

# Black Rose Solutions Ltd

## Internal Audit - Report

Name of Council - **Hammerwich Parish Council**

Date of Audit - **4th June 2025**

### Annual Return - Internal Control Objectives

<b>A. Appropriate accounting records have been properly kept throughout the financial year.</b>	<b>YES</b>
Is the cashbook maintained and up to date?	yes
Is the cashbook arithmetic correct?	yes
Is the cashbook regularly balanced?	yes
The council uses an excel spreadsheet cashbook. No issues 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>	<b>YES</b>
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
Re adopted?	n/a
If not, does the council monitor s137 expenditure against limit?	yes
The council does not formally monitor s137 spend, however, a quick retrospective review revealed spend was way below the limit.	
<b>C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</b>	<b>YES</b>
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
	<b>Review</b>
	Risk Assessment 15/05/2024
	Financial Regulations 19/06/2024
	Standing Orders 15/05/2024

<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
Does the precept recorded agree to the Council Tax authority's notification?		yes
Are reserves appropriate?		yes
	Earmarked Reserves	700
	General Reserves	22,954
	Months of Income	8
	Months of expenditure	7
The council holds general reserves (for cash flow and contingency) in line with guidance (3 to 12 months of net revenue expenditure)		

<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
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?		yes
Is VAT reclaimed on exempt business activities reviewed and considered insignificant?		n/a
Are receipts for business activities within the registration threshold?		n/a

<b>F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.</b>		N/a
The council does not hold petty cash		

<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
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PG.G.1 • Ensure that, for all staff, a <b>formal employment contract</b> is in place together with a confirmatory letter setting out any changes to the contract	yes*
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PG.G.3 • Ensure that, for a sample of staff salaries, gross pay due is calculated in accordance with the <b>approved spinal point on the NJC scale</b> or hourly rate, if off-scale, and also with the contracted hours	ok*
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PG.G.8 • For NI, ensure that the correct deduction and employer's contributions are applied: NB. The employers allowance is not available to councils but may be used by other authorities	**
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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

For the 24/25 financial year, the SCP annual rates were converted to hourly rates using 52.143 weeks (365 days / 7 ) - previously 52 weeks was used. This change had been missed when calculating monthly salaries leading to some small underpayments.	note
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The Clerk's contract indicates as range of SCP rates, which will be increased only upon completing additional qualifications. It is more common to see contracts which also allow annual increments within the range.	
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The Clerk's rate is currently above the maximum indicated in the contract. The contracted range is generally stated in reference to the specifics of the job role (e.g. village hall, allotments, level of precept), so it is unusual to see a clerk's SCP rate increased to a different band without note of additional responsibilities.	REC
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There was a small liability for Employers National Insurance for the year, however, it appears that the payroll provider has incorrectly claimed Employment Allowance. Public Authorities are not eligible for employment allowance. This will be corrected.	note
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<b>H. Asset and investments registers were complete and accurate and properly maintained.</b>	YES
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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
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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

<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) ?	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

<b>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</b>	N/a
The council did not certify itself exempt	

<b>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.</b>	YES
<b>All councils - Accounts and Audit Regulations 2015</b>	
Accounts remain published for 5 years	yes
<b>Community Infrastructure Levy Return</b>	yes
<b>Transparency Code for Smaller Councils (income/expenditure under £25k)</b>	
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	yes
Minutes, Agendas and papers of formal meetings	yes
<b>Transparency Code for Larger Authorities (income/expenditure &gt;£200k)</b>	
<b>Quarterly:-</b>	
All items of expenditure above £500	yes
Procurement information (initiations to tender > £5k)	no
<b>Annually:-</b>	
local authority land	yes
grants to voluntary, community and social enterprise organisations	yes
constitution (standing orders)	yes
The council falls between the small and large authority thresholds for Transparency requirements so the code is advisory and considered best practice. A later briefing paper states that the government expects that medium councils will follow the guidance. The council could consider publishing additional information in line with the Transparency Code. Freedom of Information regulations may also be relevant.	

<b>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)</b>	YES
Approval Date (meeting)	19/06/2024
Publication Date (announcement date)	20/06/2024
Date from (commencement date)	21/06/2024
Date to	01/08/2024

<b>N. The authority has complied with the publication requirements for 2023/24 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
Internal Audit Report	yes

<b>O. Trust funds (including charitable) – The council met its responsibilities as a trustee.</b>	N/a
The council is not a trustee	