

Black Rose Solutions Ltd

Internal Audit - Report

Name of Council - **Hammerwich Parish Council**

Date of Audit - **4th June 2024**

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, a minor issues with VAT was noted - see note B	

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
Re adopted?	n/a
If not, does the council monitor s137 expenditure against limit?	no*
Clerks expenses are supported by receipts and invoices, however these had not been totalled on the claim. For one receipt a small value of VAT had been reclaimed which was not due. (This will be corrected on the next return). For clarity and ease of review (for audit and councillors), it is recommended to include a list of items, showing net, VAT, and gross value, totalled to show the amount reclaimed by expenses.	note
The council does not formally monitor s137 spend, however, a quick retrospective review revealed no items that would have been included.	note

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES
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PG.C.2 ● Ensure that appropriate levels of insurance cover are in place for land, buildings, public, employers' and hirers' (where applicable) liability, fidelity / employees (including councillors) liability, business interruption and cyber security **

PG.C.3 ● Ensure that appropriate arrangements are in place for monitoring play areas, open spaces and sports pitches: such reviews should be undertaken by appropriately qualified external inspectors or, if by officers or members, that they have received the appropriate training and accreditation **

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	
Risk Assessment	24/05/2023
Financial Regulations	24/05/2023
Standing Orders	24/05/2023

buildings cover	no*
<p>The council leases a plot of land from the District Council, which is then sublet (free of charge) with the Council owned changing rooms and play equipment to a third party. The third party is responsible for maintenance (and presumably inspection) of the grounds and play equipment, and maintenance and insurance of the building.</p> <p>The council arranges an additional annual inspection of the play equipment by a certified provider.</p> <p>It is advisable that the council clarifies that the interim inspection arrangements are adequate (i.e. performed regularly by appropriately trained people). Further advice may be sought from SPCA, LDC and/or the council's insurer.</p> <p>It is also advisable that the council requests a copy of insurance documents to ensure that adequate insurance of council assets is maintained.</p>	REC

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	YES
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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?	ok
Are reserves appropriate?	yes
Earmarked Reserves	8,470
General Reserves	19,901
Months of Income	6
Months of expenditure	6

The council holds general reserves (for cash flow and contingency) in line with guidance (3 to 12 months of net revenue expenditure)	
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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
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
The council holds no petty cash	

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
PG.G.10 • Ensure that for the test sample, the correct net pay is paid to the employee with tax, NI and pension contributions correctly paid to the respective agencies.	ok*
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 outsources its payroll. It appears that the working from home allowance has been included as a taxable payment, which is normally not the case. If this is incorrect it will have resulted in a small overpayment of PAYE and NI.	note

H. Asset and investments registers were complete and accurate and properly maintained.	YES
PG.H.6 • Compare the asset register with the insurance schedule to ensure that all assets as recorded are appropriately insured or "self-insured" by the Authority	ok*
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*
See Note C re insurance of leased building	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

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 22/23, 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	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
Transparency Code for Larger Authorities (income/expenditure >£200k)	
Quarterly:-	
All items of expenditure above £500	yes
Government Procurement Card transactions	n/a
Procurement information (initiations to tender > £5k)	yes
Annually:-	
local authority land	yes
social housing assets	n/a
grants to voluntary, community and social enterprise organisations	yes
constitution (standing orders)	yes
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. The council could consider publishing additional information in line with the Transparency Code. Freedom of Information regulations may also be relevant.	

M. The authority has demonstrated that during summer 2023 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations. (Evidenced by website or minutes)	YES
Approval Date (meeting)	21/06/2023
Publication Date (announcement date)	22/06/2023
Date from (commencement date)	23/06/2023
Date to	03/08/2023

N. The authority has complied with the publication requirements for 2022/23 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	yes

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