

Black Rose Solutions Ltd

Interim Internal Audit - Report

Name of Council

Audley Parish Council

Date of Audit

17th April 2023

Annual Return - Internal Control Objectives

A. Appropriate accounting records have been properly kept throughout the financial year.	YES
Is the cashbook maintained and up to date?	yes
Is the cashbook arithmetic correct?	yes
Is the cashbook regularly balanced?	yes
The council uses an Excel spreadsheet for a cashbook, the only issue noted was regarding VAT discrepancies - see B below.	

B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	YES
Are payments supported by invoices?	yes
Is all expenditure approved?	yes
Is VAT appropriately accounted for?	yes*
Does the Council hold Power of Competence?	yes
If not, does the council monitor s137 expenditure against limit?	n/a
A few minor discrepancies were noted on the VAT return - these will be corrected in the next return. In the future it may help to add a column to calculate the VAT rate applicable to help identify issues.	Rec

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES
Does a review of the minutes identify any unusual financial activity?	no
Do minutes record the council carrying out an annual risk assessment?	yes
Is Insurance cover appropriate and adequate?	yes
Are internal financial controls documented and regularly reviewed?	yes
	Review
	Version
Risk Assessment	Apr-22
Financial Regulations	Apr-22
Standing Orders	Apr-22
	Mar-12
	Oct-19
	Oct-19

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	YES
<div>Has the council prepared an annual budget in support of its precept? yes</div> <div>Is actual expenditure against the budget regularly reported to the council? yes</div> <div>Are there any significant unexplained variances from budget? no</div> <div>Are reserves appropriate? no*</div>	
<p>A financial report is issued for each meeting. This includes a bank reconciliation, budget v actual spend report and a list of payments to be authorised.</p> <p>This report is noted in the minutes, with little detail regarding any discussions. It is not routinely published or attached to the signed hard copy. It is good practice to keep a formal record of the reports that were considered and accepted. THIS HAS BEEN ADDRESSED IN FEB & MAR MINUTES</p> <p>Financial Regulations 4.8 states that material variances between actual spend and budget will be included in the reports - however, this has not been routinely documented or minuted. THIS HAS BEEN ADDRESSED IN FEB & MAR MINUTES.</p> <p>The council holds £71k of earmarked reserves and £24k of general reserves. General reserves stand at around 1.5 months of Income/Expenditure. It is recommended that councils hold between 3 and 12 months of general reserves to cover cash flow and contingencies.</p>	Rec

E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.		YES
Is income properly recorded and promptly banked?	yes	Rec
Does the precept recorded agree to the Council Tax authority's notification?	yes	
Are security controls over cash and near-cash adequate and effective?	yes*	
Is the council VAT registered?	no	
Are returns submitted in a timely manner.	yes	
Is VAT reclaimed on exempt business activities reviewed and considered insignificant?	n/a	
Are receipts for business activities within the registration threshold?	yes	
<p>At present BACS payments are made by sole authorisation of the Clerk after being minutes as reviewed and approved by council. Dual authorisation by councillors in in process of being set up.</p> <p>It is best practice to have dual signatories on payments (reduce risk of error or fraud) but is no longer a requirement as long as the council is aware and has robust control measures in place. This potentially means additional vigilance on reviewing bank reconciliations - more that just verifying that the balances match, but also an audit trail that each transaction has been checked to approval lists and supporting documents. (internal audit performs a sample test of this, but council needs to have full oversight.)</p>		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.		N/a
The council does not hold petty cash		

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.	YES
<p>Do all employees have contracts or employment with clear terms and conditions? yes</p> <p>Do salaries paid agree with those approved by the council? yes</p> <p>Are other payments to employees reasonable and approved by the council? yes</p> <p>Have PAYE/NIC been properly operated by the council as an employer? yes</p> <p>Does line 4 include only Salary, NI & Pension yes</p> <p>Does the council monitor off payroll working (IR35) no*</p> <p>The council does not monitor off payroll working, but upon enquiry from internal audit ran the necessary checks and no issues were found.</p> <p>The council should ensure that outsourced services (Handyman, Grass cutting etc.) are monitored to ensure continued compliance with employment obligations and IR35 rules.</p>	note

H. Asset and investments registers were complete and accurate and properly maintained.	YES
<p>Does the council maintain a register of all material assets owned or in its care? yes</p> <p>Are the assets and investments registers up to date? yes</p> <p>Do asset insurance valuations agree with those in the asset register? yes</p>	

I. Periodic and year-end bank account reconciliations were properly carried out.	YES
<p>Is there a bank reconciliation for each account? yes</p> <p>Is a bank reconciliation carried out regularly and in a timely fashion and approved by council? yes*</p> <p>Are there any unexplained balancing entries in any reconciliation? no*</p> <p>Is the value of investments held summarised on the reconciliation? yes</p> <p>See comment on D above. The bank reconciliation is prepared monthly, circulated to councillors (with a copy of bank statement) and minuted as approved, however a signed copy has not always been kept in line with Financial Regulations 2.2.</p> <p>The bank reconciliation often includes a value for unpresented payments. These can be matched back to approved payments due to be paid later in the month, but the list is not printed for review and checking to the reconciliation.</p>	Rec

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.	YES
Are year end accounts prepared on the correct accounting basis (receipts and payments or income and expenditure) ? I&E Are debtors and creditors properly recorded? yes Do accounts agree with the cashbook? yes Is there an audit trail from underlying financial records to the accounts? yes	

K. If the authority certified itself as exempt from a limited assurance review, it met the exemption criteria and correctly certified itself exempt	N/a
The council did not certify itself exempt	

L. The authority publishes information on a website/webpage up to date at the time of the internal audit in accordance with any relevant Transparency Code requirements	YES
Transparency Code for Larger Authorities (income/expenditure >£200k)	
Quarterly:- All items of expenditure above £500 yes Government Procurement Card transactions n/a Procurement information (initiations to tender > £5k) n/a Annually:- local authority land yes social housing assets n/a grants to voluntary, community and social enterprise organisations yes organisation chart n/a trade union facility time n/a parking account n/a parking spaces n/a senior salaries (>£50k) n/a constitution (standing orders) yes pay multiple n/a social housing fraud n/a One off:- Waste contracts n/a	
The council falls within the larger authority thresholds for Transparency requirements so the code details what "must be published".	

M. The authority has demonstrated that during summer 2022 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations. (Evidenced by website or minutes)	YES

N. The authority has complied with the publication requirements for 2021/22 AGAR.	YES												
<table> <tr> <td>Notice of Period for Exercise of Electors Rights</td><td>yes</td></tr> <tr> <td>Section 1 Annual Governance Statement</td><td>yes</td></tr> <tr> <td>Section 2 Accounting Statements</td><td>yes</td></tr> <tr> <td>Notice of Conclusion of Audit</td><td>yes*</td></tr> <tr> <td>Section 3 External Audit Report & Certificate</td><td>yes*</td></tr> <tr> <td>Internal Audit Report</td><td>yes</td></tr> </table>	Notice of Period for Exercise of Electors Rights	yes	Section 1 Annual Governance Statement	yes	Section 2 Accounting Statements	yes	Notice of Conclusion of Audit	yes*	Section 3 External Audit Report & Certificate	yes*	Internal Audit Report	yes	
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At the time of the interim audit the audit completion documents were not published on the website (though had been published on noticeboards). THIS HAS NOW BEEN RECTIFIED.	Rec												

O. Trust funds (including charitable) – The council met its responsibilities as a trustee.	N/a
The council is not a trustee.	