

Black Rose Solutions Ltd

Internal Audit - Report

Name of Council - **Chapel and Hill Chorlton Parish Council**

Date of Audit - **6th June 2024**

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
The council uses excel, no issues 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
pg.b.4 • Check that there is effective segregation between the writing of cheques or the setting up of online payments, and physical release of payments	**
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
Re adopted?	n/a
If not, does the council monitor s137 expenditure against limit?	yes
Bank payments are made on the sole approval of the acting RFO. There is no longer a requirement to have dual sign off of payments as long as there are robust alternative controls in place. This could be in the form of detailed bank reconciliations, enhanced checking of transactions back to invoices etc.	note
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	10/05/2024
Financial Regulations	10/05/2024
Standing Orders	10/05/2024

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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PG.D.2 • Ensure that budget reports are prepared and submitted to Authority / Committees periodically during the year with appropriate commentary on any significant variances	**
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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?	no*
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

Earmarked Reserves	4,500
General Reserves	8,631
Months of Income	12
Months of expenditure	18

Actual spend against budget is monitored by the RFO and considered when making spend decisions, but it is not formally monitored.	note
FR 4.8 states that a quarterly report of actual expenditure against budget will be prepared and considered by the council.	
The precept recorded on the AGAR incorrectly included a grant. This was corrected upon enquiry from IA.	note

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?	n/a

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	N/a
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The council holds no petty cash	
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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.	N/a
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The council has no staff	
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H. Asset and investments registers were complete and accurate and properly maintained.	YES
PG.H.1 • Ensure that the Authority is maintaining a formal asset register and updating it routinely to record new assets at historic cost price, net of VAT and removing any disposed of / no longer serviceable assets	**
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*
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 keeps an up to date Asset Register, however it includes items at gross cost (including recoverable VAT) It is more common to see assets valued at net cost, as being the actual cost the council and the amount likely to be recoverable on insurance claims. This the approach recommended in the Practitioners Guide. However, the council has discretion to decide how to value assets on the asset register. FR2.27. Authorities need to apply a reasonable approach to asset valuation which is consistent from year to year.	note
I. Periodic and year-end bank account reconciliations were properly carried out.	NO
PG.I.1 • Ensure that bank reconciliations are prepared routinely, are subject to independent scrutiny and sign-off by members	no
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?	no
Are there any unexplained balancing entries in any reconciliation?	no
Is the value of investments held summarised on the reconciliation?	n/a
The bank balance is reconciled to the cashbook by the RFO and the balance reported to council at each meeting. A formal year end reconciliation had been prepared by the RFO. There is no evidence kept that this has been formally reviewed, or checked back to bank statements by someone independent of its creation. FR 2.2 States that a quarterly bank reconciliation will be prepared, reviewed and signed off.	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	NO
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IAs should ensure that, all relevant criteria are met (receipts and payments each totalled less than £25,000)

- the correct exemption certificate was prepared and minuted in accordance with the statutory submission deadline
- that it has been published, together with all required information on the Authority’s website and noticeboard

Receipts < £25k	yes
Payment < £25k	yes
Required Documents Published (2023)	
Certificate of Exemption	yes
Annual Internal Audit Report	yes
Section 1 - Annual Governance Statement	yes
Section 2 - Accounting Statements	yes
Analysis of Variances	no
Bank Reconciliation	no
Notice period - exercise of public rights	yes*
The council did not publish the analysis of variances or the bank reconciliation (though they were provided upon request).	Rec
The council should ensure that it publishes all of the documents required.	

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.	NO
All councils - Accounts and Audit Regulations 2015	no*
Accounts remain published for 5 years	n/a
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	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
The council is classed as a smaller council and claims exemption from external audit so the Transparency Code details what MUST be published	
The council has not explicitly published the location of land and buildings assets. The Transparency Code for Smaller Authorities states 26. When publishing the required data, parish councils ... should publish the following information in relation to each land and building asset: a. description (what it is, including size/acreage), b. location (address or description of location), c. owner/custodian, e.g. the authority or board manages the land or asset on behalf of a local charity, d. date of acquisition (if known), e. cost of acquisition	Rec
The Accounts and Audit Regulations 2015, 13-4-b states after the conclusion of the period for the exercise of public rights in regulation 14, ensure that the statement of accounts that was published on the authority's website in accordance with regulation 15(2) remains available for public access for a period of not less than five years beginning with the date of such publication.	note
As the council did not have a website until recently, it could be argued that the accounts were never published, so they could not "remain" published there. But it would still be best practice for the council to retrospectively publish the historic accounts.	

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)	NO
Approval Date (meeting)	14/06/2024
Publication Date (announcement date)	15/06/2023
Date from (commencement date)	10/07/2023
Date to	18/08/2023
30 days?	yes
first 10 days of July?	no
exactly 1 day before?	no
as soon as practical?	no
The period for exercise of public rights has to start as soon as possible, be announced exactly one day before and include the first 10 days of July.	
It is believed that the council were using out of date information about the requirements, in the future the council should refer to the latest documentation pack sent out by Mazars, the external auditors.	Rec

N. The authority has complied with the publication requirements for 2022/23 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

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