

Herefordshire Association of Local Councils (HALC)

Internal Audit Service

INTERNAL AUDIT REPORT

Upton Bishop Parish Council 2023/24

1. Introduction

With regards to the 2022/23 Annual Governance and Accounting Return, the Parish Councils External Auditor PKF Littlejohn LLP received objections from a parishioner, at the time of the audit, PKF Littlejohn LLP had not submitted their final report.

2. 2022/23 Internal Audit recommendations?

		Completed
2.1	VAT claim to be made as soon as possible.	Yes
2.2	The Parish Council should review its risks at least once a year, which should be evidenced in the minutes.	Yes
2.3	As part of its risk review the Parish Council should ensure that at a minimum there are dual authorisation controls.	Yes
2.4	The link between the Asset Register and insurance schedule should be clearer.	No
2.5	The Agreed precept amount should be shown in the minutes in addition the approved budget should be appended to and referenced in the minutes.	Yes
2.6	Budget monitoring should take place during the year, with Budget Monitoring Reports appended to and referenced in the minutes.	No
2.7	The Parish Council should adopt a Reserve Policy.	Yes
2.8	Bank Reconciliations computations should be appended to and referenced in the minutes; in addition, the Bank Reconciliation balance should be stated in the minutes.	Partly
2.9	On a regular basis there should be independent sign off by a Councillor of the Bank Reconciliation computation.	Partly
2.10	Procedures be put in place to ensure that all legal publication requirements are met	Partly

3. Findings of the Audit

	Scope	Observation	Pass	Rec
3.A	Appropriate accounting records have been properly kept throughout the financial year	Regarding the cashbook VAT is a memorandum account with related gross expenditure being allocated to cost headings, which does not aid budget monitoring.	Yes	

	Scope	Observation	Pass	Rec
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.	<p>The Parish council uses a combination of Cheques and BACS payments – As part of its review of risk The Parish Council needs to review its online banking arrangements to ensure proper controls and that at least dual authorisation is in place.</p> <p>The link between the Asset Register and the insurance schedule should be clearer.</p>	Yes	<p>R.1</p> <p>R.2</p>
3.D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<p>Minute 06/09/22 (7.4.2) states It was resolved to approve the draft budget of £18,626 for 2022/23 as presented.</p> <p>Financial regulations 4.8 states the RFO shall regularly provide the Parish Council with a statement of receipts and payments to date under each budget head, comparing actual expenditure to the appropriate date against that planned as shown in the budget, these statements are to be prepared at least at the end of each financial quarter and shall show explanation of material variances' For this purpose material shall be in excess of £100 or 15% of the budget.</p> <p>The Reserve Policy was adopted on 13th July 23 (6.2) and states the level of financial reserves to be held by the council will be agreed by the Parish Council during the setting of the budget for the next financial year. The minutes 5th September 2023 (6.3) states the draft budget includes a plan to build reserves at a moderate level, which will enable the council to deal with any future unexpected contingencies.</p> <p>However, there was no</p>	No	R.3

	Scope	Observation	Pass	Rec
		computations to evidence what the Parish Council had in mind.		
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	There were no salary payments made during the year as there was no Clerk	N/a	
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 Bank statements are signed off and balances are reported, moving forward, bank reconciliations should be submitted and evidenced as part of the minutes	Yes	R.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	

	Scope	Observation	Pass	Rec
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	The Annual Governance Statement was changed on 08/06/23 and the Accounting Statements was changed on 19/10/23 The Accounting statement approved on the 15 th May 2023 is not the one currently on the website	No	R.5
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	The Accounting statement approved on 15 th May 2023 is not the one currently on the website	No	R.5
3.O	Trust funds (including charitable) The council met its responsibility as a trustee		N/a	
3.P	Annual Return Complete	See 3L and 3N	No	

4. Recommendations

- 4.1 As part of its next risk review ensure that there are proper controls regarding online banking.
- 4.2 There should be a clearer link between the Asset Register and insurance cover.
- 4.3 Budget monitoring should comply with Financial Regulations.
- 4.4 Bank reconciliations should be submitted and evidenced as part of the minutes.
- 4.5 Documents approved and published prior to the legal deadlines should not be later substituted.

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.	√			

	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.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.	N/a			
H	Asset and investments registers were complete and accurate and properly maintained.	√			
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 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 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		√		R.5
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		√		R.5
O	Trust funds (including charitable) The council met its responsibility as a trustee	N/a			

HALC Internal Audit Services
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