

Herefordshire Association of Local Councils (HALC)

Internal Audit Service

FINAL INTERNAL AUDIT REPORT

Woolhope Parish Council 2017/18

1. Introduction

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

2. 2016/17 Internal Audit recommendations?

Unable to give an opinion as the last internal Audit Report was not available.

3. Scope of Audit

The scope of the audit covered

- 3.1 Budgeting
- 3.2 Accounting records and supporting documents
- 3.3 Bank Reconciliation
- 3.4 Investments
- 3.5 Income
- 3.6 Standing Orders and Financial Regulations
- 3.7 Petty Cash
- 3.8 Employment
- 3.9 VAT
- 3.10 Fixed Assets and Equipment
- 3.11 Risk Management
- 3.12 Annual Return 2018

4. Findings of the Audit

	Scope	Observation	Pass	Rec
4.1	Budgeting	A review of the minutes show that on 6 th December 2016 (10) the minutes state ' <i>Budget for next year to be set.</i> no evidence that The budget was set nor precept figure agreed There was no budget monitoring during the year	No	R.5.1 R.5.8
4.2	Accounting records and supporting documents	As the Bank reconciliation does not balance, reliance on the figures in the accounts is limited A substantial payment of £5,268 (692) was made to Swift Ecology, was not authorised, in addition to payments of £167.99 ((700) to A H Construction and a payment of £280.00 (683) to Came & Co	No	R.5.2 R.5.3
4.3	Bank Reconciliations	No balances reported during	No	R.5.2

	Scope	Observation	Pass	Rec
		the year, the end of year Bank Reconciliation does not agree		
4.4	Investments		N/a	
4.5	Income	No precept figure agreed. Minutes show 'it was decided to put the Precept up by 8%	No	R.5.4
4.6	Standing Orders and Financial Regulation			
4.7	Petty Cash		N/a	
4.8	Employment		Yes	
4.9	VAT		Yes	
4.10	Fixed Assets and Equipment	No Asset Register supplied	No	R.5.5
4.11	Risk Management	There was no Risk Register or evidence of any Risk review. Unable to ascertain the level of insurance cover	No	R.5.6
4.12	Annual Return	Unable to agree figures as the end of year reconciliation does not balance	No	R.5.7

5. Recommendations

- 5.1 It must be clear in the minutes that a budget has been set and the approved budget attached to the relevant minutes
- 5.2 Bank Reconciliations must be done on a regular basis and reported to the Parish Council in addition they must balance
- 5.3 Payments should be authorised by the Parish Council.
- 5.4 The Parish Council needs to formally approve the precept figure.
- 5.5 There need to be a Asset Register.
- 5.6 There needs to be a Risk Register which should be reviewed.
- 5.7 Accounting records that balance should be maintained
- 5.8 Budget monitoring should take place

6. Annual Return- Internal Control Objective

	Objective	Yes	No	Not Covered	Rec No
A	Appropriate accounting records have been kept properly through the year		√		R.5.2
B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for		√		R.5.3
C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these		√		R.5.6
D	The precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate		√		R.5.4 R.5.8
E	Expected income was fully received, based on correct prices, promptly recorded and promptly banked; and VAT was appropriately accounted for		√		R.5.7
F	Petty cash payments were properly supported by receipts, all			No	

	Objective	Yes	No	Not Covered	Rec No
	petty cash expenditure was approved and VAT appropriately accounted for			Petty Cash	
G	Salaries to employees and allowances to members were paid in accordance this authority approvals, and PAYE and NI requirements were properly applied	√			
H	Asset and Investments registers were complete and accurate and properly maintained.		√		R.5.6
I	Periodic and year end bank account reconciliations were properly carried out		√		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 cashbook supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded		√		R.5.7
		Yes	No	N/a	
K	Trust funds(including charitable) The council met its responsibility as a trustee			√	

R.A.FORD

On Behalf of HALC Internal Audit Services

June 2018