

FRESHWATER PARISH COUNCIL

INTERNAL AUDIT REPORT 2020-21

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. The audit has included the following-

- Matching of financial statements to invoices and receipts
- Examination of budget preparation & precept setting
- Inspection of bank statements
- Matching of cheques to payment records.
- Examination of Risk Assessment.
- Review of External Audit requirements.
- Compliance with Transparency Code

3. FINDINGS

- (1) Payroll deductions were examined and payments had been made over to HMRC on a quarterly basis.
- (2) The accounting records, bank statements and bank reconciliation for each month have been inspected and can be confirmed as correct. The monthly reconciliation of the bank account is considered good practice. Payments are made by cheque, online payment or debit card and are reported in full each month to the Council. A small number of minor accounting adjustments were being made by the Finance Officer to correct small errors from previous years, these are not of a material nature and mainly presentational.
- (3) A sample of invoices were examined and compared to financial records to ensure completeness and the correct accounting for VAT, which is recoverable from HMRC. All payments of VAT examined were supported by a VAT invoice.
- (4) A budget process had been undertaken in respect of the 2021-22 financial year, the budget and the annual precept on the IW Council were agreed at the council meeting held on the 2nd February 2020, but the amount of precept was not detailed in the minutes of that meeting. It is recommended that the amount of the annual precept is detailed in future minutes.

- (5) The Annual Report of the Internal Auditor section of the Annual Governance & Accountability Return requires the Internal Auditor to be satisfied that the Council considers the risks to not achieving its objectives. The Risk Assessment was reviewed in the year and approved at the 4th February 2020 meeting.
- (6) Expected income had been fully received and documented. The Isle of Wight Council's policy is to pay the precept in full in April and the 2020-21 precept of £270,502 was received in April 2020..Having regard to the amount of precept level and it being received in full in April, it had been previously agreed to invest associated temporary cash surpluses with Barclays over fixed term investment periods. At 31st March 2020 £303,251.39 was held in saving investment accounts with Barclays.
- (7) The approval of the Report of the Internal Auditor section of AGAR needs to take place prior to the approval of the Annual Governance Statement (Section 1) and the Accounting Statements (Section 2). These Statements were approved in the correct order at the meeting held on
- (8) The Local Government Transparency Code requires Town and Parish to Publish certain information on its web site. On examination of the website I am of the opinion that the Council is complying with the requirements of the code. The following documents are required to be placed on the website by 1st July 2021 -
1. Annual Report of the Internal Auditor section of AGAR.
 2. Section 1 of AGAR – Annual Governance Statement.
 3. Section 2 of AGAR – Accounting Statements.
 4. Section 3 of AGAR – External Audit Report and Certificate.
 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 Report of the Internal Auditor section of the Annual Governance & Accountability Return.

GARETH HUGHES
BA (Hon) CPFA

28TH MAY 2021