

# Black Rose Solutions Ltd

## Internal Audit - Report

Name of Council : **Salt and Enson Parish Council**

Date of Audit : **1st 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	
The council uses an excel spreadsheet - no errors or omissions were 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>		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?	04/05/2022	
Is Insurance cover appropriate and adequate?	yes	
Are internal financial controls documented and regularly reviewed?	yes	
	<b>Review</b>	
Risk Assessment	May-22	
Financial Regulations	May-22	
Standing Orders	May-22	
Standing orders and Financial Regulations have not been updated since 2014 - it might be advisable to compare to latest NALC template to see if any updates are required to reflect current procedures and best practice.	note	

<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	9,770	
General Reserves	9,516	
Months of Income	13	
Months of expenditure	15	
Guidance states that councils should hold general reserves (cash flow and contingency) between 3 & 12 months of income/expenditure. It is accepted that smaller councils will be towards the upper end of this range, the council needs to be aware that general reserves are a little above this recommended range. It is noted that the council has reduced the level of general reserves held since last year.	note	

<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?	n/a	
Are receipts for business activities within the registration threshold?	n/a	

<b>F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</b>		N/a
The council does not hold petty cash		

<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)	n/a	
The council approved a backdated pay increase in line with LGA pay award in November, however Q4 pay (Jan - March 2023) was calculated at the old rate.	note	

<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?	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) ?	R&P	
Are debtors and creditors properly recorded?	n/a	
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>		YES
Income < £25k	yes	
Expenditure < £25k	yes	
Required Documents Published (2022)		
Certificate of Exemption	yes	
Annual Internal Audit Report	yes	
Section 1 - Annual Governance Statement	yes	
Section 2 - Accounting Statements	yes	
Analysis of Variances	yes	
Bank Reconciliation	yes	
Notice period - exercise of public rights	yes	

<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>Transparency Code for Smaller Councils (income/expenditure under £25k)</b>		
All items of expenditure above £100	yes	
End of Year Accounts (5 years)	yes	
Annual Governance Statement	yes	
Internal Audit Report	yes	
List of Councillor or member responsibilities	yes	
Location of public land and building assets	yes	
Minutes, Agendas and papers of formal meetings	yes	

<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

<b>N. The authority has complied with the publication requirements for 2021/22 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