

Black Rose Solutions Ltd

Internal Audit - Report

Name of Council - **Hammerwich Parish Council**

Date of Audit - **6th June 2023**

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	
The council uses an Excel cashbook, no issues were 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	
Does the Council hold Power of Competence?	no	
If not, does the council monitor s137 expenditure against limit?	n/a	
Payment is made by cheque, approved by two councillors. A list of due payments is presented to council, minuted approved, list signed, invoice signed, cheque signed - however the cheque stub is not always initialled by both signatories in line with Financial Regulations 6.5.		note
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		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	
	Review	Version
Risk Assessment	May-22	
Financial Regulations	May-22	2019
Standing Orders	May-22	2018

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		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	5,000	
General Reserves	20,160	
Months of Income	8.7	
Months of expenditure	5.3	
The council holds general reserves (for cash flow and contingency) in line with guidance (3 to 12 months of net revenue expenditure)		

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

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.		N/a
No petty cash held		

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	
Does line 4 include only Salary, NI & Pension	yes*	
Does the council monitor off payroll working (IR35)	n/a	
Line 4 included an allowance for home working, upon discussion this will be moved to "other payments".	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	
The council has a complete and up to date asset register, however some lines have been consolidated and reported as a total (for example speed devices and playground equipment). In the event that a single item is disposed or replaced, it may not be easy to confirm the separate values. The council may wish to consider itemising the list, or maintaining an appendix with a breakdown of purchase costs and dates.	note	

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?	n/a	
The council minutes the bank balance at each meeting and initials statements, however the formal quarterly bank reconciliations have not been signed in line with Financial Regulations 2.2	Rec	

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) ?	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	

K. If the authority certified itself as exempt from a limited assurance review in 21/22, it met the exemption criteria and correctly certified itself exempt		N/a
The council did not certify itself exempt		

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.		YES
All councils - Accounts and Audit Regulations 2015 Accounts remain published for 5 years	yes*	
Community Infrastructure Levy Return	yes*	
Transparency Code for Smaller Councils (income/expenditure under £25k) All items of expenditure above £100 End of Year Accounts Annual Governance Statement Internal Audit Report List of Councillor or member responsibilities Location of public land and building assets Minutes, Agendas and papers of formal meetings	yes yes yes yes yes no yes	
Transparency Code for Larger Authorities (income/expenditure >£200k) Quarterly:- All items of expenditure above £500 Government Procurement Card transactions Procurement information (initiations to tender > £5k) Annually:- local authority land social housing assets grants to voluntary, community and social enterprise organisations organisation chart trade union facility time parking account parking spaces senior salaries (>£50k) constitution (standing orders) pay multiple social housing fraud One off:- Waste contracts	yes n/a n/a no n/a yes* n/a n/a n/a n/a n/a n/a yes n/a n/a n/a	
Accounts and Audit Regulations (2015) require that accounting statements remain published for 5 years. At the time of audit 2018/18 was not published - this was corrected immediately upon enquiry.	note	
The CIL (Community Infrastructure Levy) return had been submitted to the District Council and published on their website, however it was not published on the Parish Council's website as required. This was corrected immediately upon enquiry.	note	
The council falls between the small and large authority thresholds for Transparency requirements so the code is advisory and considered best practice . A later briefing paper states that the government expects that medium councils will follow the guidance.		

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)	YES*
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The 21/22 annual return was published for the correct 30 days, including the first 10 days of July - but the announcement was mad eon the day of commencement. The announcement has to be published/announced one day before the commencement date.	Rec
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N. The authority has complied with the publication requirements for 2021/22 AGAR.	YES
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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
At the time of internal audit the Electors Rights documents was not published. Upon enquiry it was published immediately.	note

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