Black Rose Solutions Ltd

Internal Audit - Report

Name of Council Date of Audit Hednesford Town Council

14th to 26th April 2021

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 the Scribe accounting system.	·	

B. This authority complied with its financial regulations, payments were expenditure was approved and VAT was appropriately accounted for.	e supported by invoices, all	YES
Are payments supported by invoices? Is all expenditure approved? Is VAT appropriately accounted for? Expenditure has been approved via dual signatory bank approval. Electro have been circulated by email (to 2 signatories) while the council has bee However, in moving to reporting summary budget v actual reports during details of transactions have not routinely been reported to council or put line with transparency regulations. A retrospective list of transactions over published.	n meeting remotely. council meetings, the lished on the website in	R
There was an error in the value of VAT on expenditure submitted in the C in an overclaimed refund. This was identified during Internal Audit and w return.	-	R

C. This authority assessed the significant risks to achieving its objectives and r dequacy of arrangements to manage these.	eviewed the	NO
Does a review of the minutes identify any unusual financial activity?	no	
Do minutes record the council carrying out an annual risk assessment?	no*	
Is Insurance cover appropriate and adequate?	yes*	
Are internal financial controls documented and regularly reviewed?	no*	
The council has various risk assessments in place, but the Covid risk assessment ninuted as having been reviewed by the council in the current year.	is the only one	R
The council holds a comprehensive, tailored insurance policy, however, as the c complete asset register, it cannot be verified that insurance levels are adequa uspected that insured values will prove to be too high.		
inancial regulations are in place, but have not been reviewed during the year (018). Financial Regulations (and other policy documents) should be reviewed a		R

D. The precept or rates requirement resulted from an adequate budgetary p 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	
The council has reserves of £218,919 - including £80,246 Community Infrastru This leaves general reserves around 70% of annual expenditure (a council shou between 3 and 12 months expenditure as a general reserve.)	•	

E. Expected income was fully received, based on correct prices, properly reco banked; and VAT was appropriately accounted for.	rded and promptly	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?	n/a	
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	
Most receipts have been online payments due to the pandemic. No cash has be the year. Cheques have been banked regularly.	een received during	
There have been instances where "business" income transactions have been re and it has caused the VAT status for the transaction to change - and not match sent to the customer. Incorrect VAT returns have been submitted (missing "VA will also be corrected in the next claim. The council needs to ensure that appro controls are in place to ensure that such "system" discrepancies, or human error resolved in a timely manner.	the invoice that was T on Income"). This ppriate checks and	R

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	N/a
Is all petty cash spent recorded and supported by VAT invoices/receipts?	
Is petty cash expenditure reported to each council meeting?	
Is petty cash reimbursement carried out regularly?	
The council does not hold petty cash, miscellaneous expenditure is incurred by staff and reclaimed	
via expenses.	

G. Salaries to employees and allowances to members were paid in accordance authority's approvals, and PAYE and NI requirements were properly applied.	e with this	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	
Payroll is outsourced. PAYE/NIC appear to have been properly operated by the employer. Employees' contracts were not verified due to remote audit.	council as an	
Minutes for some private/confidential sessions of the council were not all available been possible to review all decisions in regards to recruitment, salaries or annua Summary actual and budget figures are reported to the council and approved, b to break this approval down to verify salaries for individual employees. It is imp are kept in regards to all decisions made by council, as they may be necessary to disputes or disagreements.	al pay reviews. out it is not possible ortant that minutes	R
There is no procedure in place to identify off-payroll workers in line with recent that makes this the responsibility of the council and not the "worker". It is impo assesses "suppliers" in regards to the criteria for "off payroll workers" and ensu then meets any statutory duties (to issue a determination and/or report and pa caxes.)	rtant that council re that the council	R
H. Asset and investments registers were complete and accurate and properly	maintained.	NO
Does the council maintain a register of all material assets owned or in its	20	

Does the council maintain a register of all material assets owned or in its		
care?	no	
Are the assets and investments registers up to date?	no	
Do asset insurance valuations agree with those in the asset register?	no	
Work is ongoing to prepare an Asset Register. It has not been reviewed or approv	ved by council.	R

I. Periodic and year-end bank account reconciliations were properly carried ou	ut.	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 quarterly bank reconciliation is performed and signed off by the RFO.		
There have been minor reconciling discrepancies during the year - these have be end of the year	een resolved at the	

J. Accounting statements prepared during the year were prepared on the or (receipts and payments or income and expenditure), agreed to the cash bo adequate audit trail from underlying records and where appropriate debto properly recorded.	ook, supported by an	YES
Are year end accounts prepared on the correct accounting basis (receipts	receipts and payments	
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	N/a
criteria and correctly certified itself exempt	iv/a

Date from Date to	29/06/2020 07/08/2020	
N. The authority has complied with the publication requirements	for 2019/20 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	no	
Section 3 External Audit Report & Certificate	no	
Sections 1 & 2 of AGAR	yes	
Internal Audit Report	yes	
The council has not published the conclusion of audit of external a be corrected.	udit report for 2019/20, this will	
O. Trust funds (including charitable) – The council met its response	sibilitios as a trustoo	N/a