

# Black Rose Solutions Ltd

## Internal Audit - Report

Name of Council - **Perton Parish Council**

Date of Audit - **30th April 2025**

### Annual Return - Internal Control Objectives

<b>A. Appropriate accounting records have been properly kept throughout the financial year.</b>	<b>YES</b>
Is the cashbook maintained and up to date?	yes
Is the cashbook arithmetic correct?	yes
Is the cashbook regularly balanced?	yes
Accounts are prepared using the Edge Accounting system. No issues noted.	
<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>	<b>YES</b>
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
Re adopted?	15/05/2023
If not, does the council monitor s137 expenditure against limit?	n/a
See note E re VAT on exempt activities	note
<b>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</b>	<b>YES</b>
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>
Risk Assessment	13/05/2024
Financial Regulations	13/05/2024
Standing Orders	13/05/2024

<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
Does the precept recorded agree to the Council Tax authority's notification?		yes
Are reserves appropriate?		yes
	Earmarked Reserves	36,262
	General Reserves	206,762
	Months of Income	5
	Months of expenditure	5
The council holds General Reserves (Cash flow/Contingency) of 4 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
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?		**
Are receipts for business activities within the registration threshold?		yes
<p>An error had been made during the year on the correct way to account for the VAT on the purchase of the solar panels.</p> <p>It was believed that the VAT would not be reclaimable due to the insignificance threshold for VAT on inputs attributable to Exempt Supplies, so this VAT was not included in the return.</p> <p>The correct treatment and assessment of this VAT is detailed in VAT Notice 749, under the section 33 recovery model.</p> <p>The VAT should have been reclaimed as normal, and then the threshold assessed at the end of the financial year following the prescribed steps. If at that point, the VAT was considered to be significant a repayment would need to be made in the following VAT period.</p> <p>Upon enquiry from IA this assessment of the full year (including the VAT on the solar panels) it was deemed that the VAT was within the thresholds.</p> <p>This error has been corrected in the 24/25 reported accounts and the VAT will be reclaimed in the next return.</p>		REC

<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
The council ceased to hold petty cash after July		

<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
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PG.G.1 • Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the **approved spinal point on the NJC scale** or hourly rate, if off-scale, and also with the contracted hours

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
For the 24/25 financial year, the SCP annual rates were converted to hourly rates using 52.143 weeks (365 days / 7) - previously 52 weeks was used. This change had been missed when calculating monthly salaries leading to some small underpayments. This will be corrected.	note

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

<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
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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 in 23/24, 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
<b>All councils - Accounts and Audit Regulations 2015</b>	
Accounts remain published for 5 years	yes
Community Infrastructure Levy Return	n/a
<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)	yes
<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)	no
constitution (standing orders)	yes
pay multiple	no
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 2024 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations. (Evidenced by website or minutes)</b>	YES
Approval Date (meeting)	13/05/2024
Publication Date (announcement date)	31/05/2024
Date from (commencement date)	03/06/2024
Date to	12/07/2024

<b>N. The authority has complied with the publication requirements for 2023/24 AGAR.</b>	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
Internal Audit Report	yes

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