

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

### **The Internal Audit of the Accounts for the year ending 31 March 2021**

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

1.1 The Internal Audit for the year 2020/21 was undertaken during a period of time when many restrictions were still in place following the covid-19 pandemic; there were continuing restrictions on people meeting and working away from home in many cases and social distancing was still in place.

1.2 Accordingly, 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 this report 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 2020/21 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 2020/21 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: £34,405.13*  
*Total Payments in the year: £39,319.11*  
*Total Reserves at year-end: £86,096.76*

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 2020):</i> | <i>Box 1: £91,011</i>  |
| <i>Annual Precept 2020/21:</i>                       | <i>Box 2: £33,587</i>  |
| <i>Total Other Receipts:</i>                         | <i>Box 3: £818</i>     |
| <i>Staff Costs:</i>                                  | <i>Box 4: £12,249</i>  |
| <i>Loan interest:</i>                                | <i>Box 5: £0</i>       |
| <i>All Other payments/capital repayments:</i>        | <i>Box 6: £27,070</i>  |
| <i>Balances carried forward (31 March 2021):</i>     | <i>Box 7: £86,097</i>  |
| <i>Total cash/short-term investments:</i>            | <i>Box 8: £86,097</i>  |
| <i>Total fixed assets:</i>                           | <i>Box 9: £123,007</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 4 May 2021. The Internal Auditor has completed the Annual Internal Audit Report 2020/21 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 New Regulations brought into effect as a result of the covid-19 pandemic enabled local councils to hold remote meetings (including by video and telephone conferencing) until May 2021. The Council accordingly held video conferencing meetings during 2020/21. The Annual Parish Council meeting was held on 18 May 2020 with the first item of business being the Election of Chairman, in accordance with the requirements of the Local Government Act 1972.

2.2 As part of the Council's overall governance arrangements, at its meeting on 18 May 2020, the Council reviewed nominations to the existing Committees, their Terms of Reference and membership, including appointment of Chairs, and nominated Bank Signatories (Minute 17 refers).

2.3 Mrs Linda Harley was formally re-appointed as the Council's RFO at the meeting held on 18 May 2020 (Minute 1f refers).

2.4 Councillors and Officers demonstrated commitment in addressing the challenges of the covid-19 pandemic in their support to the local community. The Council liaised closely with the Great Barton Emergency Response Team and their volunteers. Reports were provided to Council meetings on the communication network and the support and assistance given to vulnerable persons, those self-isolating and others needing support within the Parish. The Emergency Response Team continued its support to local residents during the lockdown in 2021.

2.5 The Council is currently not applying the General Power of Competence (GPoC) The Clerk/RFO confirmed at the Council meeting on 13 May 2019 that the Council no longer met the criteria to use the GPoC as an insufficient number of Councillors were elected on 2 May 2019 (Minute 9.3 refers).

2.6 Standing Orders are in place and were reviewed and approved at the meeting on 18 May 2020 (Minute 17E refers).

2.7 Financial Regulations (FR) are similarly in place. At its meeting on 27 April 2020 the Council resolved to amend FR 4.5 allowing 'the Clerk and Chair/Vice Chair to authorise revenue expenditure which in their judgement is necessary whether or not there is any budgetary provision for the expenditure, subject to an increased limit of £1,000.00 (Minute 21.12 refers). The Financial Regulations were reviewed and approved at the meeting on 18 May 2020 (Minute 17E refers).

2.8 At its meeting on 20 July 2020 the Council amended Standing Orders and Financial Regulations to include the latest NALC update to financial controls and procurement. Section 18 of Standing Orders was updated and the amounts in the footnotes in Section 11 of Financial Regulations were updated (Minute 10.0 refers).

2.9 The Council demonstrated good practice by considering and adopting on 18 May 2020 the NALC's Accountability and Governance Guide (March 2020), which supports the Council's preparation of statutory annual accounting and governance statements and returns.

2.10 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.

2.11 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 2021).

2.12 The Council has adopted Data Protection policies in compliance with the General Data Protection Regulations (GDPR) including a Privacy Policy, Subject Access Request Policy, the Procedure for dealing with data breaches/Security Incident Policy and the Document and Electronic Data Retention and Disposal Policy, all of which were included in the Council's overall review of Policies at the meeting on 18 May 2020 (minute 17H refers). A Freedom of Information Policy has also been adopted and published on the Council's website.

2.13 The Council demonstrates good practice by maintaining and regularly reviewing a wide range of other formal Policies, Procedures and Protocols, including those relating to Dignity at Work, Environment, Equal Opportunities and Diversity, Grant Awarding, Health and Safety, Electronic Communications and Social Media, Media Relations, Playground Accident, Pre-planning Application Protocol, Sickness and Absence and Statement of Community Engagement, all of which were included in the Council's overall review of Policies on 18 May 2020 (Minute 17H refers). Similarly, at

the meeting on 18 May 2020, the Council adopted NALC's new Disciplinary and Grievance Arrangements (Minute 17H refers).

2.14 The Council re-adopted the Suffolk Local Code of Conduct at the meeting held on 18 May 2020 (Minute 17K 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.

2.15 The Council continued to make progress regarding the Neighbourhood Plan (NP) during 2020/21. The Independent Examiner issued his report on the Submission of the Great Barton NP on 23 October 2020. The report concluded that subject to a series of recommended modifications set out in the report, the NP met all the necessary legal requirements. The Council is continuing to work on the implementation of the NP, a local referendum having been held on 6 May 2021 which received a Majority vote for 'yes' from the electorate.

2.16 At its meeting on 14 December 2020 the Council resolved to dissolve the NP Working Group as its work was complete. The NP Clerk's zero hours contract would continue until 31 March 2021 to address the continuing administration work.

2.17 In response to the new website accessibility regulations, which had to be complied with no later than 23 September 2020, the Council received and accepted the Website Accessibility Statement (Minute 12.0 refers) The Statement, alongside the information on the Website Accessibility Page, details what the Council has done to ensure that as many people as possible are able to use the website, provides technical information about the website's accessibility and lists areas of the website that may not be fully accessible or where there would be a disproportionate burden to secure full accessibility.

### **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. VAT payments are tracked and identified within the Cashbook. In view of the Internal Audit for 2020/21 being conducted remotely/electronically, the supporting vouchers, invoices and receipts were not examined and a sample of the 2020/21 transactions can be undertaken at the next scheduled audit or when circumstances permit. The Clerk/RFO has confirmed to the Internal Auditor that payments made in 2020/21 were supported by invoices/vouchers and that the Council does not use on-line banking.

3.2 VAT re-claims have been submitted to HMRC. The VAT re-claim of £576.59 for the period October 2020 to March 2021 is recorded in the Cashbook as received at bank on 23 March 2021. The Clerk/RFO advised that the VAT re-claim of £462.33 for

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the period April 2020 to September 2020 was delayed but was received at bank on 23 April 2021.

3.3 A Statement of Variances (explaining significant differences in receipts and payments between the years 2019/20 and 2020/21) has been prepared by the Clerk/RFO for submission to the External Auditor and publication on the Council's website. 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. Bank Reconciliation (*Regularly completed and cash books reconcile with bank statements*).**

4.1 Bank Reconciliations are presented to the Council on a routine basis as part of the Clerk/RFO's Finance Report and are checked by a Non-Bank Signatory Councillor.

4.2 As at the year end 31 March 2021, 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.

4.3 For ease of reference, the Council's Bank Reconciliation (between the Accounts Balance and the Balances at Bank) as at 31 March 2021 can be displayed as follows:

|   | £         | £         |
|---|-----------|-----------|
| <i>Account Balance at 1 April 2020 (b/f):</i>         |           | 91,010.74 |
| <i>Add Receipts (to 31 March 2021):</i>               |           | 34,405.13 |
| <i>Deduct Payments (to 31 March 2021):</i>            |           | 39,319.11 |
|   |           | -----     |
| <i>Account Balance at 31 March 2021 (c/f):</i>        |           | 86,096.76 |
|   |           | -----     |
| <i>Represented By:</i>                                |           |           |
| <i>Nat West Current A/C (31 March 2021)</i>           | 40,499.18 |           |
| <i>Less Unpresented cheque 2201:</i>                  | 25.02     |           |
|   |           | 40,474.16 |
| <i>Nat West Business Reserve A/C (31 March 2021):</i> |           | 45,622.60 |
|   |           | -----     |
| <i>Bank Balance at 31 March 2021:</i>                 |           | 86,096.76 |
|   |           | -----     |

**5. 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).**

5.1 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.

**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 18 May 2020 the Council reviewed and approved the Risk Assessments and carried out a review of the effectiveness and scope of its internal audit and internal control arrangements (Minute 17 refers).

6.2 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 The Council demonstrates good practice by maintaining a range of comprehensive Risk Assessments. The Clerk/RFO confirmed to the Internal Auditor that these 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 and Hall Park Woodland Areas (risk assessments not used in 2020/21 as no activities were undertaken).

6.5 Matters arising from the above inspections and reviews are reported to Council. At the meeting on 20 July 2020, it was agreed that the playground would be checked weekly by a Councillor to ensure all equipment was in good order (Minute 11.0 refers).

6.6 The Clerk/RFO confirmed to the Internal Auditor that West Suffolk Council carry out an independent inspection each month and report their findings. There was a separate Risk Assessment for opening the playground after the 'lockdown'. At its

meeting on 21 September 2020 the Council reviewed and adopted new 'Playground' and 'Using the village hall for meetings' Risk Assessment documents for use whilst pandemic restrictions remained in force (Minute 11.0 refers).

6.7 Insurance was in place during the year of account. Employer's Liability cover and Public Liability cover each stand at £10m. The level of Employee/Councillor Dishonesty (Fidelity Guarantee) 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 2020/21: £33,587 (9 December 2019, Minute 10.0 refers).

Precept 2021/22: £33,587 (16 November 2020, Minute 11.0 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 its responsibilities and commitments and the need for forward planning and adequate reserves.

7.2 Good budgetary procedures were in place during the year 2020/21. 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 in accordance with the Council's Standing Orders item 17.

7.3 Detailed Budget papers were prepared for the year 2021/22. The Full Council considered and agreed the Budget and Precept for 2021/22 at its meeting on 16 November 2020.

7.4 The level of Reserves as at 31 March 2021 amounted to £86,096.76, of which £65,533.76 has been earmarked for specific projects.

7.5 The General Reserves (Overall Reserves less Earmarked Reserves) were accordingly £20,563.00 which is in line with of the generally accepted position that non-earmarked revenue reserves should usually be between three and twelve months of Net Revenue Expenditure (in effect, the Precept less any loan repayments - the JPAG Proper Practices Guide, Item 5.32 refers).

7.6 As at 31 March 2021, 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 2021, both of which satisfactorily represented the income received in the year.

8.2 At its meeting on 18 May 2020 the Council undertook a review of newsletter advertising fees and agreed that they should remain unchanged (Minute 17m refers).

**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 the meeting held on 21 September 2020 the Council resolved to adopt the NJC Local Government Services new pay scales for 2020/21 to be implemented from 1 April 2020 and noted that the Clerk/RFO's Scale Point (SCP) 17 would be increased to £12.73 per hour. The audit confirmed that as at 31 March 2021 the Clerk/RFO was being paid at SCP for 18 hours per week (£11,915.28 p.a., which equates to £992.94 per calendar month). The P60 End of Year Certificate was presented to Internal Audit.

10.3 A zero-hours contract was in place for the Neighbourhood Plan Clerk from 8 January 2020 to 31 May 2020. The Council confirmed the arrangements at its meeting on 20 January 2020 (Minute 8.2 refers). At the meeting on 27 April 2020 the Council agreed to extend the zero-hours contract for the Neighbourhood Plan Clerk to 31 March 2021 (Minute 19 refers).

10.4 The audit confirmed that up to and including the 31 March 2021 the Neighbourhood Plan Clerk was employed under zero hours contract The P60 End of Year Certificate was presented to Internal Audit.

10.5 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. (The re-declaration of compliance confirms to the Pensions Regulator that the Council complies with its duties as an employer and has to be completed every three years).

**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 18 May 2020 the Council undertook a review of the Asset Register and compared items to the insurance schedule to ensure all items were appropriately covered by insurance and found all to be in order (Minute 17F and 17G refer).

11.2 At its meeting on 21 September 2020 the Council considered some Unregistered Land in the Parish and how to progress in that respect. The Council noted that the Solicitor had confirmed that 3 pieces of land in the village (at Conyers Green and next to the Holy Innocents Church) are registered as Village Greens and County Council's records show the Parish Council as the registered owner. The Council agreed that the solicitor should pursue registering these 3 pieces of land with Land Registry for the Parish Council (Minute 19.0 refers).

11.3 The Asset Register displayed a total of £123,006.80 as at 31 March 2021, an increase of £461.80 over the value at the end of the previous financial year and reflects the acquisition of Traffic Cones (£41), Electric Fence Posts (£15), Playground covid signs (£153.80), Brackets for VAS (£250) and two items at Conyers Green (each at a nominal/community value of £1) in the year of account.

11.4 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 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 Non-Bank Signatory 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.
- (c) Cheque Book counterfoils are initialled by Cheque Signatories.

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

12.4 At its meeting on 18 May 2020 the Council agreed to continue 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/RFO's salary (Minute 17D refers).

12.5 The Internal Audit report for the previous year (2019/20) was considered by the Council at its meeting on 18 May 2020 (Minute 17N refers). No matters of concern had been raised in the Report.

12.6 The Council appointed the Internal Auditor for the 2020/21 year at the meeting held on 18 May 2020 (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 (2019/20) was dated 27 July 2020 and was reviewed and accepted by the Council at its meeting on 21 September 2020 (Minute 8.10 refers). No matters of concern had been raised in the Report.

### **14. Publication Requirements.**

14.1 Under the Accounts and Audit Regulations 2015 authorities must publish each year the following information on a publicly accessible website (the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 extended the statutory deadlines for the publication of the 2019/20 documents):

Notice of the period for the exercise of Public Rights  
AGAR - Sections 1 and 2.

Following the completion of the External Audit:

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 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**

**14 May 2021**