

Black Rose Solutions Ltd

Internal Audit - Report

Name of Council

Creswell Parish Council

Date of Audit

20th April 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
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
Expenditure is approved via a list of due payments signed off at meetings. On occasions additional payments have been manually added to this list. It would be best practice for the amendments to be specifically initially as evidence that they have not been added later.	Rec
As online payments are made on the sole authority of the clerk, it is important that this approval trail can be verified as complete (by councillors and audit).	
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
Risk Assessment	May-22
Financial Regulations	Sep-22
Standing Orders	Sep-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								
<table border="0"> <tr> <td>Has the council prepared an annual budget in support of its precept?</td> <td>yes</td> </tr> <tr> <td>Is actual expenditure against the budget regularly reported to the council?</td> <td>yes</td> </tr> <tr> <td>Are there any significant unexplained variances from budget?</td> <td>no</td> </tr> <tr> <td>Are reserves appropriate?</td> <td>no*</td> </tr> </table> <p>The council has year end balances of £38k, of which £6k is earmarked for elections. This leaves general reserves around £32k, which is 21 months of income. Guidelines state the councils should hold between 3 and 12 month of income/expenditure for cash flow and contingency purposes. It is expected that smaller councils will be at the higher end of this range. (Further details in Practitioners Guide 5.32 - 5.38)</p>	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*	Rec
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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														
<table border="0"> <tr> <td>Is income properly recorded and promptly banked?</td> <td>yes</td> </tr> <tr> <td>Does the precept recorded agree to the Council Tax authority's notification?</td> <td>yes</td> </tr> <tr> <td>Are security controls over cash and near-cash adequate and effective?</td> <td>yes*</td> </tr> <tr> <td>Is the council VAT registered?</td> <td>no</td> </tr> <tr> <td>Are returns submitted in a timely manner.</td> <td>yes</td> </tr> <tr> <td>Is VAT reclaimed on exempt business activities reviewed and considered insignificant?</td> <td>n/a</td> </tr> <tr> <td>Are receipts for business activities within the registration threshold?</td> <td>n/a</td> </tr> </table> <p>Online bank payments are administered solely by the clerk. It is no longer a requirement that two councillors authorise all payment (via cheque signatures or online approval), however the council needs to be mindful that "robust" alternative control processes must be in place.</p> <p>See notes on Objectives B & I.</p>	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	note
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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
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
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

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 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
A bank reconciliation is completed and signed off at every meeting, with a print screen of the online banking page to confirm current balance. However the approvers have not initialled the original bank statements to confirm that they have been reviewed, 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, it met the exemption criteria and correctly certified itself exempt	YES
Income < £25k	y
Expenditure < £25k	y
Required Documents Published (2022)	
Certificate of Exemption	y
Annual Internal Audit Report	y
Section 1 - Annual Governance Statement	y
Section 2 - Accounting Statements	y
Analysis of Variances	y
Bank Reconciliation	y
Notice period - exercise of public rights	y

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
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
A list of expenditure items is not explicitly published and forms part of minutes. The council may consider	

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)	NO
Publication Date	09/06/2022
Date from	09/06/2022
Date to	20/07/2022
Documents need to be published at least 1 day before commencement of electors rights (Practitioners Guide 5.80)	

N. The authority has complied with the publication requirements for 2021/22 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	n/a	
Section 3 External Audit Report & Certificate	n/a	
Internal Audit Report	yes	
Documents need to be published at least 1 day before commencement of electors rights (Practitioners Guide 5.80)		
O. Trust funds (including charitable) – The council met its responsibilities as a trustee.		N/a