

Black Rose Solutions Ltd

Internal Audit - Report

Name of Council

Perton Parish Council

Date of Audit

06/05/2021

Annual Return - Internal Control Objectives

A. Appropriate accounting records have been properly kept throughout the financial year.	YES
<p>Is the cashbook maintained and up to date? yes</p> <p>Is the cashbook arithmetic correct? yes</p> <p>Is the cashbook regularly balanced? yes</p> <p>Accounts are prepared using the Edge Accounting system.</p> <p>Some cash book reports included with minutes had not been updated for the current bank statement balances - this report should be used alongside the bank reconciliation spreadsheet as a secondary check that bank balances agree to the cashbook.</p>	R
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	YES
<p>Are payments supported by invoices? yes</p> <p>Is all expenditure approved? yes</p> <p>Is VAT appropriately accounted for? yes</p>	
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES
<p>Does a review of the minutes identify any unusual financial activity? no</p> <p>Do minutes record the council carrying out an annual risk assessment? 08/03/2021</p> <p>Is Insurance cover appropriate and adequate? yes</p> <p>Are internal financial controls documented and regularly reviewed?</p> <p style="text-align: right;">Date of review/update Financial Regs r 12/10/2020</p> <p style="text-align: right;">Date of review/update Standing Orders r 12/10/2020</p>	
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	YES
<p>Has the council prepared an annual budget in support of its precept? yes</p> <p>Is actual expenditure against the budget regularly reported to the council? yes</p> <p>Are there any significant unexplained variances from budget? no</p> <p>Are reserves appropriate? yes</p> <p>The council holds £134k of reserves, of which £106k are general/operating. This is approximately 50% of the precept</p>	

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*	
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 yes	
Are receipts for business activities within the registration threshold? yes	
Financial Regulations allow the Clerk or Assistant Parish Clerk to make BACS payments as sole signatory - these are listed and approved in advance by council, and checked by a councillor when reviewing the bank statement. The council needs to be aware of the risk that errors or discrepancies will only be discovered in retrospect, when it may not be possible to correct. There may also be implications for staff fidelity insurance cover. The council should consider requiring a second signatory to authorise payments via the bank, at least for payments over a specific level.	Rec
Cash or cheque payments are recorded by issuing a receipt from a duplicate book, the council should consider including receipt and/or invoice numbers in Edge so that a continuous sequence can easily be verified allowing any errors or omissions to be reviewed.	Rec

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	YES
Is all petty cash spent recorded and supported by VAT invoices/receipts? yes	
Is petty cash expenditure reported to each council meeting? yes	
Is petty cash reimbursement carried out regularly? yes	

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
Do all employees have contracts or employment with clear terms and conditions? yes	
Do salaries paid agree with those approved by the council? yes	
Are other payments to employees reasonable and approved by the council? yes	
Have PAYE/NIC been properly operated by the council as an employer? yes	
The council should be aware of its duties under off payroll working regulations (IR35). No issues were noted, but it would be prudent to keep a list of suppliers providing "personal services" to ensure that no obligations are overlooked.	Note

H. Asset and investments registers were complete and accurate and properly maintained.	YES
Does the council maintain a register of all material assets owned or in its care?	yes
Are the assets and investments registers up to date?	yes
Do asset insurance valuations agree with those in the asset register?	yes
I. Periodic and year-end bank account reconciliations were properly carried out.	YES
Is there a bank reconciliation for each account?	yes
Is a bank reconciliation carried out regularly and in a timely fashion and approved by council?	yes
Are there any unexplained balancing entries in any reconciliation?	no
Is the value of investments held summarised on the reconciliation?	yes
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
L. If the authority has an annual turnover not exceeding £25,000m it publishes	N/a
M. The authority has demonstrated that during summer 2020 it correctly provided for	YES
Date from	20/07/2020
Date to	28/08/2020
N. The authority has complied with the publication requirements for 2019/20 AGAR.	YES
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*
Sections 1 & 2 of AGAR	yes
Internal Audit Report	yes
The external audit report was added to the website after discussion with Internal Audit.	
O. Trust funds (including charitable) – The council met its responsibilities as a trustee.	N/a