

# Black Rose Solutions Ltd

## Internal Audit - Report

Name of Council

Perton

Date of Audit

25/05/2020 - 30/05/2020

### 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

Accounts are prepared using the Edge Accounting system, no issues noted.

**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

There is a grant payment slip which has been corrected with Tip-ex - any such amendment should be initialled by the signatories to confirm the amendment has been approved.

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An invoice has been paid and VAT reclaimed on a pro-forma invoice. A VAT invoice should also be obtained to substantiate the VAT claim.

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The council has claimed a VAT refund in regards to exempt business activities (civic centre room hire) - this is considered insignificant (below £7500) so no action is required.

<b>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</b>	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? yes</p> <p>Is Insurance cover appropriate and adequate? yes</p> <p>Are internal financial controls documented and regularly reviewed? yes</p> <p>Financial Regulations updated, reviewed and adopted in October 2019. A Financial Risk Assessment was performed in October 2019.</p> <p>The council has a comprehensive risk assessment policy in place and adequate insurance. Risk Assessment was reviewed and approved in October 2019, with periodic additional review by an external consultant (2020 review delayed by Covid). Insurance is regularly reviewed with updates and changes made as appropriate.</p>	

<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
<p>Has the council prepared an annual budget in support of its precept? yes</p> <p>Does the precept agree to the local authority's publication 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 has £45,000 of named reserves leaving £102,500 as general/operating reserves - this is approximately 50% of the precept, which appears reasonable.</p>	

<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 authorities notification	yes
Are security controls over cash and near-cash adequate and effective?	yes
Is the council VAT registered? Are returns submitted in a timely manner.	no, yes
The council is not registered for VAT, but potential VAT payable on "business activities" is below the threshold so there is no obligation to register at present.	

<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

<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

<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
The fixed asset register was reviewed and approved in October 2019	

<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?	yes
Are there any unexplained balancing entries in any reconciliation?	no
Is the value of investments held summarised on the reconciliation	n/a

<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) ?	Income and Expenditure.
Do accounts agree with the cashbook?	yes
Is there an audit trail from underlying financial records to the accounts?	yes
Where appropriate, have debtors and creditors been properly recorded?	yes

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

<b>L. The authority has demonstrated that during summer 2019 it correctly provided for the</b>	YES
Notice states rights of inspection were between 10th June and 19th July	