

# Black Rose Solutions Ltd

## Internal Audit - Report

Name of Council - Perton Parish Council

Date of Audit - 4th May 2023

### Annual Return - Internal Control Objectives

<b>A. Appropriate accounting records have been properly kept throughout the financial year.</b>		YES
Is the cashbook maintained and up to date?	yes	
Is the cashbook arithmetic correct?	yes	
Is the cashbook regularly balanced?	yes	

<b>B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</b>		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	

<b>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</b>		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	
	<b>Review</b>	<b>Update</b>
Risk Assessment	Mar-23	
Financial Regulations	May-22	
Standing Orders	May-22	Oct-22

<b>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</b>		YES
Has the council prepared an annual budget in support of its precept?	yes	
Is actual expenditure against the budget regularly reported to the council?	yes	
Are there any significant unexplained variances from budget?	no	
Are reserves appropriate?	yes	
Earmarked Reserves	171,962	
General/Operating Reserves	150,095	
Months of Income	5.6	
Months of expenditure	5.5	
The council holds General Reserves (Cash flow/Contingency) of 5 to 6 months of Net Revenue Expenditure - this is within guideline levels of 3 to 12 months (larger councils being closer to 3)		

<b>E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</b>		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 insignificant?	yes	
Are receipts for business activities within the registration threshold?	yes	

<b>F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</b>		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	
A few petty cash items were reimbursements to staff for payment made by personal card. There is no issue with this, but could be recorded on the claim/receipt to differentiate an "expense reimbursement" from a true cash payment.	note	

<b>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.</b>		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	
Does line 4 include only Salary, NI & Pension	yes	
Does the council monitor off payroll working (IR35)	yes	

<b>H. Asset and investments registers were complete and accurate and properly maintained.</b>		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	

<b>I. Periodic and year-end bank account reconciliations were properly carried out.</b>		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?	yes	
Is the value of investments held summarised on the reconciliation?	yes	

<b>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.</b>		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	

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

<b>L. The authority publishes information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.</b>	YES
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End of Year Accounts (5 years)	yes
<b>Transparency Code for Larger Authorities (income/expenditure &gt;£200k)</b>	
<b>Quarterly:-</b>	
All items of expenditure above £500	yes
Government Procurement Card transactions	n/a
Procurement information (initiations to tender > £5k)	no
<b>Annually:-</b>	
local authority land	yes
social housing assets	n/a
grants to voluntary, community and social enterprise organisations	yes
organisation chart	yes
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
<b>One off:-</b>	
Waste contracts	n/a

Councils with turnover above £200k should as best practice comply with the Transparency Code. The council may also wish to consider Freedom of Information regulations in terms of what needs to be made available (either on website or via other published means)

<b>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)</b>	YES*
<p>It is required to publish your annual report as soon as possible, and you must publish/announce before the inspection period starts. However there has been confusion about the correct dates if your meeting is held before it is possible to start your inspection period.</p> <p>The Practitioners Guide states this must be <b>at least</b> one date before the commencement date. Guidance from Local Auditors states <b>exactly</b> one day.</p> <p>The relevant section of The Accounts and Audit Regulations 2015 states (and confirms <b>exactly</b> one day) <i>The period for the exercise of public rights is treated as being commenced on the day following the day on which all of the obligations specified in paragraph (2) have been fulfilled, insofar as they are applicable to the authority in question.</i></p>	

<b>N. The authority has complied with the publication requirements for 2021/22 AGAR.</b>	YES
Notice of Period for Exercise of Electors Rights Section 1 Annual Governance Statement Section 2 Accounting Statements Notice of Conclusion of Audit Section 3 External Audit Report & Certificate Internal Audit Report	yes yes yes yes yes yes

<b>O. Trust funds (including charitable) – The council met its responsibilities as a trustee.</b>	N/a