

YORKSHIRE INTERNAL AUDIT SERVICES
JASPER COTTAGE, SESSAY, THIRSK, NORTH YORKSHIRE YO7 3BE
TELEPHONE 01845 501660

Mr Keith Langley
Clerk to Barwick in Elmet and Scholes Parish Council
33 Flats Lane
Barwick in Elmet
Leeds
LS15 4LJ

Dear Mr Langley

**To the Chairman and Members of Barwick in Elmet and
Scholes Parish Council
Internal Audit of Accounts for the Financial Year ending 31 March 2021**

I am pleased to inform you that the internal audit is complete. Appropriate tests and checks were carried out on the accounts and management arrangements to confirm that the systems of financial and other controls over the council's activities and operating procedures are effective. Unfortunately, no visit to the council was possible again due to the continuing effect of the pandemic on work and travel arrangements, therefore the audit has been carried out online and by discussion with the clerk. Following that I can confirm that internal controls are operating as expected and there are no matters to give cause for concern.

Action taken and outstanding action on the matters raised in my previous report is discussed in the following paragraphs. There are two new matters to bring to members attention and these are also discussed below.

The Annual Internal Auditors Report contained within the Annual Governance and Accountability Return 2020/21 has been completed as required.

Payment methods

Previous reports have commented on the amount and frequency of payments made by the clerk from his personal account on behalf of the council and later reimbursed and I had previously recommended that the council consider the various methods of electronic banking to reduce risk and to ensure that controls as set out in the council's Financial Regulations were followed.

The non adoption of some form of electronic payments also impacted on the payment of the clerk's salary and in the past resulted in late payments and/or adjustments required following estimates.

I also recommended that electronic payments be adopted for the clerk's salary to enable them to be made in time as per his contract of employment and in accordance with Financial Regulations.

The council agreed to undertake electronic banking and arrangements were in the process of being made to enable this but the difficulties caused by working during the pandemic postponed this for a period of time.

I am now pleased to see that arrangements have been able to be completed in 2020/21 and nearly all the council's payments are being made electronically. In addition the council now have a credit card for the clerk's use which enables him to make purchases on the council's behalf in an appropriate and secure way.

Direct Debits

The council pays for some of its regular services by direct debit. These are reported to council and authorised at a council meeting, although generally after the event due to the nature of the payment method.

I recommended following previous visits that annually the council approve a schedule of current services paid by direct debit. This was carried out during the 2020/21 financial year.

Balances and Reserves

Previous reports have noted that although the council had good budgetary controls with regular monitoring there was no reserves policy in place although the council did identify the need to earmark some reserves following the year end.

However, the need for reserves should be considered as part of the budgetary process. When setting the precept for the coming year most councils budget to carry forward a balance, to cover contingencies or specific spending plans. It is generally accepted that general revenue reserves are usually within the range of three to twelvemonths of gross expenditure. At 31 March 2020 after taking account of specific reserves the general reserve represented approximately 1.9 months of revenue expenditure.

I recommended that the council determine a reserves policy taking into account and deciding upon the level of working balances required and any other known events before setting their precept for the coming year. This was not done during 2019/20 and consequently the increased working balance after taking into account the required specific reserves was not planned or determined by working towards a policy decision. I again recommended that the council consider introducing a reserves policy before the next annual budget was set.

During 2020/21 the council began work on drafting a reserves policy but this was not able to be completed. However, at the time of setting the budget for the coming year and determining the precept the council did consider the level of balances held and future planned spending and contingencies.

The balances held at 31 March 2021 were £113,475, and after setting aside specific reserves of £60,000 this left a general reserve of just over £50,000 representing around twelve months expenditure, a more reasonable level.

Pavilion Hire

During 2019/20 the council began hiring the pavilion for events and functions and had set up a committee although terms of reference had yet to be agreed. Terms and conditions for hiring were agreed by the council together with a scale of charges and a booking form was produced.

As this was a new service for the council, I recommended that they consider any additional management and financial controls needed to ensure minimum risk to council property and finances and to update and include these additional internal controls in the relevant governance documents.

The council have now agreed terms of reference and although no separate formal management and financial controls have been adopted there is regular communication and oversight of the business by council members.

The pandemic did affect the opening and bookings expected for the pavilion so I would recommend that during 2021/22 when more bookings can be expected that the council ensure that their Financial Regulations adequately cover the control systems for pavilion bookings.

Asset Register

During 2019/20 there was a comprehensive review and update of the assets included in the asset register. It did however include some low value items of office, maintenance and domestic equipment. I suggested that the council may wish to consider a minimum value for new purchases to be included in the register as assets and insured but record such minor purchases in an inventory of small/low value.

The council have now agreed to record all items below £250 separately.

Annual Governance Arrangements

As part of its Annual Governance Statement the council declare that they have made proper arrangements for the safeguarding of public money and have a sound system of internal control. This is demonstrated by the key documents councils should have in place, which includes Standing Orders, Financial Regulations, Risk Management Strategy and a System of Internal Control.

The council have these key documents in place but unfortunately, due to the difficulties of holding meetings and conducting business during 2020/21 none of these documents were reviewed apart from amendments required to enable business to be conducted remotely. I understand that they are to be formally adopted by the council at their May meeting. This review should ensure that the Financial Regulations cover any new procedures or controls necessary as a result of introducing electronic payment methods.

Fidelity Guarantee Insurance

The level of fidelity guarantee insurance held by the council is £150,000. Balances held at 31 March 2021 were around £113,000. Using the generally applied criteria of balances at the 31st March plus half the precept an adequate level of cover would be around £130,000- £140,000 as a minimum. The council are therefore adequately insured.

However, given the planned project funding expected I recommend that the council keep the level of cover under review and consider increasing it if thought necessary.

I would like to thank the clerk for his assistance during the audit.

Yours sincerely

Jane L Bennett

JL Bennett
30 April 2021

PARTNERS ~ KC Stephenson Tel: 0113 2585610
 RF Entwistle Tel 01845 501660
PRINCIPAL AUDITOR ~ Mrs JL Bennett Tel: 01924 671829

Annual Internal Audit Report 2020/21

BARWICK IN ELMET AND SCHOLES PARISH COUNCIL

<https://barwickandscholespc.org/>

During the financial year ended 31 March 2021, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2020/21 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	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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> PETTY CASH NOT HELD
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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I. Periodic bank account reconciliations were properly carried out during the year.	<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 2019/20, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2019/20 AGAR tick "not covered")	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
L. 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.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
M. 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 (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> NOT SEEN ON WEBSITE AT CURRENT DATE
N. The authority has complied with the publication requirements for 2019/20 AGAR (see AGAR Page 1 Guidance Notes).	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
O. (For local councils only)	Yes	No	Not applicable
Trust funds (including charitable) – The council met its responsibilities as a trustee.	<input checked="" 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

30/04/2021

DD/MM/YYYY

DD/MM/YYYY

JANET BENNET, YORKSHIRE INTERNAL AUDIT SERVICES

Signature of person who carried out the internal audit

Janet L. Bennett

Date

30/04/2021

*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).

Section 2 – Accounting Statements 2020/21 for

Janet L. Bennett
 YORKSHIRE INTERNAL
 AUDIT SERVICES
 30/4/21

BARWICK IN ELMET AND SCHOLES PARISH COUNCIL

	Year ending		Notes and guidance
	31 March 2020 £	31 March 2021 £	
1. Balances brought forward	80,299	113,819	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	37,148	37,148	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	39,115	29,408	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	12,846	16,343	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.
5. (-) Loan interest/capital repayments	0.00	0.00	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	29,897	50,557	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	113,819	113,475	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	113,819	113,475	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	83,586	84,640	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	0.00	0.00	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2021 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

SIGNATURE REQUIRED

Date

DD/MM/YY

I confirm that these Accounting Statements were approved by this authority on this date:

DD/MM/YY

as recorded in minute reference:

MINUTE REFERENCE

Signed by Chairman of the meeting where the Accounting Statements were approved

SIGNATURE REQUIRED