Clerk to the Council: Tony Hilton

FAO:PKF Littlejohn 4 August 2020

Dear Sir

Shaw & Crompton Council – AGAR 2019/20
Please find attached the completed AGAR for 2019/20 and the supplementary working papers including:

- Accounts for 2019/20
- Bank reconciliation

The internal audit service previously used by the Parish Council have decided to no longer provide an internal audit service to small councils and voluntary organisations. The Parish Council have therefore experienced difficulties in replacing the internal audit arrangements during the current pandemic. However, in order to ensure the accounts were returned within the deadlines the Parish Council decided at its meeting on the 28th July 2020 to approve the AGAR and accounts for 2019/20 subject to the internal audit service being completed prior to the completion of the external audit of the accounts.

We are currently seeking to either appoint an internal auditor who will be employed by the Parish Council to undertake internal audit requirements or to let a contract with a new service provider.

I have outlined below a number of items to support the variances and changes which have been undertaken to the accounting principles in relation to the preparation of the accounts for 2019/20.

Accounting Principle
The Parish Council have from 2019/20 adopted an income and expenditure accounting basis to ensure that all expenditure spent for the financial year is accounted for and attributed to the precept levied for that financial year.
The major change as a result of the move to income and expenditure relates to :

a) The treatment of VAT recovered.
   The previous year's VAT claim of £7,183 has been removed from line 2 "other receipts" and has been shown within the balance brought forward as this item would not normally flow through the income and expenditure accounts and should be treated as a personal account as a debtor until claimed. The VAT to be recovered for 2019/20 of £9,666 has been shown as a debtor in the balance sheet.

b) The accounting for expenditure paid in 2020/21 relating to 2019/20 of £1,275 which has now been brought into the accounts with a creditor for the same value .

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Variances

Line 1	Prior year adjustment – change to opening balance from previous year	Balance brought forward amended by £7,183 from the closing balance as a prior year adjustment to reflect the change in principle in relation to accounting for VAT recovered. The £7,183 is the VAT received in relation to 2018/19 VAT
Line 3	Other receipts	Other receipts has reduced by £11,825. The reduction relates to the change in the treatment of VAT recovered which is now shown in the balance sheet as a debtor and the reduction in Council Tax Support Grant received from the local authority
Line 6	All other payments	Payments have increased due to a number of security improvements to the Parish offices such as CCTV and Intruder alarm system funded from a contribution from earmarked reserves
Line 8	Cash and Short- term investments	The amount of £163,758 represents current assets less current liabilities. This being the bank balance of £155,295 plus debtors of £9,666 less creditors of £1,275.

Tony Hilton
Clerk/RFO to the Council