

# Black Rose Solutions Ltd

## Internal Audit - Report

Name of Council

Rugeley Town Council

Date of Audit

10/05/2022 (& 03/11/2021)

### 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 the RBS Omega system, no irregularities were 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
The council is VAT registered and VAT is claimed quarterly.	
<b>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</b>	YES
Does a review of the minutes identify any unusual financial activity?	no
Do minutes record the council carrying out an annual risk assessment?	07/07/2021
Is Insurance cover appropriate and adequate?	yes
Are internal financial controls documented and regularly reviewed?	yes
Date of review Financial Regs	Nov-21
Date of review Standing Orders	May-21

<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?	yes*
<p>General and Contingency Reserves are £362,807 - which is around 10 months of income. It is advised at that councils hold between 3 and 12 months or reserves, with larger councils being towards the lower end of this. (Practitioners Guide 3.34 - Authorities with Income in Excess of £200k should plan towards 3 months in equivalent reserves)</p> <p>A few of the earmarked reserves have not changed since last year. The council should be careful that reserves are not rolled over without consideration of whether they are still required, and that timescales and values remain appropriate.</p>	

<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?	yes
Are returns submitted in a timely manner.	yes
Is VAT reclaimed on exempt business activities reviewed and considered insignificant?	**
Are receipts for business activities within the registration threshold?	n/a
<p>VAT reclaimed on exempt VAT activities for the year is currently under review. As this has not historically been tracked, it is not a quick process to obtain the data required to fully consider this.</p>	

<b>F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</b>	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
<p>There are 3 petty cash floats, managed on an imprest system.</p> <p>Top ups are supported by receipts, and regularly reported to council.</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
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	yes

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

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

<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>	YES
Are year end accounts prepared on the correct accounting basis (receipts and payments or income and expenditure) ?	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
Preparation of income and expenditure accounts requires a number of year end adjustments. Upon review it was found that advance payments for theatre bookings (paid in 21/22 for dates in 22/23) had not been accounted for. Upon discussion, it was determined that this was considered material and has been corrected in the 21/22 accounts.	

<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>	N/a

<b>L. The authority publishes information on a website/webpage up to date at the time of the internal audit in accordance with any relevant Transparency Code requirements</b>	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)	yes
<b>Annually:-</b>	
local authority land	n/a
social housing assets	n/a
grants to voluntary, community and social enterprise organisations	yes
organisation chart	yes
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

<b>M. The authority has demonstrated that during summer 2021 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations. (Evidenced by website or minutes)</b>	YES
Date from	25/06/2021
Date to	05/08/2021

<b>N. The authority has complied with the publication requirements for 2020/21 AGAR.</b>	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	yes
Section 3 External Audit Report & Certificate	yes
Sections 1 & 2 of AGAR	yes
Internal Audit Report	yes
<b>O. Trust funds (including charitable) – The council met its responsibilities as a trustee.</b>	N/a