



Hardcastle Burton LLP

Barley Parish Council Internal Audit Report Year Ended 31 March 2021

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Hardcastle Burton LLP

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 2021. 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 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. The current bookkeeping process deemed to be 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 2021. 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 any impact on the council. | |
| 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. There was an intention to incur further costs in the year to 31st March 2021, but COVID-19 meant that these projects did not go ahead. | 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 from bank statements and traced to source documentation. The cashbook analysis, VAT calculation and casting were verified to ensure income was correctly recorded. | Y | No recommendations made. The existing system is deemed sufficient. | |

| <u>Internal Control Objective</u> | <u>Work Undertaken</u> | <u>Satisfactory</u> | <u>Recommendation</u> | <u>Response</u> |
|--|---|---------------------|---|-----------------|
| Petty cash payments were properly supported by receipts and, all petty cash expenditure was approved and VAT appropriately accounted for. | No work performed as petty cash balance not maintained. All income is banked through the bank account. | Not Covered | N/A | |
| Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied. | Payroll reports obtained for year and compared to payments made out of bank. PAYE and NI requirements were properly applied. However, a discrepancy has been found in September 2020 in which an employee has been underpaid. But a valid reason has been given to justify the difference. The reason for the difference this year is due to a recharge of wages to Barley Town House, a separate entity. | Y | When net pay is different to payroll amount, a comment should be added in cashbook to justify the difference. | |
| Asset and investment registers were complete and accurate and adequately maintained. | Asset register obtained and compared to previous year. Insurance values compared to book values and no issues identified. | Y | No recommendations made as current accounting system is deemed sufficient. Allotment shed water trough not insured for enough but immaterial. | |
| Periodic and year end bank reconciliations were properly carried out. | 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. | Y | No recommendations made as current accounting system is deemed sufficient. | |
| 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. | 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). | Y | No recommendations made as current accounting system is considered sufficient. | |

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| <p>If the authority certified itself as exempt from a limited assurance review in 2019/20, 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 2019/20. This is because the gross income and expenses were above £25k.</p> | <p>Not Covered</p> | <p>No recommendations made</p> | |
| <p>If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency code for smaller authorities.</p> | <p>Annual turnover exceeds £25,000, therefore the authority is exempt from this objective.</p> | <p>Not Covered</p> | <p>No recommendations made</p> | |
| <p>The authority, during the previous year (2019-20) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations.</p> | <p>A copy of Exercise of Public Rights for 2019/20 was provided by the authority and confirmed that it was published on their website, supported by website's database.</p> | <p>Y</p> | <p>The Exercise of Public Rights should be kept on website in the future.</p> | |
| <p>The authority has complied with the publication requirements for 2019/20 AGAR.</p> | <p>We have checked the publication requirements for 2019/20 AGAR and all requirements have been satisfied.</p> | <p>Y</p> | <p>No recommendations made</p> | |



Conclusion

Our internal audit of Barley Parish Council indicates that sufficient controls are in place. Several recommendations have been given and the authority should carry out the actions identified in the risk assessment as planned.