

Black Rose Solutions Ltd

Internal Audit - Report

Name of Council

Berkswich Parish Council

Date of Audit

23rd May 2022

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.	
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?	yes
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?	5/22
Is Insurance cover appropriate and adequate?	yes
Are internal financial controls documented and regularly reviewed?	yes
Date of review/update Financial Regs	u 5/22
Date of review/update Standing Orders	u 5/22

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 £5010 - which is less than the recommended 3 to 12 months of Net Revenue Expenditure. (5.32 Practitioners Guide)	R
The council holds £195,000 of named reserves (£5000 less than last year). These have not been minuted as having been reviewed during the year.	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	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	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
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
Payroll is outsourced, NI and PAYE has been operated correctly.	

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

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	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	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
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L. The authority publishes information on a website/webpage up to date at the time of the internal audit in accordance with any relevant Transparency Code requirements	YES
Transparency Code for Smaller Councils (income/expenditure under £25k)	
All items of expenditure above £100	yes
End of Year Accounts	yes
Annual Governance Statement	yes
Internal Audit Report	yes
List of Councillor or member responsibilities	yes
Location of public land and building assets	no
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)	n/a
Annually:-	
local authority land	no
social housing assets	n/a
grants to voluntary, community and social enterprise organisations	yes
organisation chart	n/a
trade union facility time	n/a
parking account	n/a
parking spaces	n/a
senior salaries (>£50k)	n/a
constitution (standing orders)	yes
pay multiple	n/a
social housing fraud	n/a
One off:-	
Waste contracts	n/a
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 2021 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	01/07/2021
Date to	11/08/2021
The inspection period was initially advertised as 25 days, but it was corrected to the required 30 before the end of the period.	

