

**Herefordshire Association of Local Councils (HALC)**  
**Internal Audit Service**  
**INTERNAL AUDIT REPORT**  
**Almeley Parish Council**  
**2016/17**

**1. Introduction**

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

**2. Scope of Audit**

The scope of the audit covered

2.1 Budgeting

2.2 Accounting records and supporting documents

2.3 Bank Reconciliation

2.4 Investments

2.5 Statement of Accounts

2.6 Standing Orders and Financial Regulations

2.7 Safe and Efficient Arrangements to safeguard  
Public money

2.8 Employment

2.9 VAT

2.10 Fixed Assets and Equipment

2.11 Risk Management

2.12 Due Process

2.13 Miscellaneous

2.14 Annual Return 2017

**3. Findings of the Audit**

<b>Scope</b>	<b>Pass</b>	<b>Observation</b>	<b>Rec</b>
Budgeting	No	Although a document was found headed Summary of Financial Figures 30 <sup>th</sup> September 2016 No evidence in the Parish Council minutes that budget monitoring takes place.	R.1
		Meeting 23/09/15 Minute no 8 – Precept 16/17 , Cllr Skelton agreed that	R.2

		Cllr Skelton, Lynda Wilcox, Barry Halland should form a working Group to consider precept requirements, there is no evidence of actual approval	
Accounting records and supporting documents	Yes	No invoice could be found to support Cheque no 722 and 004	R.3
Bank Reconciliation	No	Although balances are reported at every meeting, the year-end bank reconciliation is not correct, which has led to the figure in the Annual Return being incorrect	R.4
Investments	N/a		
Statement of Accounts	No	Figures in the Annual Return do not agree with the accounts.	R.5
Standing Orders and Financial Regulation	no	Unable to find the approved Financial Regulations	R.6
Safe and Efficient Arrangements to safeguard Public Money	Yes		
Employment	No	The original advertisement for the Clerks position was for 5 hrs. A review of the Contract of Employment showed that the Clerk & RFO commenced on 14 <sup>th</sup> January 2016, however the contract was only signed on 1 <sup>st</sup> March 2017. <i>The contract states 'It is proposed the Clerk has flexible working hours, but must be available to attend parish council meeting on 2<sup>nd</sup> Wednesday bi-monthly in 2016, this started on 13<sup>th</sup> January and also the Annual Parish Meeting on a date to be set in May.</i> There is no evidence seen to date that the Parish Council approved the change in the Clerks contracted hours.	R.7
VAT	No	No evidence in the Income and Expenditure Accounts supplied that VAT is taken account of	R.8

Fixed Assets and Equipment	no	No Asset Register supplied to support figure on the Annual Return	R.9
Risk Management	No	No evidence in the minutes that there is a Risk Register and a review	R.10
Due Process	No Covered		
Miscellaneous	No	No Evidence of a Publication Scheme or an Equality Policy	R.11
Annual Return	No	R.1, R2, R.4, R.5, R7,R.8, R.9, Regarding total borrowing the Annual Return shows ££1856, the Public Works Loan Board shows £1,418.86	R.12

#### 4. Recommendations

- 4.1 Budget monitoring should be evidence in the Parish Council minutes.
- 4.2 Approval of the Budget should always be evidenced in the Parish Council Minutes
- 4.3 Payments should always be supported by invoices, it might be helpful if invoices are filed in an orderly manner.
- 4.4 The end of year bank should be corrected and the correct figures entered in the Annual Return.
- 4.5 The Figures on the Annual Return should be reviewed.
- 4.6 The Parish Councils Financial Regulations should be evidenced.
- 4.7 That in future any change in contracted terms and conditions of the Clerk is approved by the Parish Council, it also advisable to consult with HALC.
- 4.8 Accounting for VAT should be evidenced in the Accounts
- 4.9 An Asset Register should be supplied to support the figure in the Annual Return.
- 4.10 Risk Management and its review should be evidenced in the Parish Councils

## Minutes.

4.11 The Parish Councils Publication Scheme and its Equality Policy should be evidenced

4.12 The difference in the Total borrowing figure should be evidenced

### 5. Annual Return- Internal Control Objective

Objective	Yes	No	Not Covered
<b>A</b> Appropriate accounting records have been kept properly through the year	√		
<b>B</b> The smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT appropriately accounted for		√	
<b>C</b> The smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these		√	
<b>D</b> The precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate		√	
<b>E</b> Expected income was fully received, based on correct prices, promptly recorded and promptly banked; and VAT was appropriately accounted for	√		
<b>F</b> Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for			No Petty Cash
<b>G</b> Salaries to employees and allowances to members were paid in accordance this smaller authority approvals, and PAYE and NI requirements were properly applied	√		
<b>H</b> Asset and Investments registers were complete and accurate and properly maintained.		√	
<b>I</b> Periodic and year end bank account reconciliations were properly carried out		√	
<b>J</b> 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	√		
	<b>Yes</b>	<b>No</b>	<b>N/a</b>
<b>K</b> Trust funds(including charitable) The council met its responsibility as a trustee			√

**R.A.FORD**

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**On Behalf of HALC Internal Audit Services**

**June 2017**

