

Herefordshire Association of Local Councils (HALC)

Internal Audit Service

INTERNAL AUDIT REPORT

Peterstow Parish Council 2023/24

1. Introduction

Herefordshire Association of Local Councils (HALC) carried out an end of year Internal audit for the year ending 31st March 2024. It should be noted that whilst there are still some remaining recommendations to action from 2022/23, there have been significant improvements in the financial and procedural management of this Parish Council.

2. 2022/23 Internal Audit recommendations?

Number	Detail	Actioned
1	Procedures should be put in place to ensure that all payments are authorised by the Parish Council.	Yes
2	Standing Orders should be updated.	Yes
3	The Parish Council should have a Risk Register and carry out a review of risk during the year	Yes
4	The Insurance Schedule should be aligned with the Asset Register, which will ensure that there is adequate cover for assets.	No
5	The Parish Council should be considering Budget Monitoring Reports in line with its Financial Regulations.	No
6	The Parish Council should adopt a Reserve Policy and review its reserves at least annually.	No
7	Monthly salary payments should be authorised by the Parish Council.	Yes
8	Bank Reconciliations should be reported to the Parish Council in line with its Financial Regulations, and there should be independent sign off by a Councillor.	No

3. Findings of the Audit

	Scope	Observation	Pass	Rec
3.A	Appropriate accounting records have been properly kept throughout the financial year		Yes	
3.B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.		Yes	
3.C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	The Asset Register needs aligning with the Insurance Schedule – otherwise risk management is much improved. The Risk Register should be reviewed alongside the Risk Management Policy annually.	No	1
3.D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	Although I am sure a budget was used to draw up the precept figure, this is not minuted anywhere – nor is it added as an appendix. Budget monitoring needs adding to the agenda and a column adding to the accounts spreadsheet. A reserve policy is required	No	2 3
3.E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.		Yes	
3.F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.		N/A	
3.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	
3.H	Asset and investments registers were complete and accurate and properly maintained.		Yes	

	Scope	Observation	Pass	Rec
3.I	Periodic and year-end bank account reconciliations were properly carried out.	Although there are monthly bank reconciliations, these were not approved by the Full Council nor signed off by a Councillor.	Yes	4
3.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	
3.K	IF the authority certified itself as exempt from a limited assurance review in 2022/23 it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")</i>		Yes	
3.L	The Authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with legislation		Yes	
3.M	In the year covered by the AGAR the authority correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023/24 AGAR period were public rights in relation to the 2022/23 AGAR evidenced by a notice on the website and /or authority approved minutes confirming the dates set)		Yes	
3.N	The authority has complied with the publication requirements for 2022/23 AGAR		Yes	
3.O	Trust funds(including charitable) The council met		N/A	

	Scope	Observation	Pass	Rec
	its responsibility as a trustee			
3.P	Annual Return Complete		Yes	

4. Recommendations

- 4.1 The Insurance Schedule should be aligned with the Asset Register, which will ensure that there is adequate cover for assets.
- 4.2 The Parish Council should be considering Budget Monitoring Reports in line with its Financial Regulations. The budget, when approved, should be clearly within the minutes or added as an appendix.
- 4.3 The Parish Council should adopt a Reserve Policy and review its reserves at least annually.
- 4.4 Bank Reconciliations should be reported to the Parish Council in line with its Financial Regulations, and there should be independent sign off by a Councillor.

5. Annual Return- Internal Control Objective

	Objective	Yes	No	Not Covered	Rec No
A	Appropriate accounting records have been properly kept throughout the financial year	√			
B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.	√			
C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		√		1
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		√		2 3
E	Expected income was fully received, based on correct prices, properly 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.	N/A			
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.	√			
H	Asset and investments registers were complete and accurate and properly maintained.	√			
I	Periodic and year-end bank account reconciliations were properly carried out.		√		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.	√			

	Objective	Yes	No	Not Covered	Rec No
K	If the authority certified itself as exempt from a limited assurance review in 2022/23 it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2022/23 AGAR tick "not covered")</i>	√			
L	The Authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with legislation	√			
M	In the year covered by the AGAR the authority correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2023/24 AGAR period were public rights in relation to the 2022-23 AGAR evidenced by a notice on the website and /or authority approved minutes confirming the dates set)	√			
N	The authority has complied with the publication requirements for 2022/23 AGAR	√			
O	Trust funds (including charitable) The council met its responsibility as a trustee	N/a			

HALC Internal Audit Services
1st May 2024