Black Rose Solutions Ltd

Internal Audit - Report

Name of Council - **Cheslyn Hay Parish Council**

Date of Audit - **26th May 2023 (and 3rd March 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? Is the cashbook arithmetic correct? Is the cashbook regularly balanced?	yes yes yes	
The council uses the RBS Omega financial system, no errors or omissions were noted		

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? Is all expenditure approved? Is VAT appropriately accounted for? Does the Council hold Power of Competence? If not, does the council monitor s137 expenditure against limit?	yes yes yes* no yes	
Hire income had been entered (and reported via MTD for VAT) as Zero rated when it should be Exempt. This makes no difference to the value of the reclaim. (It is relevant to the Reclaim of VAT on Inputs relating to Exempt Supplies - see E below)	note	
Income from the Solar Panel Feed in Tariff has been treated as zero rated. A proportion of it is Vatable so needs to be reported as such. This has resulted in a small overclaim. THIS HAS BEEN CORRECTED		
VAT has correctly bee charged on the sale of an asset, however it has not been included on the VAT return. This will be investigsted and corrected.	Rec	

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	**Version**
Risk Assessment	Mar-23	
Financial Regulations	Mar-23	2019
Standing Orders	Mar-23	2018
Standing orders, Financial Regulations and Risk Assessments were reviewed at the March 23 Finance and policies meeting, and ratified at the May 23 Full Council meeting.		

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?	yes	
Earmarked Reserves	96,262	
General Reserves	103,699	
Months of Income	4	
Months of expenditure	4	
The council holds general reserves (for cash flow and contingency) within guidelines of 3 to 12 months of Net Revenue Expenditure. (Several of the council's earmarked reserves may fall within the "contingency" definition, but would still be within guidance levels)		

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?	yes	
Are returns submitted in a timely manner.	yes	
Is VAT reclaimed on exempt business activities reviewed and considered insignificant?	yes	
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.		YES
Is all petty cash spent recorded and supported by VAT invoices/receipts?	yes	
Is petty cash expenditure reported to each council meeting?	yes	
Is petty cash reimbursement carried out regularly?	yes	

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)	yes	
Payroll is outsourced to the District Council The council pays mileage at a rate higher than the 45p HMRC approved amount. Upon enquiry from Internal Audit, a p11d has been submitted.		

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	
The council has various asset listings including one with current valuations used to monitor adequacy of insurance. The AGAR valuation is compiled from various sources, and annual changes are substantiated with a list of additions and disposals. The council may wish to consider adding an "AGAR" column to the insurance valuation list to give further assurance that the value is consistent	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	
Approval of bank reconciliations is minuted, and bank statements have been initialled. However in line with Financial Regulations 2.2 (and good practice) the person checking should also sign the face of the reconciliation. THIS HAS BEEN DONE SINCE THE INTERIM AUDIT	note	

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) ?	I&E
Are debtors and creditors properly recorded?	yes
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 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 pulished for 5 years	yes
Community Infrastructure Levy Return	
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	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)	n/a
Annually:-	
local authority land	yes
social housing assets	n/a
grants to voluntary, community and social enterprise organisations	yes
organisation chart	yes
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	yes
social housing fraud	n/a
One off:-	
Waste contracts	n/a

The council falls above the larger authority thresholds for Transparency requirements so the code details information which should be published. Freedom of Information regulations may also be relevant.

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)	YES

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	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

Councillors are trustees of Charity ref 522639 (the council is not named). It is a dormant charity which is in the process of being closed. Charity Commission filings are up to date.