

Black Rose Solutions Ltd

Internal Audit - Report

Name of Council

Berkswich Parish Council

Date of Audit

21st June 2021

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 cashbook is kept up to date, balanced monthly to bank statements and reported council. There have been some discrepancies between categories in cash book entries, which may have affected the detailed actual v budget comparisons - though higher level summaries allowed adequate for comparison.	
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	
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? no* Is Insurance cover appropriate and adequate? yes Are internal financial controls documented and regularly reviewed? yes Date of review Financial Regs 03/12/2019 Date of review Standing Orders 03/12/2019 The risk assessment was included in the November meeting pack, but has not been minuted as having been reviewed or approved. The council was "between clerks" at this time, so it appears to have been a genuine oversight. The council should ensure that minutes are a complete record of decisions.	R

27/06/2021

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?	no
The council holds a number of named reserves. General reserves stand at £5394 - which is less than the recommended 3 to 12 months of Net Revenue Expenditure. (5.32 Practitioners Guide)	R
The council holds £200,000 of named reserves, which have not been used, reviewed or amended during the period. It is important that the council regularly reviews reserves held to ensure that they remain appropriate.	R

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
The only income received is precept/grant, interest, VAT refund, wayleave and one small miscellaneous receipt.	
The precept recorded and reported was slightly different to the Council Tax Authority's notification due to incorrect allocation of the split between precept and grant. THIS HAS BEEN AMENDED IN THE FINAL ACCOUNTING STATEMENTS.	note

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	N/a
Is all petty cash spent recorded and supported by VAT invoices/receipts?	
Is petty cash expenditure reported to each council meeting?	
Is petty cash reimbursement carried out regularly?	
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	
Payroll is outsourced, NI and PAYE has been operated correctly.		
The clerk's expenses are added onto salary payments, with receipts attached on the back. There is no formal documentation around this, with payment amounts being noted in pencil, some minor discrepancies were noted. Working from home allowance has also been added, sometimes monthly, sometimes less often. No note of the relevant period is made so IA was unable to verify these amounts. The total of salary plus expenses (including stationery, Zoom calls and mileage) had been included in line 4 of the accounting statements "Staff Costs" - which should only include salary costs. (2.16 Practitioners Guide 2021) - LINE 4 HAS NOW BEEN AMENDED.		
		Note
I suggest that a more formal method is used to record expense payments to help ensure correct calculation and reporting in the accounting statements. THE NEW CLERK HAS IMPLEMENTED THIS SINCE THE END OF THE YEAR.		
		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	
A new Speed Device had not been added to the register due to a misunderstanding. THIS HAS BEEN CORRECTED IN THE REPORTED FIGURES		
		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	
Reconciliations have periodically been minuted by council, but have not been signed off on the face of the reports.		
It is recommended that at least quarterly, a copy of the bank reconciliation and statements are signed as they are reviewed in line with Financial Regulations 2.2.		
		R

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, it met the exemption criteria and correctly certified itself exempt	N/a
The authority did not certify itself exempt	
L. If the authority has an annual turnover not exceeding £25,000 it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency Code for smaller authorities	N/a
The authority has turnover in excess of £25,000	

M. The authority has demonstrated that during summer 2020 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations. (Evidenced by website or minutes)	YES
Date from	20/07/2020
Date to	28/08/2020

N. The authority has complied with the publication requirements for 2019/20 AGAR.	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	no
The council needs to ensure it fully meets the publication requirements.	R

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