

Herefordshire Association of Local Councils (HALC)

Internal Audit Service

INTERNAL AUDIT REPORT

Final Peterchurch Parish Council 2018/19

1. Introduction

Herefordshire Association of Local Councils has carried out an end of year Internal Audit review.

2. 2017/18 Internal Audit recommendations?

Unable to ascertain if any recommendations were made last year.

3. Scope of Audit

The scope of the audit covered

- 3.1 Budgeting
- 3.2 Accounting records and supporting documents
- 3.3 Bank Reconciliation
- 3.4 Investments
- 3.5 Income
- 3.6 Standing Orders and Financial Regulations
- 3.7 Petty Cash
- 3.8 Employment
- 3.9 VAT
- 3.10 Fixed Assets and Equipment
- 3.11 Risk Management
- 3.12 Annual Return 2019
- 3.13 Exempt Criteria
- 3.14 Exercise of Public Rights
- 3.15 Trusts

4. Findings of the Audit

	Scope	Observation	Pass	Rec
4.1	Budgeting	Unable to confirm if the Budget and precept for 2018/19, was approved by the Parish Council, as there no minutes submitted, no minutes on the website. There was no budget monitoring evidenced in the minutes	No	R.1 R.2
4.2	Accounting records and supporting documents	No clear what amounts authorised at 16/10/18 meeting as the minutes do not state the amount approved.	No	R.3
4.3	Bank Reconciliations		Yes	
4.4	Investments		N/a	
4.5	Income		Yes	
4.6	Standing Orders and Financial Regulation	No clear which Standing Orders and Financial Regulations are the latest, as in the file	No	R.4

	Scope	Observation	Pass	Rec
		submitted for review there is the index of Financial Regulations marked ratified at the 23 rd May 2017 meeting of the Parish Council, unable to verify this as unable to access minutes on the website in addition the version on the website is dated 2018. Regarding Standing Orders there are no versions on the Website, however the file submitted has Standing Orders reviews on 17 th July 2018, however the minutes of the 17 th July do not evidence a review or update		
4.7	Petty Cash		N/a	No Petty Cash
4.8	Employment	The Figure in the Annual Return includes Office expenses	No	R.5
4.9	VAT		Yes	
4.10	Fixed Assets and Equipment	There is an Asset Register Submitted, however it is not clear why the Playground equipment is not included	No	R.6
4.11	Risk Management	There is no Risk register and there was no review of the risks during the year. The Schedule of insurance was not submitted for review	No	R.7
4.12	Annual Return	Staff costs include office expenses, which should be in other costs	No	R.5
4.13	Exempt Criteria met		N/a	
4.14	Exercise of public rights	Unable to confirm this as there was no information on the Website	No	R.8
4.15	Trusts		N/a	

5. Recommendations

- 5.1 Need to have access to the relevant approving the 2018/19 budget and precept.
- 5.2 Regular Budget Monitoring need to take place.
- 5.3 When payments are approved the figures should be stated clearly in the minutes.
- 5.4 The status of Financial Regulations and Standing Orders needs clarification.
- 5.5 Salary costs should no include office expenses reimbursed to the Clerk.
- 5.6 Explanation required regarding the omission of the playground Equipment
- 5.7 There should be a Risk register and risk should be reviewed at least once in the year.
- 5.8 As legally required the publication of required notices should be evidenced.

6. Annual Return- Internal Control Objective

	Objective	Yes	No	Not Covered	Rec No
A	Appropriate accounting records have been kept properly through the year	√			
B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for		√		R.3
C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these		√		R.7
D	The precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate		√		R1,R2
E	Expected income was fully received, based on correct prices, promptly recorded and promptly banked; and VAT was appropriately accounted for	√			
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for			No Petty Cash	
G	Salaries to employees and allowances to members were paid in accordance this authority approvals, and PAYE and NI requirements were properly applied		√		R.5
H	Asset and Investments registers were complete and accurate and properly maintained.		√		R6
I	Periodic and year end bank account reconciliations were properly carried out	√			
J	Accounting statements prepared during the year were prepared on the correct accounting basis,(receipts, and payments or income and expenditure) agreed to the cashbook supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded		√		R.5
K	If the authority certified itself as exempt from assurance review in 2017/18, it met the exemption criteria and correctly declared itself exempt(<i>not covered should only be ticked where the authority had a limited assurance review of its 2017/18 AGAR</i>)			N/a	
L	During the Summer of 2018 this authority has correctly proved the proper opportunity for the exercise of public rights in accordance with the requirements of the accounts and Audit Regulations		√		R.8
M	Trust funds(including charitable) The council met its responsibility as a trustee			N/a	

R.A.FORD

On Behalf of HALC Internal Audit Services
May 2019