

Herefordshire Association of Local Councils (HALC)

Internal Audit Service

INTERNAL AUDIT REPORT

Orcop 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	Documents evidenced and form part of the signed minutes.	No
2	An explanation for the high reserves needed.	No
3	Bank Reconciliations to be based on cheques issued and not cheques presented at the bank	No
4	As legally required relevant documents on the Parish Councils website should be the signed version	yes
5	As legally required the Notice of Public Rights should be published on the Parish Councils website.	Yes
6	As legally required all relevant documents should be published on the Parish Council website	Partly

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.5
4.B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.	Payments at the start of the year had not been authorised by the Parish Council	No	R.1
4.C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	Defibrillator not insured and more clarity needed and a link with Asset register	Yes	R.2
4.D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly	Approved budget was not evidenced as part of the signed minutes Budget monitoring took place in July 20 only.	No	R.3

	Scope	Observation	Pass	Rec
	monitored; and reserves were appropriate.	The Parish Council has not adopted a Reserve Policy		R,4
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		Yes	
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.	Bank reconciliations workings not evidenced in the minutes The Bank reconciliation Is based on cheques cleared though the bank and not Cheques issued	Yes	R.5
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	IF the authority certified itself as exempt from a limited assurance review in 2019/20, it met the exemption criteria and correctly declared itself exempt.		Yes	

	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.	The analysis of variances for 31 st March 2020 was not published on the website by 31 st August 2020. The bank reconciliation for 31 st March 2020 was not published on the website by 31 st August 2020 All items of expenditure above £100 was not published on the website by 31 st August 2020.	No	R.6
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 (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 All payments need to be authorised by the Parish Council
- 4.2 Ensure that assets are properly insured.
- 4.3 Budget monitoring should take place on a regular basis as per the Parish Councils Financial Regulations.
- 4.4 A Reserve Policy should be adopted.
- 4.5 Bank Reconciliations should be based on cheques issued and not cheques presented through the bank, and reconciliations workings form part of the minutes.
- 4.6 All legally required documents should be published.

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.	√			
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		√		R.3

	Objective	Yes	No	Not Covered	Rec No
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 during the year.	√			
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 2019/20, it met the exemption criteria and correctly declared itself exempt.	√			
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.		√		R.6
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	√			
N	The authority has complied with the publication requirements for 2019/20 AGAR	√			
O	Trust funds(including charitable) The council met its responsibility as a trustee				

R. A. FORD

On Behalf of HALC Internal Audit Services

May 21