

Internal Audit Report

(To be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Hertingfordbury Parish Council		
Name of Internal Auditor:	Monika Duong	Date of report:	05/06/2024
Year ending:	31 March 2024	Internal Audit completed on 02/06/24	Meetings on 30/05/24 & 05/06/2024

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the council through its staff and management and not left for internal audit. It would be incorrect to view internal audit as the detailed inspection of all records and transactions of a council in order to detect error or fraud. This report is based on the evidence made available to me and consequently the report is limited to those matters set out below.

The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.

To the Chairman of the Council:

Firstly, I would like to thank the Acting Clerk, Peter Evans for his assistance during the course of audit.

Firstly, I have utilised the Council's website to view necessary information as well as posed a list of questions to the Clerk via email for completion pre-meeting. I have also examined some physical records during our first meeting.

General

During the course of the audit, I examined the Council's arrangements for the management and control of its business in the areas of bookkeeping, due process (ie compliance with the proper practices as set out in the Practitioners' Guide), risk management, budget setting and monitoring, payroll, asset register, bank reconciliations, internal control and year-end procedures. I also sought evidence that the previous year's reports from Internal and External Auditors had been properly reported to the Council.

A. Appropriate accounting records have been kept throughout the Year.	YES
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Accounting records have been kept comprehensively throughout the year ,with cashbook entries being recorded on Scribe accounting software and I am therefore able to answer this assertion in the affirmative, however it was noted that a small grant of £50 was made to the British Legion for the purchase of wreath which was recorded under a general expenditure instead of S137.

Recommendations to the Council

- The Council to refer to the relevant power when approving its expenditure i.e. grants
- If S137 to be used this needs to be reflected in the budget by the resolution

B. The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.	YES
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A sample of invoices was reviewed to ensure expenditure and VAT had been correctly accounted for, and that payment had been approved.

The Council reclaims its Vat using form VAT126.

The list of payments is being authorised and signed by the Council at their monthly meetings as per its Financials Regulations.

C. The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	NO
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The Council does NOT comply 'in all significant respects' with this area.

The last risk assessment was approved by the Council at its meeting on 8th March 2023. The risk assessment was due for review in the 2023-24 financial year, unfortunately this was not carried out. However, I am pleased to confirm that council has undertaken a formal review of the effectiveness of internal controls at its meeting in March 2024 as required by Accounts and Audit Regulations 2015 .

Recommendations to the Council

- To ensure that the Council prepares, and formally adopts, at least once annually, an appropriate and comprehensive register of assessed risks, both regular and ad hoc

D. The Precept or rates requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored; and reserves are appropriate.	YES
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The Annual precept and budget for 2024-25 was approved by the Council on 10th January 2024, Minute Ref: 2024-2024-70d

Progress against the budget in the financial year 2023/24 was regularly monitored.

E. Expected income was fully received based on correct prices, properly recorded, and promptly banked; and VAT appropriately accounted for.	YES
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Income relates mainly to some interest received from Unity Trust Bank
No abnormality has been observed.

F. Petty Cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.	N/A
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The reason for the Not Covered response for Objective F is that I understand that your Council does not maintain any Petty Cash.

G. Salaries to employees and allowances to members were paid in accordance with the authority's approvals, and PAYE and NI requirements were properly applied.	YES
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The current Clerk is currently on maternity leave and the Acting Clerk has been appointed by the Council on a temporary basis. Their salaries are being administered via external payroll provider.

H. Asset and investment registers were complete and accurate and properly maintained.	YES
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The asset register 2023-24 was obtained and reviewed.

Although I have not marked 'NO' to this objective I noted that the purchase value of War Memorial in the asset register was recorded as £5,972, which reflects the cost of repairs carried out in previous years and not the purchase value.

The Council should have regard to the recommendations of the Practitioner Guide March 2023 paragraphs

5.61. *Where an authority receives an asset as a gift at zero cost, for example by community asset transfer, it should be included with a nominal one-pound (£1) value as a proxy for the zero cost.*

5.62. *Assets that do not have a functional purpose or any intrinsic resale value (for example, a village pond or war memorial) are often referred to as 'community assets'. Authorities should record community assets in the asset register in the same way as gifted assets.*

5.64. *For authorities covered by this guide, the most appropriate and commonly used method of fixed asset valuation for first registration on the asset register is at acquisition cost. This means that the recorded value of the asset will not change from year to year, unless it is materially enhanced.*

5.65. *Commercial concepts of depreciation, impairment adjustments, and revaluation are not required nor appropriate for this method of asset valuation*

Recommendation to the Council

- The asset registers to be reviewed as per my comments above and the value in Line 9 to be restated to reflect the purchase value of War Memorial as a nominal one-pound (£1). The Council should note that this is different from the insurance value.

I. Periodic bank reconciliations were carried out throughout the year.	YES
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There was evidence of regular reconciliation to bank statements.
The year-end bank reconciliation had been completed accurately and approved by the Council at its meeting in April 2024.

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.	YES
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Year-end accounts had been prepared on correct accounting basis (a receipts and payments basis) and were agreed with the cashbook and supporting bank statements and other records.

K. If the authority certified itself as exempt from a limited assurance review in the prior year, it met the exemption criteria and correctly declared itself exempt.	N/A
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The reason for the “Not Covered” response for Objective K is that it is not applicable to your Council as the Council did not certify itself exempt from limited assurance review in 2022/23.

<p>L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation</p>	<p>YES</p>
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In addition to the Transparency Code, ‘relevant legislation’ includes, but is not limited to, the Accounts and Audit Regulations 2015. It is noted that the wording of this section of the AGAR was changed last year

The requirements under 13(1)(a) of the above regulations remains unchanged therefore you must display the preceding years papers (2022/2023) on your website to be compliant.

I am pleased to confirm that Hertingfordbury Parish Council complies with 13 (1) (a) the Accounts and Audit Regulations 2015.

I also refer the Council to paragraph 13(2) of these regulations. It specifies that documents identified in 13(1)(a) of the regulations must be ‘made available’ for a period of not less than five years.

I am pleased to confirm that the Hertingfordbury Parish Council complies with 13 (2) the Accounts and Audit Regulations 2015.

It has been asserted by the advisory group for internal auditors that ‘made available’ requires that the documents in question are published on the website. This is potentially open to an alternative interpretation, and as far as I am aware at the time of writing my report, the matter has still not been definitively resolved.

<p>M. The authority has, during the previous year, correctly provided for the period for the exercise of public rights as required by the Accounts and Audit regulations.</p> <p>The 30-working day period for the Exercise of Public Rights was set and minuted by the Council at its meeting on 14 June 2023, minute number 2023-2024-21g</p>	<p>YES</p>
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<p>N. The authority complied with the publication requirements for the prior year AGAR.</p>	<p>YES</p>
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I am pleased to confirm that the Council complied with the publication requirements for the prior year AGAR 2022/23.

O. Trust funds (including charitable) - the Council has met its responsibilities as a trustee.	N/A
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The reason for the Not Covered response for Objective O is that I understand that the Council does not act as a trustee.

Having tested all of the objectives of internal control as set out in Internal Audit section of the AGAR, through the examination of the evidence and discussions with Mr Peter Evans , I have signed off the Annual Internal Audit Report as required.

Yours sincerely,

Monika Duong
Internal Auditor to the Council
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