East Dean & Friston
Parish Council

Date: **28 May 2020**

Title: **Report Item 11 – Annual Audit and Return 2020**

By: **K Larkin (Parish Clerk/RFO)**

Purpose: **To report on the Annual Audit and Return 2020**

Recommendations:

a) **To formally approve the Final Accounts 2019/20 which were considered at the informal meeting held on 2nd April 2020**
b) **To confirm the effectiveness of the council's Internal Audit regime between 1 April 2019 and 31 March 2020**
c) **To consider and approve the Annual Governance Statements 2020**
d) **To consider and approve the Annual Accounting Statements 2020, with supporting end of year bank reconciliation and Explanation of Variances**
e) **To approve the suggested period from Monday 15 June to Friday 24 July 2020 for the exercise of electors' rights in relation to the Unaudited Annual Return**

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1. The parish council's draft Final Accounts for 2019/20 have previously been circulated and noted by the council at its informal meeting on 02 April 2020.

2. In May 2019 the council re-appointed Peter J Consultants to serve as their Internal Auditors for a further year, 2019/20. The auditor's annual inspection for 2019/20 took place remotely and on a reduced basis due to the Covid-19 emergency which made it impossible for the auditor to visit in person. Normally the auditor runs through a list of 70 checks. This year, he issued a list of 10 essential checks on which evidence was submitted to him electronically, and he has referred to previous years for other items. The list of essential checks is shown in Appendix A. The council is invited to confirm the effectiveness of this regime in the exceptional circumstances of 2020.

3. The internal auditor was satisfied with the council's governance and accounting, and a copy of his report is in Appendix B. No issues were raised.

4. The council's External Auditors, appointed by the SAAA Ltd, are PKF Littlejohn LLP. Their report for the year 2018/19 stated that no matters had come to their attention giving cause for concern that relevant legislative and regulatory requirements had not been met.

5. The External Auditor requires the parish council to submit the following information to them for the 2019/20 audit, no later than Friday 31 July 2020:

- Annual Governance and Accountability Return 2019/20 Part 3
- Confirmation of the dates the parish council will set for the exercise of public rights in relation to the annual audit (Monday 15 June to Friday 24 July 2020)
- Bank Reconciliation for the end of the financial year 2019/20
- Explanation of Variances between the headline accounting figures for 2018/19 and those for 2019/20
- Internal Auditor's report 2019/20

6. A copy of the draft AGAR Return 2019/20 Part 3 is attached (Appendix C). There are two sections the parish council has to complete. In the Annual Governance Statement (Section 1) the council is able to make all the affirmations required to ensure it has sound systems of internal control. In the Annual Accounting statement (Section 2), the council can similarly certify that the accounts have been properly prepared and are supported by the end of year bank reconciliation (Appendix D) and the Explanation of Variances (sent separately). The External Auditor requires actual signatures on the Return, not digital signatures.

7. A copy of the fixed asset register as at 31 March 2020 is also attached (Appendix E), though the External Auditor does not require to see it.

8. The electorate must be informed of a single period of 30 working days during which public rights may be exercised in relation to the Annual Return. The External Auditor has suggested appropriate dates, which the parish council will be ready to implement. A notice to that effect, with a statement of the public's rights, forms the final attachment to this report (Appendix F), and can be posted before Monday 15 June. There is, however, a potential practical hitch: members of the public are normally able to inspect the records in person at the council office, on application to the clerk, but such visits will not be permissible during the lockdown. It is suggested that anyone wishing to inspect a particular record should contact the clerk and request that the evidence be supplied remotely. The council will be required to supply evidence that the notice was also posted on the council website.

NOTE: The Appendices to this report are not attached on the website copy as the package of Council Reports for May 2020 would then exceed the size limit for the website. Members of the public are welcome to have the full report which can be obtained by contacting the clerk: email clerk@edfparishcouncil.org.uk; or phone 01323 811870.

Apologies for any inconvenience caused.

APPENDIX A

Internal Audit 31/03/2020 – please email:

1. A copy of the AGAR page 5 Accounting Statement - (this can be done before being signed-off by Council)

2. A copy of the AGAR page 3 (Internal Audit Report) – I will return this to Council once completed

3. AGAR page 3 – it is anticipated that Box L will appear again this year. I need to confirm that last year's Public Rights Notice was displayed on a Website. Kindly provide a link for me to check

4. A copy of the AGAR External Auditors' Report page re 31/03/2019 – please provide comments on any matters raised by the External Auditors

5. A copy of the Cash Book Totals re Receipts/Payments or Income/Expenditure

6. AGAR page 5: where there is a difference between Boxes 7 & 8, please provide details

7. A list of Bank Balances and Investments that make up the AGAR Box 8 – to include outstanding items as at the year end

8. Copies of Bank Statements and Investment Reports - only as at 31/03/2020

9. A copy of the Asset Register Totals – only if the figures have changed since 31/03/2019

10. A copy of any PWLB statements – to agree with the AGAR Box 10

APPENDIX B

EAST DEAN & FRISTON PARISH COUNCIL
Internal Audit & Annual Review – 31/03/2020

In accordance with my Internal Audit Plan, Controls and Procedures have been tested, with Fraud and Risk Issues reviewed - these are well managed, as set out in the Governance and Accountability for Local Councils Practitioners' Guide 2019 and meet the needs of the Council. I would only comment by exception. I confirm that I do not have any role within the Council. I will carry out my duties without bias and follow the Public Sector Internal Audit Standards 2012 - to enable the Council to comply with these Standards and the Accounts & Audit Regulations 2015.

There are not any matters to raise – well done.

Peter Frost

Peter J Consultants

18/05/2020