

## Herefordshire Association of Local Councils (HALC)

### Internal Audit Service

#### FINAL INTERNAL AUDIT REPORT

#### Peterstow Parish Council 2022/23

### 1. Introduction

Herefordshire Association of Local Councils (HALC) carried out an end of year Internal Audit review for the year ending 31<sup>st</sup> March 2023. It should be borne in mind that the Parish Council was without a Responsible Financial Officer for a substantial amount of time during the year.

### 2. 2021/22 Internal Audit recommendations?

No	Detail	Actioned
1	Invoices should be signed to act as an audit trail of payments approved	No
2	VAT needs clearly splitting out on the accounting records	Yes
3	There is no risk security in place	No
4	The Notice time frame must include the first 10 days in July	Yes

### 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.	Payments covering Cheque numbers 101125 to 101138 were not authorised by the Parish Council.  Standing orders needs to be adopted.	No	R.1  R.2
3.C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	There is no risk register and there was no review during the year, There is a need to align the Asset Register with the Insurance schedule.	No	R.3  R.4
3.D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	There was budget monitoring during the year.  There is no Reserve Policy	No	R.5  R.6
3.E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and		Yes	

	Scope	Observation	Pass	Rec
	VAT was appropriately accounted for.			
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	There is no evidence in the minutes that the Clerks monthly salary payment were approved by the Parish Council.	No	<b>R.7</b>
3.H	Asset and investments registers were complete and accurate and properly maintained.		Yes	
3.I	Periodic and year-end bank account reconciliations were properly carried out.	Although there are monthly Bank Reconciliations, Bank Reconciliations were not reported to the Parish Council  There is no independent sign off of Bank Reconciliation	No	<b>R.8</b>
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 2021/22, it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2021/22 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		Yes	

	Scope	Observation	Pass	Rec
	audit in accordance with legislation			
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 2022-23 AGAR period were public rights in relation to the 2021-22 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 2021/22 AGAR		Yes	
3.O	Trust funds(including charitable) The council met its responsibility as a trustee		N/a	
3.P	Annual Return Complete		Yes	

#### 4. Recommendations

- 4.1 Procedures should be put in place to ensure that all payments are authorised by the Parish Council.
- 4.2 Standing Orders should be updated.
- 4.3 The Parish Council should have a Risk Register and carry out a review of risk during the year.
- 4.4 The Insurance Schedule should be aligned with the Asset Register, which will ensure that there is adequate cover for assets.
- 4.5 The Parish Council should be considering Budget Monitoring Reports in line with its Financial Regulations.
- 4.6 The Parish Council should adopt a Reserve Policy and review its reserves at least annually.
- 4.7 Monthly salary payments should be authorised by the Parish Council.
- 4.8 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.

#### 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.		√		R.1
C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		√		R.3

	Objective	Yes	No	Not Covered	Rec No
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		√		R.5 R.6
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.		√		R.7
H	Asset and investments registers were complete and accurate and properly maintained.	√			
I	Periodic and year-end bank account reconciliations were properly carried out.		√		R.8
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.	√			
K	If the authority certified itself as exempt from a limited assurance review in 2021/22 it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2021/22 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 2022-23 AGAR period were public rights in relation to the 2021-22 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 2021/22AGAR	√			
O	Trust funds (including charitable) The council met its responsibility as a trustee	N/a			

HALC Internal Audit Services  
17<sup>th</sup> May 2023