



Hardcastle Burton LLP

Barley Parish Council Internal Audit Report Year Ended 31 March 2020

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To the management of Barley Parish Council

The purpose of this report is to highlight the work undertaken during our internal audit for the year ended 31 March 2020. It is also used as a report to the management to meet the criteria detailed in "Governance and Accountability in Local Councils in England - A Practitioners Guide"

We would be grateful if you would review this document and reply with any comments you have regarding the points raised.

Finally, we would like to express our thanks to all members of the council's staff who assisted us in carrying out our work.

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<u>Internal Control Objective</u>	<u>Work Undertaken</u>	<u>Satisfactory</u>	<u>Recommendation</u>	<u>Response</u>
Appropriate accounting records have been kept properly throughout the year.	The cashbook, schedule of receipts and expenditure were reviewed for the year and no errors were identified. The bank reconciliation was agreed and a sample of entries from the cashbook were traced back to invoices/receipts (see below).	Y	No recommendations made as current accounting system is deemed sufficient.	
This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	A sample of payments were selected from the cashbook and traced back to original documentation. The castings, VAT calculations and cashbook analysis were verified to ensure payments have been correctly recorded.	Y	The current accounting system is deemed sufficient. All items traced to source documentation and calculations agreed as correct.	
The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	A copy of the risk assessment was obtained from the council which was revised in March 2019. This was reviewed and considered to be appropriate.	Y	Current risk assessment is detailed and in line with our expectation for a council of this size. For subjects that have low/medium risk, appropriate precautions have been declared to minimise the risks from happening.	
The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Evidence of the annual precept budget was viewed and considered adequate. No evidence of regular reviews against the budget identified although the budget for precept is largely based on expenses from the previous year and these expenses have not fluctuated in recent years.	Y	Budget process in line with the guidance published in "Governance and Accountability for Local Council's". As part of the finance review, explanation of variances has been done as suggested to evaluate any important changes.	
Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	A sample of receipts were selected and traced from source records back to the client cashbook. However, there was an isolated case where a receipt was not available. The cashbook analysis, VAT calculation and casting were verified to ensure income was correctly recorded.	Y	We recommend the client to keep all paperwork within their physical records folder, this includes HMRC repayment slip for VAT and rental sales invoices.	

<u>Internal Control Objective</u>	<u>Work Undertaken</u>	<u>Satisfactory</u>	<u>Recommendation</u>	<u>Response</u>
<p>Petty cash payments were properly supported by receipts and, all petty cash expenditure was approved and VAT appropriately accounted for.</p>	<p>No work performed as petty cash balance not maintained. All income is banked through the bank account.</p>	<p>Not Covered</p>	<p>N/A</p>	
<p>Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.</p>	<p>Payroll reports obtained for year and compared to payments made out of bank. PAYE and NI requirements were properly applied.</p>	<p>Y</p>	<p>No recommendations made as current accounting system is deemed sufficient.</p>	
<p>Asset and investment registers were complete and accurate and adequately maintained.</p>	<p>Asset register obtained and compared to previous year. Insurance values compared to book values and no issues identified.</p>	<p>Y</p>	<p>No recommendations made as current accounting system is deemed sufficient. Allotment shed water trough not insured for enough but immaterial.</p>	
<p>Periodic and year end bank reconciliations were properly carried out.</p>	<p>Spreadsheets were reviewed which show a running bank balance. Evidence of bank position seen from meeting minutes and check of year end bank reconciliation confirmed there are no issues.</p>	<p>Y</p>	<p>No recommendations made as current accounting system is deemed sufficient.</p>	
<p>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, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were correctly recorded.</p>	<p>Accounting statements reviewed along with variance analysis and both deemed sufficient for recording transactions and reviewing performance. Accounts prepared on correct basis and cashbook scrutinised as part of receipts and payments testing (see above).</p>	<p>Y</p>	<p>No recommendations made as current accounting system is considered sufficient.</p>	
<p>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</p>	<p>The authority did not certify itself as exempt from a limited assurance review in 2018/19. This is because the gross income and expenses were above £25k.</p>	<p>Not Covered</p>	<p>No recommendations made</p>	

The authority has demonstrated that during summer 2019 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations.	The Notice of Public Rights and Publication of Unaudited Annual Governance & Accountability Return has been reviewed. It has covered exactly 30-working days and has been published on website one day before the period for public rights commences.	Y	No recommendations made	
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Conclusion

Our internal audit of Barley Parish Council indicates that sufficient controls are in place. No recommendations have been provided but the authority should carry out the actions identified in the risk assessment as planned.