

Black Rose Solutions Ltd

Internal Audit - Report

Name of Council - **Berkswich Parish Council**

Date of Audit - **20th May 2023**

Annual Return - Internal Control Objectives

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| 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 Excel cashbook is kept up to date, balanced monthly to bank statements and reported council. There was a small discrepancy with a pension payment, but this was corrected upon enquiry from IA. | note |
| 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? Adopted | yes 09/05/2023 |
| If not, does the council monitor s137 expenditure against limit? | n/a |
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| 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.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 | ok* |
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| 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 | 22/05/2023 |
| Financial Regulations | 09/05/2023 |
| Standing Orders | 09/05/2023 |

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| Play areas are inspected monthly by a certified external company, however more regular checks are performed by the Clerk. The council should consider whether formal training and/or certification would be appropriate. | note |
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| 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? | yes |
| Are reserves appropriate? | yes |

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| Earmarked Reserves | 136,500 |
| General Reserves | 16,017 |
| Months of Income | 3 |
| Months of expenditure | 4 |

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| The council holds a number of earmarked reserves. General reserves (for cash flow and contingency) are towards the lower end of the recommended 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 |
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| 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? | yes |

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| 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 | |

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| 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. | |
| An incorrect pay increase was paid and corrected the following month. However, the correction was made to the net salary, meaning that overpaid pension and NI was not corrected. | note |
| Upon enquiry from IA - this has been corrected. | |

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| H. Asset and investments registers were complete and accurate and properly maintained. | YES |
| PG.H.3 • Ideally, the register should identify for each asset the purchase cost and, if practicable, the replacement / insured cost, the latter being updated annually and used to assist in forward planning for asset replacement | ok* |
| 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* |
| It is not clear whether all assets are included within the insurance categories/grouping given (e.g. are SIDs included in street furniture? are surfaces included in play equipment?). Upon enquiry from IA the clerk will confirm with the insurer. | note |
| Assets added in the current year had mistakenly been included at Gross cost (including VAT) this was corrected upon enquiry from IA. | note |

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| I. Periodic and year-end bank account reconciliations were properly carried out. | YES* |
| PG.I.1 • Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members | |
| 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? | yes |
| Bank reconciliations are prepared monthly, circulated and signed off as part of the minutes - however it is not clear who is formally responsible for verifying the reconciliation by signing the reconciliation and initialling the original statement in line with Financial Regulations 2.2 | REC |
| <i>2.2. On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.</i> | 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 22/23, it met the exemption criteria and correctly certified itself exempt | |
| N/a | |
| The council did not certify itself exempt | |

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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 the relevant legislation. | YES |
| All councils - Accounts and Audit Regulations 2015 | |
| Accounts remain published for 5 years | yes |
| Community Infrastructure Levy Return | n/a |
| 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 | 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) | no |
| 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. | |

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| 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) | 06/06/2023 |
| Publication Date (announcement date) | 06/06/2023 |
| Date from (commencement date) | 08/06/2023 |
| Date to | 19/07/2023 |
| The document was actually published on the day after the meeting (7th June), but a mistype meant that the announcement date was entered as the 6th. The council needs to be careful to publish the correct dates. | note |

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| N. The authority has complied with the publication requirements for 2022/23 AGAR. | YES |
| Notice of Period for Exercise of Electors Rights | |
| 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 |
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| O. Trust funds (including charitable) – The council met its responsibilities as a trustee. | N/a |
| The council is not a trustee | |