I am pleased to report to Members of the Parish Council that I have completed my internal audit of the Parish Council’s records for 2019-20 and have been able to complete the Annual Internal Audit Report for the 2019-20 Annual Governance and Accountability Return.

Members should be aware that the audit tests that I undertook during the audit cannot be relied on to identify the occasional omission or insignificant error, nor to disclose breaches of trust or statute, neglect or fraud which may have taken place and which it is the responsibility of the Members of the Council to guard against through the Parish Council’s internal control procedures.

Members will be pleased to know that I did not find anything major in my financial audit to report and that I found the record keeping to be of a good standard and the Parish Council’s approach to the management of risks to be sound. As a result of my audit and my discussions with your RFO I was able to answer ‘YES’ to all the relevant questions contained in the Annual Internal Audit Report.

I would like to take this opportunity to thank your RFO for the assistance given to me in the conduct of the audit that took place on 13 May 2020.

**PREVIOUS AUDITS:**

**External Audit Certificate 2018-19:**

Last year I reminded the Council that it has a legal obligation to consider the auditor’s reports as soon as reasonably practicable (see regulation 20 Accounts and Audit Regulations 2015 (SI 234 2015)). The external auditor’s report for 2018-19, which contained a qualification about restatement of the VAT debtor, was reported to the Council meetings of 17 September and 18 October 2019 as containing a “small technical correction”. The minutes do not show anything more about the auditor’s report. This leads to a problem for 2018-19 in that the auditor’s report must be **considered** and this requires a decision which should be recorded.

**Internal Audit 2018-19:**

I discussed the VAT debtor issue with the RFO during my visit. We agreed a format that excludes the amount of unrecovered VAT from appearing in the end of year reconciliation and from the AGAR Accounting Statement

**FINDINGS THIS VISIT:**

During the visit I carried out sufficient work to enable me to complete the Annual Internal Audit Report which included reading the minutes, checking the accounting records including the cashbook, payroll, VAT records, bank statements and bank reconciliations with the cashbook. I also briefly reviewed the asset register, insurance schedule and Standing Orders/Financial Regulations.

Minutes from the meeting of 18 June 2019 refer to the adoption of the AGAR. Separate Council resolutions are required for the Accounting Statement and for the Governance Statement because the Accounts & Audit Regulations 2015 specify how the process is to be carried out. The Governance Statement must be adopted before the Accounting Statement and moreover must be signed by the chair immediately after the Council has adopted it. Similarly, the Accounting Statement must also be signed immediately after its adoption.

The Council reviewed its Financial Regulations in May 2019. I have noted that the current set still refer to the Audit Commission Act 1998 although the current audit legislation is the Local Audit & Accountability Act 2014 and the current regulations date from 2015 (see above).

In adopting its budget for 2020-21 at the Council meeting on 21 January 2020 the Council resolved a 2.95% increase in the precept. The Council should note that the precept is a demand for a sum of money and must be stated as an amount payable by the billing authority (per s41(2) Local Government Finance Act 1992). In preparing its budget the Council should also ensure it complies with s49A of the same Act.

I have nothing further to report. **Lionel Robbins**

 **Independent Internal Auditor**

**25 May 2020**