

Black Rose Solutions Ltd

Internal Audit - Report

Name of Council

Rugeley Town Council

Date of Audit

20/10/2020 and 08/06/2021

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 RBS Omega system, no irregularities 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?	yes
Is all expenditure approved?	yes
Is VAT appropriately accounted for?	yes*
The council is VAT registered and VAT is claimed quarterly.	
Room Hire which is treated as VAT exempt had not been included in statistical value reported in Box 6 (Total sales) - this has been remedied by the year end visit.	
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?	No *27/11/2019
Is Insurance cover appropriate and adequate?	yes
Are internal financial controls documented and regularly reviewed?	yes
Date of last review of standing orders	04/11/2020
Date of last review of financial regulations	04/11/2020
There was no formal review of significant risks during the year, the last being November 2019. There are minutes of review and update of policies in regards to Covid and the annual budget process considered different scenarios relating to the continuing risks. However, it is advisable to formally review risk management arrangements on an annual basis.	

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

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	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
As a proportion of the council's income is VAT exempt, the council needs to ensure that VAT reclaimed in regards to these activities is "insignificant". Procedures were in place to monitor this by the year end visit.	
The council is registered for VAT but it is not clear which activities should be invoiced with VAT. Currently only drinks invoiced with room hire are consistently charged with VAT. Other revenue streams may be Exempt from VAT, or outside the scope - but there may be some which should attract standard rate VAT. This is in hand by the year end visit, but limited income due to covid meant this could not be adequately reviewed	Note
Receipts are itemised at each council meeting, but income is reported as a total figure and Accounts Receivable is not regularly reported. It is recommended that a list of invoices raised is periodically reported to council, detailing which are outstanding. This will allow a review of the completeness of records (sequential invoice numbers etc.) and give the council a more complete picture of the financial situation - this has been addressed before the year end visit.	

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
There are 3 petty cash floats, managed on an imprest system.	
Top ups are supported by receipts, and regularly reported to council.	

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 of 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, and all amounts further reviewed by the RFO.	

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

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	yes
Are there any unexplained balancing entries in any reconciliation?	no
Is the value of investments held summarised on the reconciliation?	n/a

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	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 authority did not certify itself exempt	

L. If the authority has an annual turnover not exceeding £25,000 it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the Transparency Code for smaller authorities	N/a
The authority has turnover exceeding £25,000	

M. The authority has demonstrated that during summer 2020 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations. (Evidenced by website or minutes)	YES*
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Date from	31/07/2020
Date to	11/09/2020
*The council published the correct information, on the correct dates, however the external auditor has reported that the publication was not marked unaudited.	

N. The authority has complied with the publication requirements for 2019/20 AGAR.	YES
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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
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