,161.08</u>

RECEIPTS DURING 2019/20 (£14,324.91)

	£	£
Precept	9,660.00	
Grant - Neighbourhood Planning Programme	-	
Lengthsman's Scheme	2,322.00	
Shindig Event	1,375.00	
APC Contribution Removed/Internal Transfers	700.00	
HMRC VAT Reclaimed	142.18	
Interest on Accounts/Compensation Payment	125.73	
		<u>14,324.91</u>

PAYMENTS DURING 2018/19 (£17,621.08)

	£	£
Clerk to the Parish Council	5,717.53	
(Salary, Expenses, Office Equipment, Laptop, Software and Printer etc.)	560.61	
Establishment Charges	114.00	
Lengthsman's Scheme	2,370.00	
Car Park and Foot Path Reserve	700.00	
Subscriptions	426.77	
Insurance Policy with BHIB	336.97	
(Legal Expenses, Employer's Liability, Official Indemnity, Public and Products Liability etc)		
Website / IT Related Related Payments	518.90	
VAT	81.15	
Other Payments	305.80	
Shindig Event	1,071.33	
Grants to:		
Abberley Parochial Church Council	-	
Abberley Village Green Trust	-	
Neighbourhood Planning Consultancy Fees and Expenses	5,418.02	
		<u>17,621.08</u>

CLOSING ACCOUNT BALANCE AT 31 MARCH 2019

	£	£
Lloyds Bank Main Account	10,803.95	
Neighbourhood Development Planning Reserve	360.96	
Village Hall Car Park Reserve	9,500.00	
Village Green Foot Path Reserve	1,200.00	
		21,864.91
Less Unpresented Cheques		
Closing Balance as at 31 March 2020		<u>21,864.91</u>
Increase in Investments/Cash Balances		<u>- 3,296.17</u>

Prepared By:

Kevin Gittins
Date 20 April 2020