Black Rose Solutions Ltd

Internal Audit - Report

Name of Council - **Quarnford Parish Council**
Date of Audit - **10th February & 3rd April 2025**

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 for its cashbook - 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
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
If not, does the council monitor s137 expenditure against limit?	yes
Councillors have not initialled cheque stubs in line with financial regulations. FR 8.3. To indicate agreement of the details on the cheque with the counterfoil and the invoice or similar documentation, the signatories shall also initial the cheque counterfoil and invoice.	REC
Payment lists are presented to council for approval with an approval sheet attached, however, the October sheet had not been signed (they were listed and approved via minutes)	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	11/02/2025
Financial Regulations	17/07/2024
Standing Orders	17/07/2024

D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	YES
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
Does the precept recorded agree to the Council Tax authority's notification?	yes
Are reserves appropriate?	yes*
Earmarked Reserves	4,750
General Reserves	1,189
Months of Income	3
Months of expenditure	7
General reserves stand at 3 months of income, 7 months of expenditure. This is within guidelines, but perhaps a little low for a small authority. PG 5.34. The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure. PG 5.35. The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.	note

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
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?	*
Is VAT reclaimed on exempt business activities reviewed and considered insignificant?	n/a
Are receipts for business activities within the registration threshold?	n/a
It is not clear when the last VAT return was submitted (there is a 4 year cut off for claims, the values involved are minimal value). It is intended that a claim will be submitted once the amount to be reclaimed is over £100.	note

F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	N/a
No petty cash held	

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 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*
Does the council monitor off payroll working (IR35)	n/a
A payment of PAYE & NI had been ommitted from the "Staff Costs" line. This was corrected upon enquiry from Internal Audit	note

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 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

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 23/24, it met the exemption criteria and correctly certified itself exempt	YES*
PG.K.2 ● that it has been published, together with all required information on the Authority's website and noticeboard	**
Receipts < £25k	ok
Payment < £25k	ok
Required Documents Published (2024)	
Certificate of Exemption	yes
Annual Internal Audit Report	yes
Section 1 - Annual Governance Statement	yes
Section 2 - Accounting Statements	yes
Analysis of Variances	yes*
Bank Reconciliation	yes*
Notice period - exercise of public rights	yes
At the time of interim audit the analysis of variances was not published. The bank reconciliation was published as part of the minutes, but it would be easier to find if it was published with the rest of the year end files. For councils claiming exemption for external audit, it is part of the exemption criteria that the correct publications are made. THIS WAS CORRECTED UPON ENQUIRY FROM INTERNAL AUDIT	note

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 **Accounts remain published for 5 years**	no
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	n/a
Minutes, Agendas and papers of formal meetings	yes
The council has claimed exemption from External Audit so the Transparency Code for Smaller Authorities details what MUST be published All councils are required to keep 5 years of accounts published. Previous years accounts were not available to be published.	REC

M. The authority has demonstrated that during summer 2024 it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations. (Evidenced by website or minutes)	NO
PG.M.1 - IAs should acquire / examine a copy of the required “Public Notice” ensuring that it clearly identifies the statutory 30 working day period when the Authority’s records are available for public inspection.	***
Approval Date (meeting)	17/7/24
Publication Date (announcement date)	23/7/24
Date from (commencement date)	24/7/24
Date to	5/9/24
The period for the exercise of public rights was late, and did not include the first 10 working days of July.	REC

N. The authority has complied with the publication requirements for 2023/24 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	