

# Black Rose Solutions Ltd

## Internal Audit - Report

Name of Council

Outwoods Parish Council

Date of Audit

21/06/2020

### Annual Return - Internal Control Objectives

<p><b>A. Appropriate accounting records have been properly kept throughout the financial year.</b></p>	<p>YES</p>
<p>Is the cashbook maintained and up to date? <span style="float: right;">yes</span></p> <p>Is the cashbook arithmetic correct? <span style="float: right;">yes</span></p> <p>Is the cashbook regularly balanced? <span style="float: right;">yes</span></p> <p>The cashbook is maintained in an excel spreadsheet, no errors were noted.</p>	
<p><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></p>	<p>YES</p>
<p>Are payments supported by invoices? <span style="float: right;">yes</span></p> <p>Is all expenditure approved? <span style="float: right;">yes</span></p> <p>Is VAT appropriately accounted for? <span style="float: right;">yes*</span></p> <p>There has been no VAT return since 2017 - claims can only be backdated up to 3 years, so needs to be completed ASAP <span style="float: right;">R</span></p> <p>It is suggested that a VAT column is added to the monthly payment authorisation sheet presented to council, this would allow the amounts to be reclaimed to be periodically reviewed by councillors and internal audit. <span style="float: right;">R</span></p> <p>Various minor expenses are reimbursed to the clerk or councillors, it is not always clear which receipts relate to which payments. It is recommended that each expense claim be made on a standard document with details and purpose of the reclaim. <span style="float: right;">R</span></p> <p>As detailed below (D &amp; I) - the council has not fully adopted procedures detailed in the updated financial regulations (specifically 2.2 &amp; 4.8). The council needs to fully review new policy and procedure documents to ensure they are fully compliant. <span style="float: right;">R</span></p>	
<p><b>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</b></p>	<p>YES</p>
<p>Does a review of the minutes identify any unusual financial activity? <span style="float: right;">no</span></p> <p>Do minutes record the council carrying out an annual risk assessment? <span style="float: right;">no</span></p> <p>Is Insurance cover appropriate and adequate? <span style="float: right;">yes</span></p> <p>Are internal financial controls documented and regularly reviewed? <span style="float: right;">yes</span></p> <p>The last risk assessment was performed in October 2018, this should be performed annually. <span style="float: right;">R</span></p>	

<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
<p>Has the council prepared an annual budget in support of its precept? yes</p> <p>Is actual expenditure against the budget regularly reported to the council? no</p> <p>Are there any significant unexplained variances from budget? no</p> <p>Are reserves appropriate? yes</p> <p>reserves £11570 v precept £11846, with names reserves of £2500 for the playground - leaving approximately 9 months of the precept.</p> <p>Actual expenditure against budget is only considered by the council while setting the precept, financial regulations (4.8) state that this should be done at least quarterly</p>	R
<b>E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.</b>	YES
<p>Is income properly recorded and promptly banked? yes</p> <p>Does the precept recorded agree to the Council Tax authority's notification? yes</p> <p>Are security controls over cash and near-cash adequate and effective? yes</p> <p>Is the council VAT registered? no</p> <p>Are returns submitted in a timely manner. no*</p> <p>Is VAT reclaimed on exempt business activities reviewed and considered insignificant? n/a</p> <p>Are receipts for business activities within the registration threshold? n/a</p> <p>See note in section B - there has been no VAT return since 2017</p>	
<b>F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</b>	N/a
<p>Is all petty cash spent recorded and supported by VAT invoices/receipts?</p> <p>Is petty cash expenditure reported to each council meeting?</p> <p>Is petty cash reimbursement carried out regularly?</p>	
<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
<p>Do all employees have contracts or employment with clear terms and conditions? yes</p> <p>Do salaries paid agree with those approved by the council? yes</p> <p>Are other payments to employees reasonable and approved by the council? yes</p> <p>Have PAYE/NIC been properly operated by the council as an employer? yes</p> <p>Payroll is outsourced. All payments are in line with approved amounts.</p>	



<b>K. If the authority certified itself as exempt from a limited assurance review, it met the exemption criteria and correctly certified itself exempt</b>	NO
Income/Receipts < £25k	£11,846
Expenditure/Payments < £25k	£13,048
Required Documents Published (2019)	
Certificate of Exemption	no
Annual Internal Audit Report	no
Section 1 - Annual Governance Statement	yes
Section 2 - Accounting Statements	yes
Analysis of Variances	no
Bank Reconciliation	no
Notice period - exercise of public rights	no
The council has moved to a new website in January 2020, not all of the required documents have been uploaded to the new website. Hard copies of all papers are available on file and will be uploaded to the new website. The council needs to ensure that these papers are (and remain) properly published.	R
<b>L. The authority has demonstrated that during summer 2019 it correctly provided for the exercise</b>	YES
Date from	01/07/2020
Date to	09/08/2020
<b>M. Trust funds (including charitable) – The council met its responsibilities as a trustee.</b>	N/a