

# Black Rose Solutions Ltd

## Internal Audit - Report

Name of Council - **Doxey Parish Council**

Date of Audit - **8th April 2024**

### Annual Return - Internal Control Objectives

<b>A. Appropriate accounting records have been properly kept throughout the financial year.</b>	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 excel for its cashbook. No issues noted.	
<b>B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</b>	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?	yes
If not, does the council monitor s137 expenditure against limit?	n/a
<b>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</b>	YES
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	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
	<b>Review</b>
	Risk Assessment May-23
	Financial Regulations May-23
	Standing Orders May-23
The council should review the insurance cover for adequacy. For example:- There is £24,300 of surfacing listed in the asset register, which appears to be uninsured. For other categories, the insured value is above the value listed (this may be due to minimum policy limits.) There is no cyber or business interruption cover as recommended by the Practitioners Guide.	note

<b>D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</b>		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*
	Earmarked Reserves	6,000
	General Reserves	48,654
	Months of Income	15
	Months of expenditure	16
The council has balances of £55k, with a £6k reserve earmarked for elections. This leaves general reserves at around 15 months of income, which is above guidance of between 3 and 12 months.		
PG 5.31. Smaller authorities have no specific right to accumulate funds via the precept. All reserves should be reviewed and justified regularly (i.e. at least annually). It is good practice to transparently publish both the level and rationale of all reserves.		REC

<b>E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</b>		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?		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

<b>F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</b>		N/a
The council does not hold petty cash		

<b>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.</b>		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		no
Does the council monitor off payroll working (IR35)		n/a
The council pays 65p per mile, which is above the HMRC approved rate of 45p. The excess should be treated as a benefit in kind and reported on a p11d.		note
Upon enquiry from IA - this will be actioned.		

<b>H. Asset and investments registers were complete and accurate and properly maintained.</b>	<b>YES</b>
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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 note

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?	no*
See note C regarding insurance valuations	note

<b>I. Periodic and year-end bank account reconciliations were properly carried out.</b>	<b>YES</b>
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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

<b>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.</b>	<b>YES</b>
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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

<b>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</b>	<b>N/a</b>
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The council did not certify itself exempt

<b>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.</b>	YES
<b>All councils - Accounts and Audit Regulations 2015</b>	
<b>Accounts remain published for 5 years</b>	yes
<b>Transparency Code for Smaller Councils (income/expenditure under £25k)</b>	
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	n/a
Minutes, Agendas and papers of formal meetings	yes
<b>Transparency Code for Larger Authorities (income/expenditure &gt;£200k)</b>	
<b>Quarterly:-</b>	
All items of expenditure above £500	yes
Government Procurement Card transactions	n/a
Procurement information (initiations to tender > £5k)	n/a
<b>Annually:-</b>	
local authority land	n/a
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
<b>One off:-</b>	
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.	

<b>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)</b>	YES
Approval Date (meeting)	11/05/2023
Publication Date (announcement date)	02/06/2023
Date from (commencement date)	05/06/2023
Date to	14/07/2023

<b>N. The authority has complied with the publication requirements for 2022/23 AGAR.</b>	<b>YES*</b>
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PG.N - IAs should ensure that the statutory disclosure / publication requirements in relation to the prior year's AGAR have been met as detailed on the front page of the current year's AGAR.

Notice of Period for Exercise of Electors Rights	y*
Section 1 Annual Governance Statement	y
Section 2 Accounting Statements	y
Notice of Conclusion of Audit	y*
Section 3 External Audit Report & Certificate	y
Internal Audit Report	y
<p>The notice of period for electors rights and conclusion of audit were not published at the time of audit due to broken links on the website.</p> <p>This was corrected immediately upon enquiry from IA.</p> <p>The council should ensure that statutory publications are correctly published in line with deadlines.</p>	note

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