

Black Rose Solutions Ltd

Internal Audit - Report

Name of Council

Hednesford Town Council

Date of Audit

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 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* Expenditure has been approved via dual signatory bank approval. Electronic copies of paperwork have been circulated by email (to 2 signatories) while the council has been meeting remotely. However, in moving to reporting summary budget v actual reports during council meetings, the details of transactions have not routinely been reported to council or published on the website in line with transparency regulations. A retrospective list of transactions over £500 will now be published. There was an error in the value of VAT on expenditure submitted in the Qtr 1 VAT return, resulting in an overclaimed refund. This was identified during Internal Audit and will be corrected in the next return.	R R

C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	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 is the only one minuted as having been reviewed by the council in the current year.	R
The council holds a comprehensive, tailored insurance policy, however, as the council does not hold a complete asset register, it cannot be verified that insurance levels are adequate. Though it is suspected that insured values will prove to be too high.	
Financial regulations are in place, but have not been reviewed during the year (last update being 2018). Financial Regulations (and other policy documents) should be reviewed at least annually.	R

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	
The council has reserves of £218,919 - including £80,246 Community Infrastructure Levy reserve. This leaves general reserves around 70% of annual expenditure (a council should typically hold between 3 and 12 months expenditure as a general reserve.)	

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	
A quarterly bank reconciliation is performed and signed off by the RFO.	
There have been minor reconciling discrepancies during the year - these have been resolved at the end of the year	
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) 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 criteria and correctly certified itself exempt	N/a
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.	YES
Date from 29/06/2020	
Date to 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 audit report for 2019/20, this will be corrected.	
O. Trust funds (including charitable) – The council met its responsibilities as a trustee.	N/a