

Barnby-in-the-Willows Parish Council  
Flawford Cottage  
Coddington  
Newark  
NG24 2QY

### **INTERNAL AUDIT REPORT TO THE MEMBERS OF BARNBY-IN-THE-WILLOWS PARISH COUNCIL**

Following the receipt of the minutes book, financial records, bank statements and other documents I have now had the opportunity to analyse and interpret the data gathered.

The accounts are prepared on a receipts and payments basis.

The Council's payments are made by cheque with two councillors authorising each payment and initialling the check stubs. Invoices are signed/initialled by members.

I spot checked six transactions. These were correctly recorded and arithmetically correct.

A ledger kept on a spreadsheet was maintained and up to date. Only printouts and no electronic files of the cashbook were provided for scrutiny. All sampled payments were supported by invoices or other evidence.

A list of all payments is published on the website. The current format allows individual salaries to be identified. The Council should consider reporting on all salary costs including payments to HMRC as one sum to protect personal data. Publishing individual salaries breaches data protection rules.

The minutes are informative and well written. Payments to be authorised are listed.  
There were no section 137 payments.

The minutes are signed dated by the presiding chairman on each page.

The Council has reviewed its Risk Management Policy and insurance cover.

The Council does not operate a petty cash account. Samples of reimbursement payments to the clerk were accurate and within normal limits.

The clerk is employed for 10 hours per month or 120 hours per year. This does not seem sufficient time to conduct all the clerk's duties. A Society of Local Council Clerks report recommends a minimum of 17.5 hours per month for council providing minimal services with one meeting every two months and no committees. If the clerk works in excess of contracted hours to fulfil her duties, the Council is at risk of breaching the Minimum Wage Act. Similarly, the Council should ensure that the caretaker is paid at least the National Minimum Wage as applicable for the actual hours worked by the caretaker.

The Council has one non-executive committee. None of the named committee members are elected council members. The chairman, vice-chairman and clerk are named as ex-officio members in the revised "constitution". Since the Village Hall Committee is a committee of the Council the clerk should service these meetings like any other council meeting. There is no provision in law for a "secretary" to a council committee or a treasurer. The explicit function of the committee is "organising social activities and fundraising for the benefit of the village..." Whilst parish councils have the legal power to accept gifts (Local Government Act 1972, s.139) and raise a precept, but I am not aware of any power for "fundraising" for any purpose. The Council may wish to seek detailed advice on this from a professional organisation such as NALC.

It is not clear from the terms of reference whether ex-officio members have a right to vote. If they are not voting members, then they should be identified as such as it affects the quorum for the meeting. The minutes of the committee meetings are minutes of the council and as such are a legal record of the decisions taken at the meeting and the recommendations made to full council. A certain level of formality should be observed when listing members present and absent.

The April 2018 was not quorate, yet still went ahead. It should have been abandoned.

I note that the total value of fixed assets increased substantially over the previous year without the council's expenditure or income explaining this substantial increase.

The council should note section 5.148 of Governance and Accountability for Smaller Authorities in England, A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements, March 2019

*5.148. For authorities covered by this Guide, an appropriate and commonly used method of fixed asset valuation for first registration on the asset register is at acquisition cost. This means that in most circumstances once recorded in the asset register, the recorded value of the asset will not change from year to year, unless the asset is materially enhanced. Commercial concepts of depreciation, impairment adjustments, and revaluation are not required or appropriate for this method of asset valuation. For reporting purposes therefore, the original value of fixed assets will usually stay constant throughout their life until disposal.*

Values should not increase annually with the insurance valuation.

Finally, may I thank the Clerk for her assistance and co-operation during this internal audit.



Belina Boyer PSLCC  
26 June 2019



# Internal Audit Checklist

Name of Council	Barnby in the Willows Parish Co.	Name of Clerk:	Yvette Wellard
No. of councillors	7	Name of RFO (if different)	
Quorum	4 (6 for planning)	Precept	£2,900
Electorate		Gross budgeted income	£2,550

## 1. Book Keeping

1.1	Ledger maintained and up to date?	Yes	No	
1.2	Arithmetic correct?	Yes	No	
1.3	Evidence of internal Control?	Yes	No	
1.4	VAT evidence, recording and reclaimed?	Yes	No	
1.5	Payments in ledger supported by invoices, authorised and minuted? (see schedule)	Yes	No	
1.6	S137 separately recorded and within limits?	Yes	No	N/A
1.7	S137 expenditure of direct benefit to electorate?	Yes	No	

## 2. Due Process

2.1	Standing Orders adopted?	Yes	No	
2.2	Standing Orders reviewed at annual meeting?	Yes	No	
2.3	Financial Regulations adopted?	Yes	No	
2.4	FRs properly tailored to council?	Yes	No	
2.5	Equal Opportunities policy adopted?	Yes	No	
2.6	RFO appointed?	Yes	No	
2.7	List of member interests held?	Yes	No	
2.8	Agendas signed, informative and displayed with 3 clear days notice?	Yes	No	Unknown. No date on agenda, Committee
2.9	Purchase orders raised for all expenditure?	Yes	No	N/A
2.10	Purchasing authority defined in FRs?	Yes	No	
2.11	Legal powers identified in minutes and/or cashbook?	Yes	No	
2.12	Committee terms of reference exist and have been reviewed?	Yes	No	inadequate

## 3. Risk Management

3.1	Does scan of minutes reveal any unusual activity?	Yes	No	
3.2	Annual risk assessment carried out?	Yes	No	
3.3	Insurance cover appropriate and adequate?	Yes	No	
3.4	Evidence of annual insurance review?	Yes	No	
3.5	Internal financial controls documented and evidenced?	Yes	No	
3.6	Minutes initialled, each page identified and overall signed?	Yes	No	
3.7	Regular reporting and minuting of bank balance?	Yes	No	
3.8	S137 expenditure minuted?	Yes	No	

## 4. Budget

4.1	Annual budget to support precept?	Yes	No	£2320 vs £2900 precept
4.2	Has budget been discussed and adopted by council?	Yes	No	
4.3	Any reserves earmarked?	Yes	No	
4.4	Any unexplained variances from budget?	Yes	No	



4.5	Precept demand correctly minuted?	Yes	No	PC/06/18d)
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## 5. Payroll — Clerk

5.1	Contract of employment?	Yes	No	Review hours
5.2	Tax code issued / contracted out?	Yes	No	
5.3	PAYE / NI evidence?	Yes	No	NO PAYE paid during financial year
5.4	Has council approved salary paid?	Yes	No	
5.5	Other payments reasonable and approved by council?	Yes	No	

## 6. Payroll — Other

6.1	Contract of employment?	Yes	No	
6.2	Does council have public liability cover?	Yes	No	
6.3	Tax codes issued?	Yes	No	Unknown
6.4	Minimum wage paid?	Yes	No	Review
6.5	Complaints procedure in place?	Yes	No	
6.6	Pensions – auto-enrolment completed	Yes	No	

## 7. Asset Control

7.1	Does council keep a register of all material assets owned?	Yes	No	
7.2	Is asset register up to date?	Yes	No	
7.3	Value of individual assets included?	Yes	No	
7.4	Inspected for risk and H&S?	Yes	No	
7.5	Record of deeds, articles and land register references available?	Yes	No	Not seen

## 8. Bank Reconciliations

8.1	Is there a bank reconciliation for each account?	Yes	No	
8.2	Reconciliation carried out on receipt of statement?	Yes	No	
8.3	Any unexplained balancing entries in any reconciliation?	Yes	No	

## 9. Year End Procedures



9.1	Year end accounts prepared on correct accounting basis?	Yes	No	
9.2	Bank statements and ledger reconcile?	Yes	No	
9.3	Underlying financial trail from records to presented accounts?	Yes	No	
9.4	Where appropriate, debtors and creditors properly recorded?	Yes	No	
9.5	Has council agreed, signed and minuted the Annual Governance and Accountability Return (AGAR)?	Yes	No	

## 10. Miscellaneous

10.1	Have points raised at the last audit been addressed?	Yes	No	Unknown
10.2	Has the council adopted a Code of Conduct since July 2012?	Yes	No	
10.3	Is eligibility for General Power of Competence properly evidenced?	Yes	No	
10.4	Are all electronic files backed up?	Yes	No	Not known
10.5	Do arrangements for public inspection of council's records exist?	Yes	No	
10.6	If turnover less than £25k is council compliant with the Transparency Code for Smaller Authorities?	Yes	No	

## Annual Return

		Year ending 31 March 2018	Year ending 31 March 2019
1.	Balances brought forward	5368	7483
2.	Annual precept	2750	2900
3.	Total other receipts	6028	7227
4.	Staff costs	1135	1065
5.	Loan interest/capital repayments	0	0
6.	Total other payments	5528	3533
7.	Balances carried forward	7483	13012
3.	Total cash and investments	7483	13012
9.	Total fixed assets and long term assets	8,692	251408
10.	Total borrowings	0	0

Internal audit carried out by	 (sign)	 (print)
Audit type (delete as appropriate)	Interim	Annual
Date	26/06/19	

For auditor's use only		
Report/letter sent to council		
Relevant page of AGAR completed and signed		



## Annual Internal Audit Report 2018/19

\* No Petty cash held.

### BARNBY IN THE WILLOWS PARISH COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation during the financial year ended 31 March 2019.

The internal audit for 2018/19 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Asset and investments registers were complete and accurate and properly maintained.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I. Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J. 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, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K. 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. ("Not Covered" should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L. During summer 2018 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations.			Not applicable <input checked="" type="checkbox"/>
M. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

Name of person who carried out the internal audit

26 June 2019 DD/MM/YYYY DD/MM/YYYY

EN Belina Boyer INTERNAL AUDITOR

Signature of person who carried out the internal audit

SIGNATURE REQUIRED

Date 26 June 2019

\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).



# INVOICE

**INVOICE #** 005/2019

**DATE** June 26, 2019

**FOR** Internal Audit 2018-19

P.O. #

Make all checks payable to Belina Boyer  
Payment is due within 30 days.  
If you have any questions concerning this invoice, contact  
Belina Boyer | 07772973411 | [belinaboyer@outlook.com](mailto:belinaboyer@outlook.com)

THANK YOU FOR YOUR BUSINESS!