

# Herefordshire Association of Local Councils (HALC)

## Internal Audit Service

### INTERNAL AUDIT REPORT

#### Peterchurch Parish Council 2020/21

#### 1. Introduction

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

#### 2. 2019/20 Internal Audit recommendations?

No	Detail	Actioned
1	Approval of the budget should be evidenced in the minutes and approved budget forms part of the approved minutes.	No
2	The Asset Register needs to be brought up to date	Yes
3	The Bank reconciliation workings should form part of the signed minutes.	No
4	The Cash book should be on the bases of cheques issued and not cheques cleared though the bank.	No
5	Procedures to be put in place to ensure that the Notice of Public Rights is published on the Parish Council Website.	Yes
6	Documents publish should be signed as required.	Yes

#### 3. Findings of the Audit

	Scope	Observation	Pass	Rec
4.A	Appropriate accounting records have been properly kept throughout the financial year	The Cash book Is based on cheques cleared though the bank and not in Cheque number order	Yes	R.1
4.B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.	Cash book payments from 09/04/20 to 16/06/210 not authorised by the Parish Council, these were paid under delegated power Minute 17/03/20 (7.1), these need to be reported to the Parish Council	Yes	R.2
4.C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	All risks cover is not in line with the values on the Asset register e.g. Playground Equipment of £120,000 not on All Risk Schedule.	No	R.3
4.D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<ul style="list-style-type: none"><li>• There was no budget Monitoring reporting after the October 2020 meeting</li><li>• Reserves more than twice precept explanation received</li></ul>	No	R.4

	Scope	Observation	Pass	Rec
		<ul style="list-style-type: none"> <li>A Reserve Policy needs to be adopted.</li> </ul>		R,5
4.E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.		Yes	
4.F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.		N/a	
4.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			
4.H	Asset and investments registers were complete and accurate and properly maintained.		Yes	
4.I	Periodic and year-end bank account reconciliations were properly carried out during the Year.	The actual Bank Reconciliation workings are not evidenced as part of the signed minutes	Yes	R. 6
4.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	
4.K	<b>IF</b> the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt.	Had an intermediate Review therefore marked not covered as required by the external Auditor	Not Covered	

	Scope	Observation	Pass	Rec
4.L	If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the transparency code for smaller authorities.	<ul style="list-style-type: none"> <li>The analysis of variances for 31<sup>st</sup> March 2020 was not published</li> <li>The bank reconciliation for 31<sup>st</sup> March 2020 was not published.</li> <li>A copy of the exemption certificate was not published</li> <li>All items of expenditure above £100 not published .</li> </ul>	No	R.7
4.M	The Authority during the previous year (2019/20) correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set..		Yes	
4.N	The authority has complied with the publication requirements for 2019/20 AGAR		Yes	
4.O	Trust funds(including charitable) The council met its responsibility as a trustee		N/a	
4.P	Annual Return Complete		Yes	

#### 4. Recommendations

- 4.1 The Cash book should be on the bases of cheques issued and not cheques cleared though the bank.
- 4.2 Payments under delegated authority need to be reported to the Parish Council.
- 4.3 All assets should have adequate insurance cover.
- 4.4 Budget Monitoring should be carried out on a regular basis, reviewed by the Parish Council and reports should form part of the signed minutes.
- 4.5 A Reserve Policy should be adopted.
- 4.6 The actual Bank Reconciliation workings should form part of the signed minutes
- 4.7 All Transparency Code information to be published.

#### 5. Annual Return- Internal Control Objective

	Objective	Yes	No	Not Covered	Rec No
<b>A</b>	Appropriate accounting records have been properly kept throughout the financial year	√			
<b>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>Objective</b>	<b>Yes</b>	<b>No</b>	<b>Not Covered</b>	<b>Rec No</b>
<b>C</b>	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		√		<b>R.3</b>
<b>D</b>	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		√		<b>R.4</b>
<b>E</b>	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	√			
<b>F</b>	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.			<b>N/a</b>	
<b>G</b>	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>H</b>	Asset and investments registers were complete and accurate and properly maintained.	√			
<b>I</b>	Periodic and year-end bank account reconciliations were properly carried out during the year.	√			
<b>J</b>	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>K</b>	<b>IF</b> the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt.			√	
<b>L</b>	If the authority has an annual turnover not exceeding £25.000, it publishes information on a website/webpage up to date at the time of the internal audit in accordance with the transparency code for smaller authorities.		√		<b>R.7</b>
<b>M</b>	The Authority during the previous year (2019/20 correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations ( evidenced by the notice published on the website and/or authority approved minutes confirming the dates set..	√			
<b>N</b>	Trust funds(including charitable) The council met its responsibility as a trustee			<b>N/a</b>	

**R.A. FORD**

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**On Behalf of HALC Internal Audit Services**  
**May 2021**