

## **Report to Great Barton Parish Council**

### **The Internal Audit of the Accounts for the year ending 31 March 2020**

#### **1. Introduction and Summary**

1.1 The Internal Audit for the year 2019/20 was undertaken during the period of 'lockdown' following the coronavirus pandemic; at that time travel was severely restricted, social distancing was in place and many Clerks and Councillors were having to self-isolate.

1.2 In view of this unprecedented situation, the essential information required for the completion of the Internal Audit was e-mailed by Mrs Linda Harley, the Clerk/Responsible Financial Officer (RFO), to the Internal Auditor, who undertook the work remotely/electronically. All relevant published data held on the Council's website was accessed by the Internal Auditor. This detailed Audit Report and the Annual Internal Audit Report within the Annual Governance and Accountability Return (AGAR) were accordingly completed. Any areas that could not be covered as a result of these remote-working arrangements have been recorded in the reports in order that they can be addressed at a later date, either at the next scheduled internal audit or when circumstances permit.

1.3 The Internal Audit work undertaken confirmed that during the 2019/20 year the Council maintained effective governance arrangements including a robust framework of financial administration and internal control. The Council has continued to ensure that effective and efficient financial administration is in place. A wide range of formal policies, procedures and protocols have been adopted by the Council and these provide a solid foundation for the continuing operation of strong financial management and control. The Council displays many examples of good financial practice

1.4 By examination of the 2019/20 accounts and supporting documentation it was confirmed that the Clerk, in the role as the Council's RFO, satisfactorily undertook the administration of the Council's financial affairs and produced satisfactory financial management information to enable the Council to make well-informed decisions.

1.5 The Accounts for the year confirm the following:

*Total Receipts for the year: £51,612.00*

*Total Payments in the year: £42,692.08*

*Total Reserves at year-end: £91,010.74*

1.6 The Annual Governance and Accountability Return (AGAR) was examined and the following figures agreed with the Clerk/RFO for inclusion in Section 2 - Accounting Statements (rounded for purposes of the Return):

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<i>Balances at beginning of year (1 April 2019):</i>	<i>Box 1: £82,091</i>
<i>Annual Precept 2019/20:</i>	<i>Box 2: £37,288</i>
<i>Total Other Receipts:</i>	<i>Box 3: £14,324</i>
<i>Staff Costs:</i>	<i>Box 4: £13,800</i>
<i>Loan interest:</i>	<i>Box 5: £0</i>
<i>All Other payments:</i>	<i>Box 6: £28,892</i>
<i>Balances carried forward (31 March 2020):</i>	<i>Box 7: £91,011</i>
<i>Total cash/short-term investments:</i>	<i>Box 8: £91,011</i>
<i>Total fixed assets:</i>	<i>Box 9: £122,545</i>
<i>Total borrowings:</i>	<i>Box 10: £0</i>

1.7 Sections One and Two of the AGAR were approved and signed/dated at the Council meeting held on 27 April 2020. The Internal Auditor has completed the Annual Internal Audit Report 2019/20 within the AGAR.

1.8 The following Internal Audit work was carried out on the adequacy of systems of internal control in accordance with the Audit Plan. Comments and any recommendations arising from the Internal Audit Review are made below.

**2. Governance, Standing Orders, Financial Regulations and other Regulatory matters (examination of Standing Orders, Financial Regulations, Code of Conduct, Formal Policies and Procedures, Tenders where relevant. Acting within the legal framework, including Data Protection legislation).**

2.1 As part of the Council's overall governance arrangements, at its meeting on 13 May 2019 the Council reviewed nominations to the existing Committees, their Terms of Reference and membership, including appointment of Chairmen, and nominated Bank Signatories (Minute 15.1 refers)

2.2 Mrs Linda Harley was formally re-appointed as the Council's RFO at the meeting held on 13 May 2019 (Minute 1f refers).

2.3 The Clerk/RFO confirmed at the Council meeting on 13 May 2019 (Minute 9.3) that the Council no longer met the criteria to use the General Power of Competence (GPoC) Order as an insufficient number of Councillors were elected on 2 May 2019 (Minute 9.3 refers).

2.4 Standing Orders and Financial Regulations are in place. At its meeting on 15 July 2019 the Council reviewed both Standing Orders and Financial Regulations as part of the Council's good governance arrangements and found them to be in order (Minute 10 refers). At its meeting on 16 September 2019 the Council resolved to adopt the latest Model Financial Regulations published in August 2019 by the National Association of Local Councils and agreed to amend the wording for items 17, 21 and 15 (b)(ix) and 18(c) of the previously adopted Standing Orders ((Minute 10 refers).

2.5 The Council's Minutes are extremely well presented and provide clear evidence of the decisions taken by the Council in the year. The Clerk/RFO confirmed that each page of the Minutes is initialled by the Chair, with the last page being signed, at the meeting at which the Minutes are approved.

2.6 The Council is registered with the Information Commissioner's Office (ICO) as a Fee Payer/Data Controller for the provision of council services under current Data Protection legislation (Registration Z2866452, expiring 25 September 2020). Councillors were reminded of the Data Protection and Information Security Policy and their responsibilities under the Data Protection legislation at the Council meeting held on 29 April 2019 (Minute 4.3 refers).

2.7. At its meeting on 16 September 2019 the Council reviewed and adopted Data Protection policies in compliance with the General Data Protection Regulations (GDPR). The Audit/Impact Assessment, Privacy notices, Subject Access Request, the Procedure for dealing with data breaches/Security Incident Policy and the Data Retention and Disposal Policy were all adopted (Minute 9.1 refers).

2.8 At its meeting on 16 September 2019 the Council also demonstrated good data protection practice by resolving that the Clerk/RFO would:

- a) Maintain a log of instances where Councillors request access to personal data.
- b) Keep a log of all personal data held along with the lawful basis for holding it.
- c) Issue a copy of the Council's Public Privacy Policy to persons whose personal data is held by the Council.
- d) Ensure that all adopted Data Protection policies are published on the Council's website.
- e) Maintain a log of all GDPR Minuted items.
- f) Delete all emails over 2 years old.

2.9 The Council demonstrates good practice by maintaining and regularly reviewing a wide range of formal policies and procedures. These include the policies and procedures relating to Dignity at Work, Environment, Equal Opportunities and Diversity, Grievance and Disciplinary, Guidelines for Project Management, Health and Safety, Media Relations, Playground Accident, Pre-planning application Protocol, Sickness and Absence and Statement of Community Engagement.

2.10 The Council re-adopted the Suffolk Local Code of Conduct at the meeting held on 7 October 2019 (Minute 10 refers). The Council demonstrates good practice by periodically reviewing the Code of Conduct, to emphasise the requirements and responsibilities placed upon each individual Councillor and for the purposes of discharging the Council's duty to promote and maintain high standards of conduct within its area. The Code of Conduct has been published on the Council's website.

2.11 The Council is making progress regarding the Local Neighbourhood Plan. At its meeting on 15 July 2019 Councillors received copies of the draft policies for the Plan, which is based on responses from residents of Great Barton to questionnaires and 'drop-in' events. At its meeting on 9 December 2019 the Council approved the Draft Neighbourhood Plan to go forward to public consultation (Minute 6 refers). The

Clerk/RFO advised Internal Audit that the Submission Neighbourhood Plan has been sent to West Suffolk Council, which will carry out the required legal compliance checks and put in place the arrangements for public consultation.

2.12 In response to the new website accessibility regulations, which need to be complied with no later than 23 September 2020, the Council noted at its meeting on 11 November 2019 that website access training will be provided by Suffolk Cloud before the deadline (Minute 7.2 refers).

### **3. Accounting Procedures and Proper Book-keeping (*examination of entries in the Cashbook, regular reconciliations, supporting vouchers, invoices and receipts and VAT accounting*).**

3.1 The Cashbook is maintained on a Spreadsheet and is very well referenced and facilitates an audit trail to the Bank Statements, the Cheque Book counterfoils and the financial information prepared by the Clerk/RFO. Local Government Act 1972 (Section 137) payments and VAT payments are tracked and identified within the Cashbook. In view of the Internal Audit for 2019/20 being conducted remotely/electronically, the supporting vouchers, invoices and receipts were not examined and a sample of the 2019/20 transactions will be undertaken at the next scheduled audit. The Clerk/RFO has confirmed to Internal Audit that payments made in 2019/20 were supported by invoices.

3.2 VAT re-claims were regularly submitted to HMRC during the year of account, as follows:

- a) The VAT re-claim of £1,390.46 for the period 8 October 2018 to 31 March 2019 is recorded in the Cashbook as received at bank on 10 May 2019.
- b) The VAT re-claim of £1,468.41 for the period April 2019 to September 2019 is recorded in the Cashbook as received at bank on 20 September 2019.
- c) The VAT re-claim of £2,309.31 for the period October 2019 to March 2020 is recorded in the Cashbook as received at bank on 19 March 2020.

3.3 A Statement of Variances (explaining significant differences in receipts and payments between the years 2018/19 and 2019/20) has been prepared by the Clerk/RFO for publication on the Council's website.

3.4 The External Auditors require an explanation where the carried forward (end of year) reserves are greater than twice the income from the Precept and the Clerk/RFO has addressed this matter within the Statement of Variances (Box 7).

### **4. Year End procedures (*Regarding accounting procedures used and can be followed through from working papers to final documents. Verifying sample payments and income. Checking creditors and debtors where appropriate*).**

4.1 End-of-year Accounts are prepared on a Receipts and Payments basis and were in good order. Sample audit trails were undertaken and were found to be in order.

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**5. Bank Reconciliation (*Regularly completed and cash books reconcile with bank statements*).**

5.1 At its meeting on 11 November 2019 the Council noted that after a full investigation of the options available for Parish Council bank accounts, the Clerk/RFO was looking into the procedure for opening a savings account with Santander Bank (Minute 7.3 refers). The Clerk/RFO advised Internal Audit that the Council has placed this issue on hold until the current 'lockdown' is eased.

5.2 As at the year end 31 March 2020, the bank statements for the Nat West Current Account and the Nat West Business Reserve Account bank statements reconciled with the End-of-Year Accounts and agreed with the overall Bank Reconciliation.

5.3 For ease of reference, the Council's Bank Reconciliation (between the Accounts Balance and the Balances at Bank) as at 31 March 2020 can be displayed as follows:

	£	£
<i>Account Balance at 1 April 2019 (b/f):</i>		82,090.82
<i>Add Receipts (to 31 March 2020):</i>		51,612.00
<i>Deduct Payments (to 31 March 2020):</i>		42,692.08
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<i>Account Balance at 31 March 2020 (c/f):</i>		91,010.74
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<i>Represented By:</i>		
<i>Nat West Current A/C (31 March 2020)</i>	10,507.28	
<i>Less Unpresented cheque 2148:</i>	100.00	
		10,407.28
<i>Nat West Business Reserve A/C (31 March 2020):</i>		80,603.46
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<i>Bank Balance at 31 March 2020:</i>		91,010.74
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**6. Internal Control and the Management of Risk (*Review by Council of the effectiveness of internal controls, including risk assessment, and Minuted accordingly*).**

6.1 At its meeting on 11 November 2019 the Council carried out a full review of its internal control policies and risk assessments, including the effectiveness and scope of internal audit procedures, and confirmed the key controls in place (Minutes 11 and 12 refer).

6.2 The audit review confirmed that the assessments provide a comprehensive analysis of the risks faced by the Council and the control measures in place to mitigate the risks identified.

6.3 The Council accordingly complied with the Accounts and Audit Regulations 2015 which require a review by the full Council at least once a year of the effectiveness of the Council's system of internal control, including the arrangements for the management of risk, with the review suitably Minuted.

6.4 At its meeting on 13 May 2019 the Council agreed that the Playground would be inspected weekly (and nominated the Clerk and two Councillors to carry this out) and agreed that St Edmundsbury Borough Council would inspect the Playground on a monthly basis (Minute 15.4 refers).

6.5 At its meeting on 7 October 2019 the Council resolved not to adopt the newly published internal control document issued by the Suffolk Association of Local Councils (SALC) as the existing risk assessment documentation was already sufficiently robust. The Council agreed to include in its risk assessments an annual review of contractors and an annual reminder to Councillors to declare gifts and hospitality over £25 (Minute 9 refers).

6.6 The Council demonstrates good practice by maintaining comprehensive Risk Assessment arrangements. The assessments include:

- Weekly visual inspection of Playground Equipment
- Quarterly Operational Assessment/Inspection of Playground Equipment
- Monthly inspection of Sports Equipment on Village Hall Playing Field
- Annual Risk Assessment (including Inspection Checklist for Assets)
- Annual Risk Assessment for Clerk Working from home
- Risk assessment sheet for movement of Vehicle Activated Sign
- Risk Assessment for Iceptits Wood following periods of bad weather
- Monthly Financial Risk Assessment
- Quarterly Financial and Half-yearly Risk Assessments
- Quarterly review/inspection of assets
- Community Litter Picks
- Hall Park Woodland Areas
- Quarterly review/inspection of assets

6.7 Matters arising from the above inspections and reviews are reported to Council.

6.8 Insurance was in place for the year of account. At its meeting on 16 September 2019 the Council reviewed the insurance renewal document and compared it to the Asset Register. The Council agreed the cover provided (Minute 8.9 refers) and approved a payment of £1,189.13 to Came and Company. Employer's Liability cover and Public Liability cover each stand at £10m.

6.9 The Clerk/RFO confirmed to Council at the meeting held on 29 April 2019 that the level of Employee/Councillor Dishonesty (Fidelity Guarantee) cover was adequate (Minute 4.4 refers). Cover stands at £150,000 which meets the current recommended guidelines which provide that the cover should be at least the sum of the year-end balances plus 50% of the precept/grants received.

**7. Budgetary controls (*Verification of the budgetary process with reference to Council Minutes and supporting documents*).**

Precept 2019/20: £37,288 (19 November 2018, Minute 6f refers).

Precept 2020/21: £33,587 (9 December 2019, Minute 10.0 refers).

7.1 The precepts were agreed in full Council and the precept decision and amount have been clearly Minuted. The Clerk/RFO ensures the Council is aware of responsibilities, commitments, forward planning and the need for adequate reserves.

7.2 Good budgetary procedures were in place during the year 2019/20. Examination of the accounts and supporting documentation for the period under review confirmed that the Council prepared detailed estimates of the annual budget and of receipts and payments. The estimates were used effectively for financial control and budgetary control purposes. The Clerk/RFO provided the Council with a Quarterly summary of all receipts and payments and spending compared to budgets.

7.3 Detailed Budget papers were prepared for the year 2020/21. The Finance Committee examined the Draft Budget and Precept proposals at its meeting on 26 November 2019. The Full Council considered and agreed the Budget and Precept for 2020/21 at its meeting on 9 December 2019.

7.4 The level of Reserves as at 31 March 2020 amounted to £91,010.74, of which £70,447.74 has been earmarked for specific projects, leaving £20,563.00 as a General Reserve/Contingency. The generally accepted best practice requires General (non-earmarked revenue) Reserves to be equal to three to six months of contractual expenditure; the Council's General Reserves are in line with the best practice.

7.5 As at 31 March 2020, the Council's overall Reserves were sufficient to meet, within reason, any unforeseen items of expense that may occur.

**8. Income Controls (*regarding sums received from Precept, Grants, Loans and other income including credit control mechanisms*).**

8.1 In view of the remote/electronic working arrangements, receipts were not examined in the year other than in overall terms in relation to the Statement of Variances and the Bank Reconciliation as at 31 March 2020, both of which satisfactorily represented the income received in the year.

**9. Petty Cash (*Associated books and established system in place*).**

9.1 No Petty Cash is held; an expenses system is in place with cheques made out for expenses incurred.

**10. Payroll Controls (*PAYE and NIC in place; compliant with HMRC procedures; records relating to contracts of employment*).**

10.1 PAYE is operated in accordance with HMRC regulations. Regular payments have been made to HMRC and detailed pay slips are produced.

10.2 At its meeting on 11 November 2019 the Council noted that the work on the Neighbourhood Plan was decreasing as the Plan reached completion. The Council resolved to amend the contract for the Neighbourhood Plan Clerk, which was due to expire on 7 January 2020, to a zero-hours contract from 8 January 2020 to 31 May 2020 (Minute 7.5 refers). The Council confirmed the new arrangements at its meeting on 20 January 2020 (Minute 8.2 refers).

10.3 At the meeting held on 9 December 2019 the Council resolved to increase the home working allowance paid to the Clerk/RFO from £36 to £41 per month (Minute 9.3 refers).

10.4 With regard to the legislation relating to workplace pensions, NEST pension arrangements are in place in respect of the Clerk/RFO, Mrs Linda Harley. At the meeting held on 7 October 2019 the Clerk/RFO advised the Council that the legal requirements relating to the completion of re-enrolment and re-declaration of compliance for the pension scheme had been completed (Minute 8g refers). The Clerk/RFO confirmed to the Council on 20 January 2020 that the Council's legal duties for re-enrolment and re-declaration of compliance to the Pensions Regulator continued to be met (Minute 8.2 refers).

10.5 The audit confirmed that as at 31 March 2020 the Clerk/RFO was paid at £12.39 per hour for 18 hours per week (£11,597.04 p.a. which equates to £966.42 per month). The P60 End of Year Certificate was presented to Internal Audit.

10.6 The audit confirmed that as at 31 March 2019 the Neighbourhood Plan Clerk was employed under a zero hours contract and paid at £10 per hour for work undertaken for the Council. The P60 End of Year Certificate was presented to Internal Audit.

**11. Assets Controls (*Inspection of asset register and checks on existence of assets; recording of fixed asset valuations; cross checking on insurance cover*).**

11.1 At its meeting on 10 June 2019 the Council undertook the annual review of the Asset Register and compared items to the insurance schedule and found all to be in order (Minute 8 refers).

11.2 An Asset Register is in place and displays a total of £122,545 as at 31 March 2020, an increase of £1,618 over the value at the end of the previous financial year and reflects the acquisition a Lenovo Laptop (£530), Dog Bin at Greene Lane (£365), VAS Battery Box (£419) and Signs/Notices (£304) in the year of account.

11.3 The Register complies with the current requirements which provide that each asset should be recorded at a consistent valuation, year-on-year. Assets are displayed at original purchase cost or, where the original purchase price is unknown, at a nominal/community value. The total value of £122,545 has been correctly entered into Box 9 of Section 2 of the AGAR (Annual Return).

**12. Internal Financial Controls, Payments Controls and Audit Procedures (Confirmation that the Council has satisfactory internal financial controls in place for making payments with adequate documentation to support/evidence payments made. Any previous audit recommendations implemented).**

12.1 The Council has satisfactory internal financial controls in place. The Clerk/RFO provides comprehensive financial reports to Council meetings. The reports include bank balances, details of General Reserves and Earmarked Reserves, bank reconciliations and any items arising from risk assessments. Details of payments to be made are presented to Council for approval. The Council also demonstrates good financial practice by ensuring that a Councillor checks and agrees the Bank Reconciliation at the meetings of the Council. The Clerk/RFO ensures that Councillors are provided with information to enable them to make informed decisions.

12.2 Payments and receipts are listed in the Council's Minutes as part of the overall financial control framework. The Power under which each payment is made is recorded against each payment listed in the Minutes.

12.3 In addition, the Clerk/RFO confirmed that:

- (a) cheque numbers are noted on the paid invoices/vouchers to assist the verification of the payment
- (b) invoices/vouchers for payment are signed or initialled by the Cheque Signatories (with 3 Signatories signing for items over £1000) in confirmation of the payment being correctly made and
- (c) Cheque Book counterfoils are initialled by Cheque Signatories and the Clerk.

These areas of control were not examined due to the Internal Audit being conducted remotely/electronically but will be test-checked at the next scheduled audit.

12.4 At its meeting on 13 May 2019 the Council agreed the use of a variable direct debit to pay the emergency telephone line at the Village Hall, St Edmundsbury Borough Council bin emptying, NEST pension scheme, HMRC PAYE and the lease of land on Green Lane for allotments and the use of a fixed Standing Order to pay the Clerk's salary (Minute 15.3 refers).

12.5 The Internal Audit report for the previous year (2018/19) was considered by the Council at its meeting on 10 June 2019 (Minute 7.5 refers). No matters of concern had been raised in the Report.

12.6 The Council appointed the Internal Auditor for the 2019/20 year at the meeting held on 13 May 2019 (Minute 1f refers).

**13. External Audit (*Recommendations put forward/comments made following the annual review*).**

13.1 The Certificate and Report from the External Auditors PKF Littlejohn LLP for the previous year (2018/19) was accepted by the Council at its meeting on 16 September 2019 (Minute 8.2 refers). No matters of concern had been raised in the Report.

**14. Publication Requirements and the Transparency Code.**

14.1 Under the Accounts and Audit Regulations 2015 local authorities were required to publish in 2019 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  
AGAR - Sections 1 and 2

Not later than the 30 September 2019 authorities must publish:

Notice of Conclusion of Audit  
AGAR - Section 3  
AGAR - Sections 1 and 2 (including any amendments as a result of the Limited Assurance Review)

14.2 The Internal Auditor was able to confirm that the above documents were readily accessible on the Council's webpage: <http://greatbarton.suffolk.cloud/>

**15. Additional Comments.**

15.1 The Annual Parish Council meeting was held on 13 May 2019, within the required timescale. The first item of business was the Election of Chairman, in accordance with the requirements of the Local Government Act 1972.

15.2 I would like to record my appreciation to the Clerk to the Council for her assistance during the course of the audit work.

*Trevor Brown*

**Trevor Brown, CPFA**

**Internal Auditor**

**11 May 2020**

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**TREVOR BROWN CPFA**  
**Internal Audit Services**  
Charnwood, California, Woodbridge, Suffolk IP12 4DE  
Tel: 01394 384698 or 07587 523764  
Email: [tcbrown01@yahoo.co.uk](mailto:tcbrown01@yahoo.co.uk)