

Shavington-cum-Gresty Parish Council  
Accounts 2019-2020

Appendix to the Annual Governance and Accountability Return 2019/20 Part 3

Explanation for the Council's failure to comply with Paragraphs 1, 2, 4, 6 and 7 of  
Section 1 of the Annual Governance Statement.

Para No.	Requirement	Reason for Non-compliance
1	To put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	There were insufficient financial statements submitted to the Council during the year, nor regular budget-monitoring statements.  These should be at least quarterly, but best practice requires monthly statements.
2	Maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	The insufficiency of regular financial statements, as noted in paragraph 1, contributed to an inadequate system of internal control.
4	Provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	The Council did not comply with Regulation 15 of the Accounts and Audit Regulations 2015 as it failed to make proper provision for the exercise of public rights in Summer 2019 for the 2018/19 accounts, as the accounts (the AGAR) were approved after the start date of the period for the exercise of public rights.  This was an issue raised by the Internal Auditor.
6	Maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	The explanation given in paragraphs 1 and 2 above apply.
7	Took appropriate action on all matters raised in reports from the internal and external audit.	There are a number of outstanding issues raised by the <b>Internal Auditor</b> (see his separate report for details), for example:  <u>Recurring recommendation:</u> The Council to ensure that Members are not given authority to take action on behalf of the Council. This is contrary to S.101 of the Local Government Act 1972.  <u>Income systems for the Village Hall</u> could not be tested. The Council will need to re-establish effective internal controls over hall hire, as a matter of urgency, to ensure that all hall hire documentation is retained and made available for internal audit.  The <u>fixed asset register</u> should equate to the previous year's figure from the AGAR, plus the one addition in the year. The register therefore needs to be amended.  This was amended, and there is a separate Clerk's report for the External Auditor following an investigation into the fixed assets register.  The <u>VAT incurred during 2018/2019</u> has not been reclaimed and is a recurring issue. This relates to incurred VAT in excess of the threshold of £7,500 in respect of the major refurbishment work at the Village Hall.

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		<b><u>External Auditor</u></b>  The issue raised by the External Auditor was the failure to provide for the exercise of public rights during 2018-19 (as noted by the Internal Auditor also.)
Note: At its meeting on 23 July 2020, the Council resolved to review all these issues on a monthly basis to ensure compliance for the year 2020-2021.		

Carol Jones  
Clerk/Responsible Financial Officer  
4 August 2020