

# Annual Governance and Accountability Return 2018/19 Part 3

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## To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities\*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but:
  - are unable to certify themselves as exempt (fee payable); or
  - have requested a limited assurance review (fee payable)

## Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2018/19

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Part 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with Proper Practices.
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
  - The **annual internal audit report** is completed by the authority's internal auditor.
  - **Sections 1 and 2** are to be completed and approved by the authority.
  - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published **before 1 July 2019**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both):
  - the Annual Governance and Accountability Return Sections 1 and 2, together with
  - a bank reconciliation as at 31 March 2019
  - an explanation of any significant year on year variances in the accounting statements
  - notification of the commencement date of the period for the exercise of public rights
  - Annual Internal Audit Report 2018/19

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the review and is able to give an opinion on the limited assurance review, the Annual Governance and Accountability **Section 1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

## Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on a publicly accessible website:

Before 1 July 2019 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2018/19**, approved and signed, page 4
- **Section 2 - Accounting Statements 2018/19**, approved and signed, page 5

Not later than 30 September 2019 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 & 2 of AGAR** including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

*\*for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.*

## Guidance notes on completing Part 3 of the Annual Governance and Accountability Return 2018/19

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this Annual Governance and Accountability Return. *Proper Practices* are found in the *Practitioners' Guide\** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the Annual Governance and Accountability Return is complete (i.e. no empty highlighted boxes), and is properly signed and dated. Where amendments are made by the authority to the AGAR after it has been approved by the authority and before it has been reviewed by the external auditor, the Chairman and RFO should initial the amendments and if necessary republish the amended AGAR and recommence the period for the exercise of public rights. If the Annual Governance and Accountability Return contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the annual internal audit report if possible prior to approving the annual governance statement and before approving the accounts.
- Use the checklist provided below to review the Annual Governance and Accountability Return for completeness before returning it to the external auditor by email or post (not both).
- Do not send the external auditor any information not specifically requested. However, **you must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the Annual Governance and Accountability Return covers **all** the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide\**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2018) equals the balance brought forward in the current year (Box 1 of 2019).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the period for the exercise of public rights. From the commencement date for a single period of 30 consecutive working days, the approved accounts and accounting records can be inspected. Whatever period the RFO sets it **must** include a common inspection period – during which the accounts and accounting records of all smaller authorities must be available for public inspection – of the first ten working days of July.
- The authority **must** publish the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2019**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?	✓	
	Has all additional information requested, including <b>the dates set for the period for the exercise of public rights</b> , been provided for the external auditor?	✓	
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?	✓	
Section 1	For any statement to which the response is 'no', is an explanation provided?	✓	
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?	✓	
	Has an explanation of significant variations from last year to this year been provided?	✓	
	Has the bank reconciliation as at <b>31 March 2019</b> been reconciled to Box 8?	✓	
	Has an explanation of any difference between Box 7 and Box 8 been provided?	✓	
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? <b>NB: do not send trust accounting statements unless requested.</b>	✓	

\**Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices*, can be downloaded from [www.nalc.gov.uk](http://www.nalc.gov.uk) or from [www.ada.org.uk](http://www.ada.org.uk)

# Annual Internal Audit Report 2018/19

## FREMINGTON PARISH COUNCIL

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 2019.

The internal audit for 2018/19 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Asset and investments registers were complete and accurate and properly maintained.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K. IF the authority certified itself as exempt from a limited assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt. ("Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.	<input type="checkbox"/>	<input type="checkbox"/>	Not applicable <input checked="" type="checkbox"/>
<b>M. (For local councils only)</b> Trust funds (including charitable) – The council met its responsibilities as a trustee.	<input type="checkbox"/>	<input type="checkbox"/>	Not applicable <input checked="" type="checkbox"/>

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

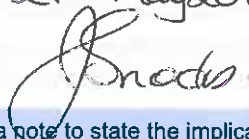
Date(s) internal audit undertaken

23rd April – 21st May 2019

Name of person who carried out the internal audit

KJ Snooks

Signature of person who carried out the internal audit



Date

21/05/2019

\*If the response is 'no' you must include a note to 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).



## Section 1 – Annual Governance Statement 2018/19

We acknowledge as the members of:

### FREMINGTON PARISH COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2019, that:

	Agreed		Yes* means that this authority,	
	Yes	No*		
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>	
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>	
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>	
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>	
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>	
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>	
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		<i>responded to matters brought to its attention by internal and external audit.</i>	
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>	
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A	<i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>
			✓	

\*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets should be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

03/06/2019

and recorded as minute reference:

190611a

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

Clerk

#### Other information required by the Transparency Codes (not part of Annual Governance Statement)

Authority web address

[www.fremingtonparishcouncil.gov.uk](http://www.fremingtonparishcouncil.gov.uk)

## Section 2 – Accounting Statements 2018/19 for

### FREMINGTON PARISH COUNCIL

RESTATE

	Year ending		Notes and guidance
	31 March 2018 £	31 March 2019 £	
1. Balances brought forward	271,352	281,245	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	130,967	152,969	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	110,965	243,362	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	93,308	100,508	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	4,283	10,496	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	134,449	134,203	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	281,245	432,369	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	290,099	433,178	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>
9. Total fixed assets plus long term investments and assets	1,045,568	980,259	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	2,059	143,221	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.
		✓	N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2019 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval



Date 21/05/2019

I confirm that these Accounting Statements were approved by this authority on this date:

03/06/2019

as recorded in minute reference:

190611b

Signed by Chairman of the meeting where the Accounting Statements were approved



## Section 3 – External Auditor Report and Certificate 2018/19

In respect of

FREMINGTON PARISH COUNCIL

### 1 Respective responsibilities of the body and the auditor

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2019; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

Our responsibility is to review Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with guidance issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (see note below). Our work **does not** constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and **does not** provide the same level of assurance that such an audit would do.

### 2 External auditor report 2018/19

(Except for the matters reported below)\* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (\*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the authority:

(continue on a separate sheet if required)

### 3 External auditor certificate 2018/19

We certify/do not certify\* that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2019.

\*We do not certify completion because:

External Auditor Name

External Auditor Signature

Date

\*Note: the NAO issued guidance applicable to external auditors' work on limited assurance reviews in Auditor Guidance Note AGN/02. The AGN is available from the NAO website ([www.nao.org.uk](http://www.nao.org.uk))

## Fremington Parish Council IE FIX 2

<b>Bank Reconciliation at 31/03/2019</b>		
Cash in Hand 01/04/2018		290,098.71
<b>ADD</b>		
Receipts 01/04/2018 - 31/03/2019		409,259.27
		699,357.98
<b>SUBTRACT</b>		
Payments 01/04/2018 - 31/03/2019		266,179.64
<b>A Cash in Hand 31/03/2019</b> (per Cash Book)		<b>433,178.34</b>
Cash in hand per Bank Statements		
Cash	31/03/2019	0.00
Co-operative 6521808600	31/03/2019	180,245.27
Co-operative Salaries 6536851200	31/03/2019	1.71
Petty Cash	31/03/2019	47.70
Co-operative Bank 6521818653	31/03/2019	0.00
Co-operative Bank 6521808650	31/03/2019	0.00
Lloyds 27635760	31/03/2019	10,176.52
Lloyds 3 Month Fixed Deposit	31/03/2019	0.00
Lloyds Instant Access 27636568	31/03/2019	248,566.54
Lloyds 6 Month Fixed Deposit	31/03/2019	0.00
		<b>439,037.74</b>
Less unrepresented cheques As attached		5,859.40
		433,178.34
Plus unrepresented receipts As attached		0.00
<b>B Adjusted Bank Balance</b>		<b>433,178.34</b>
<b>A = B Checks out OK</b>		

## CONFIRMATION OF THE DATES OF THE PERIOD FOR THE EXERCISE OF PUBLIC RIGHTS

Name of smaller authority: **FREMINGTON PARISH COUNCIL**

County Area (local councils and parish meetings only): **NORTH DEVON**

**On behalf of the smaller authority, I confirm that the dates set for the period for the exercise of public rights are as follows:**

Commencing on MONDAY 10<sup>th</sup> JUNE 2019

and ending on FRIDAY, 19<sup>th</sup> JULY 2019

(Please enter the dates set by the smaller authority as appropriate which must be 30 working days (i.e. Monday – Friday only, and not Bank Holidays) inclusive and must include the first 10 working days of July 2019 (i.e. Monday 1 July – Friday 12 July).

We have suggested the following dates: Monday 17 June – Friday 26 July 2019. The latest possible dates that comply with the statutory requirements are Monday 1 July – Friday 9 August 2019.)

Signed: \_\_\_\_\_



**Role:** Parish Clerk and RFO

**This form is only for use by smaller authorities subject to a review:**

Please submit this form to PKF Littlejohn LLP with the AGAR Part 3 and other requested documentation – this form is not for publication on your website.



### Explanation of variances – pro forma

Name of smaller authority: [REDACTED]  
County area (local councils and County area): [REDACTED]

Insert figures from Section 2 of the AGAR in all blue highlighted boxes

Next, please provide full explanations, including numerical values, for the following that will be flagged in the green boxes where relevant:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- a breakdown of approved reserves on the next tab if the total reserves (Box 7) figure is more than twice the annual precept/rates & levies value (Box 2).

	2017/18 £	2018/19 £	Variance £	Variance %	Explanation Required?	Explanation from smaller authority (must include narrative and supporting figures)
1 Balances Brought Forward	[REDACTED]	[REDACTED]				
2 Precept or Rates and Levies	[REDACTED]	[REDACTED]	22,002	16.80%	YES	<ul style="list-style-type: none"> <li>• A reduction in the Council Tax Support Grant, reduced by £1,387</li> <li>• An increase in staff costs due to maternity cover being needed.</li> <li>• 2019 Parish Elections. Over £5,000 had been spent in the last year on casual vacancies, co-options and by-elections which had almost depleted the election reserve.</li> <li>• Loan Repayments on a public works Loan for the replacement of The Beechfield Centre.</li> <li>• An increase in the grants budget of £1,000</li> <li>• Threatened by the removal of the Parish Grant by North Devon Council</li> <li>• Building of the Beechfield Centre building - £6,000 was put into the precept</li> </ul>
3 Total Other Receipts	[REDACTED]	[REDACTED]	132,397	119.31%	YES	A loan was obtained from the Public Works Loan Board for £150,000 for the replacement of The Beechfield Centre
4 Staff Costs	[REDACTED]	[REDACTED]	7,200	7.72%	NO	
5 Loan Interest/Capital Repayment	[REDACTED]	[REDACTED]	6,213	145.06%	YES	Repayments of Public Works Loan - £10,496
6 All Other Payments	[REDACTED]	[REDACTED]	-246	0.18%	NO	
7 Balances Carried Forward	281,245	432,369				
8 Total Cash and Short Term Investments	[REDACTED]	[REDACTED]			YES	EXPLANATION REQUIRED ON RESERVES TAB AS TO WHY CARRY FORWARD RESERVES ARE GREATER THAN TWICE INCOME FROM LOCAL TAXATION/LEVIES
9 Total Fixed Assets plus Other Long Term Investments and	[REDACTED]	[REDACTED]	-65,309	6.25%	NO	
10 Total Borrowings	[REDACTED]	[REDACTED]	141,162	6855.95%	YES	Public Works Loan Board - £150,000

Rounding errors of up to £2 are tolerable

Variances of £200 or less are tolerable

## Explanation for 'high' reserves

(Please complete the highlighted boxes.)

Box 7 is more than twice Box 2 because the authority held the following breakdown of reserves at the ye

### Earmarked reserves:

Beechfield Centre	326,414	
Fremington Quay Sinking Fund	11764	
Dog Bags	100	
Bus Shelters	6000	
Fremington Quay (Hire of Compound)	1776	
Fremington Quay (Repairs & Renewals)	2100	
Election Expenses	6392	
War Memorial	4598	
Griggs Field Pathways	2700	
Beechfield Pitch Maintenance	950	
Public Toilet	403	
Neighborhood Plan	4180	
Maple Grove Maintenance	1610	
		<hr/>
		368987
Minimum Reserve Level	50000	
General reserve	13382	<hr/>
<b>Total reserves (must agree to Box 7)</b>		<hr/> <hr/> <b>432369</b>

**Fremington Parish Council IE FIX 2  
Reconciliation between Box 7 and Box 8**

31/03/2019

This report explains the difference between the total balance in Box 7 and the cash balance in Box 8 by showing the totals for each type of adjustment, the details of which can be listed using the Adjustments report. It deducts the additional assets which have been included on the balance sheet and adds back in the liabilities to arrive at the balance for actual cash and short term investments. This only applies to Annual Returns prepared on Income and Expenditure basis

	<i>Amount</i>	<i>Amount</i>
<b>Box 7 - Balances carried forward</b>		<b>432,368.99</b>
Debtors	3,694.90	
Payments in Advance	0.00	
Stocks and Stores	0.00	
VAT Recoverable	1,350.16	
<b>TOTAL DEDUCTIONS</b>		<b>5,045.06</b>
Creditors	5,854.41	
Receipts in Advance	0.00	
Doubtful Debts	0.00	
<b>TOTAL ADDITIONS</b>		<b>5,854.41</b>
<b>Box 8 - Total cash and short term investments</b>		<b>433,178.34</b>

May 30, 2019

## **Fremington Parish Council Internal Audit Report 2018/19**

Testing was carried out using sampling where appropriate and covering a range of financial, risk and governance assessed as appropriate for a council of this size and complexity. The findings are reported below:

### ✓ **Governance and Control**

All councils of whatever size are required to annually prepare and consider:

- A general and financial risk assessment covering the council's activities.
- A statement of internal control.
- Annually review any charges for services whether or not they are increased and record this in minutes.

Councils are legally required to publish on a website information required by the Transparency Code for Smaller Authorities 2014

Councils should ensure compliance with the new rules regarding General Data Protection Regulations (GDPR) which came into effect in May 2018.

Councils should have in place and periodically review:

- Standing orders for the conduct of council meetings are required by law and should be periodically review and changed to reflect current legislation
- Financial regulations for the control of its financial administration are required by law and should be periodically reviewed for either changes in legislation or internal control procedure changes.
- Any Council moving away from 2 cheque signatories by Councillors and utilising online banking, should have procedures and controls in place to establish appropriate safeguards.

**Satisfactory. Clerk needs to ensure renewal of a monitoring contract for the sampling and disinfection of water supplies, which forms part of Risk Assessment.**

### ✓ **Precept, Budgets and Reserves**

The precept was agreed to the minute setting the precept, the principal authority tax collecting authority records. The receipt was traced and agreed to bank and cash book records. The precept was set after consideration of a budget and consideration of an appropriate level of

free reserves (the General Fund) which is generally accepted should lie between 3 and 12 months' expenditure.

**Satisfactory. No issues.**

✓ **Other Receipt or Income**

A sample of other receipts was tested to ensure that, as appropriate:

- That grants and interest were correctly recorded in the cash book and agreed to bank statement
- Chargeable services were correctly and promptly charged to the beneficiaries of those services and that arrangements were in place to pursue late payment.
- Burial and allotment income were correctly accounted for.

**Satisfactory. No issues**

✓ **Staff Cost**

Testing was carried out as appropriate to ensure that:

- Rates of pay were as approved by Council
- Additional hours worked were approved and supported by time records
- Employees are paid in accordance with contractual obligations and on the correct pay date
- Employees have a written statement of principal terms and conditions
- That PAYE and NI are operated and paid promptly
- That pension contributions are correctly recorded and passed to the pension fund in a timely manner

**Satisfactory. No issues.**

✓ **Payments including Bank and Petty Cash**

A sample of payments were tested as appropriate to confirm:

- Payments are made in accordance with financial regulations
- Payments are supported by invoice, receipt, expense claim, petty cash voucher or other appropriate documentation
- Grant payments are subject to a proof of need assessment and are required to be evidenced as spent for the approved purpose and unless having the general power of competence are made within permitted powers.
- Cheque payments are promptly cleared.
- Payments made through internet banking were appropriately authorised.

**Satisfactory. No issues.**

✓ **Insurance**

Insurance cover was reviewed as appropriate to confirm

- Adequate Fidelity Guarantee cover in place
- Range of cover in place has been reviewed at renewal and this has been recorded in the council minutes
- By sample test that assets other than land that appear on the Fixed Asset Register are insured or if not that there has been a decision not to cover them (for example because the excess is greater than the asset value insured).

**Satisfactory. No issues.**

✓ **Fixed Assets**

Tests were carried to confirm as appropriate

- Fixed asset register is up to date



- Additions have been correctly identified and a system exists for the identification of fixed assets
- That the disposal by scrapping, selling or part exchange of assets has been approved by council
- That where an insurance value has been used as the cost of an asset was unknown that the value is not increased as the insured value increases

*Satisfactory, however, amendment to bus shelters identified at the last audit has not yet been actioned.*

***Amendments were required to the accounts to resolve the treatment of Public Works Loan received in 2018/19. These amendments have been agreed with the clerk and the AGAR figures confirmed as correct.***

***Please request clarification if necessary.***

***Kind regards  
Julie***

## Contact details

Name of smaller authority: **FREMINGTON PARISH COUNCIL**

County Area (local councils and parish meetings only): **NORTH DEVON**

**Please complete this form and send it back to us with the AGAR or exemption certificate**

	<b>Clerk/RFO (Main contact)</b>	<b>Chair</b>
<b>Name</b>	Mrs Kate Graddock	Cllr Mrs Sue Kingdom
<b>Address</b>	Council Offices 12 Higher Road Fremington Devon EX31 3BG	37 Park Avenue Sticklepath Barnstaple EX31 2ES
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