

Herefordshire Association of Local Councils (HALC)

Internal Audit Service

INTERNAL AUDIT REPORT

Yarkhill Parish Council 2024/25

1. Introduction

In relation to the 2023/24 accounts objections were submitted to PKF the Parish Councils External Auditor, a reply was dated 20th February 2025 was sent to the Parish Council, with recommendations to be actioned. The letter was received with one month of 2024/5 remaining, therefore when considering the 2024/25 Internal Audit Report this must be borne in mind.

Prior to the Internal Audit commencing the Parish Clerk resigned and due to circumstances was not contacted during the review.

It should also be noted that the Parish Council website in operation in 2024/25 has been taken down, which meant that verification regarding publication requirements could not be conducted which has led to a no assessment in the relevant areas. In addition, there were no signed minutes submitted however for the review unsigned minutes were submitted and used.

The minutes received covered the following dates 14th November 2023, 5th March 2024, 14th May 2024, 30th May 2024, 13th August 2024, 17th December 2024 and 25th March 2025.

All liaison during the Internal Audit review was with Cllr Steve Kirby. (Acting Responsible Finance Officer)

2. 2023/24 Internal Audit recommendations?

Recommendations made by the External Auditor

No	Detail	Actioned
1	we recommend that the Council puts in place an action plan to ensure that any year end accounting errors are identified and corrected before the Council approves the AGAR and certifies itself as exempt from our limited assurance review in future years.	No There is a plan in place See Rec 4.13 & 4.14
2	We directed the Clerk to ensure that in future years the internal auditor was formally appointed with a letter of engagement and scope of the audit	Yes
3	Precept/budget - recommend that the Council follows the guidance in Section 5 of the Practitioners' Guide to ensure that this can be demonstrated.	Will need to be looked at during the 2025/26 Audit.
4	Reserves Policy -in future years and we recommend that the Council follows the guidance in Section 5 of the Practitioners' Guide to ensure that this can be demonstrated	No
5	Budget Monitoring - and we recommend that the Council follows the guidance in Section 5 of the Practitioners' Guide to ensure that this can be demonstrated	No

6	Publication requirements and we recommend that the Council follows the guidance in Section 5 of the Practitioners' Guide to ensure that this can be demonstrated	No
7	Standing Orders and Financial Regulation -We recommend that the Council puts in place an action plan to ensure that fully tailored versions of the NALC model standing orders and the new NALC model financial regulations can be evidenced as being adopted and adhered to by the Council throughout 2025/26.	Yes
8	Register of Interest - These failures to disclose a pecuniary interest breached the requirements of the Localism Act 2011. Therefore, in our view, the Council should have responded 'No' to Assertion 3 of the 2023/24 AGAR	This was not covered in the Audit.
9	Accounting Statements -We recommend that the Council puts in place an action plan to ensure that the required year end governance and accounting procedures are in place before the Council approves the AGAR and certifies itself as exempt from our limited assurance review in future years. In particular, we recommend that all members familiarise themselves with the mandatory requirements of the Practitioners' Guide before the discussion regarding compliance with the governance assertions and approval of the responses takes place. If evidence cannot be recalled by members or provided by the Clerk to support one of more of the mandatory paragraphs, then that assertion requires a 'No' response	Approval of The Accounting Statement and related matters for 2024/25 have not been completed yet
10	Bank Reconciliations - We recommend that the Council adds a standing item to its meeting agendas to review and approve the bank reconciliation and supporting bank statements.	No

3. Findings of the Audit

	Scope	Observation	Pass	Rec
3.A	Appropriate accounting records have been properly kept throughout the financial year	Cheques drawn were not entered in number but in order of clearance.	Yes	R.1
3.B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved, and VAT was appropriately accounted for.	There was one payment that was not in the minutes as being authorised. - Terry Griffiths £2,400.00. If the Clerk had delegated authority these payments should have been reported as paid under delegated authority in the minutes. There was no supporting document submitted (receipt) for the Church Donation of £475.00 VAT Claim made to 31 st March 2025.	No	R.2
3.C	This authority assessed the significant risks to achieving	The Parish Council has a risk register and conducted its	No	

	Scope	Observation	Pass	Rec
	its objectives and reviewed the adequacy of arrangements to manage these.	review of risks at its meeting held on 14th May 2024. Although the Risk Register shows that there is an annual review of insurance there was nothing in the minutes to indicate that the Parish Council carried out such a review. There was no indication that the Parish Council reviewed its system of internal control. (March 2024 Practitioners Guide 1.20 Regulation 6 of the Accounts and Audit Regulations 2015 requires the authority to conduct a financial year review of the effectiveness of the system of internal control. The review needs to inform the authority's preparation of its annual governance statement)		R.3 R.4
3.D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	The Precept for 2024/25 was approved at a meeting held on 14th November 2023(6), some three months before the budget was approved. Before setting a precept, the Council must calculate its requirement for each year by preparing and approving a budget. The budget for 2024/25 was approved at the meeting held on 5th March 2024(9.1) Budget monitoring by the Parish Council took place once on 25th March 2025. (March 2024 Practitioners guide paragraph 5.26 there is a requirement for at least quarterly reporting and monitoring.) There is no Reserve Policy (March 2024 Practitioners Guide 5.36) There was no review of Reserves by the Parish Council.	No	R.5 R.6 R.7
3.E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and	Two precept payments were received.	Yes	

	Scope	Observation	Pass	Rec
	VAT was appropriately accounted for.			
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	During the year there were 12 salary payments, a review of the minutes showed that one payment was authorised at the 17th December 2024 meeting and one at the 25th of March 2025 Meeting. If the Clerk had delegated authority these payments should have been reported as paid under delegated authority in the minutes. There were no payslips submitted for review therefore the Internal Auditor could not do any verification	No	R.8
3.H	Asset and investments registers were complete and accurate and properly maintained.	There is an Asset Register in Place, however the Accounting Statement figure for 31-03-24 showed £718 (at Cost) and the 31-03-25 figure showed £227.00 (Current Book Value) See 3P	Yes	
3.I	Periodic and year-end bank account reconciliations were properly carried out.	At the meeting 13-08-24 (7) the minutes states <i>'the most recent Bank Balance (July 13th, 2024) stands at £20,150.16.'</i> At the meeting 25-03-25 (10.1) states <i>'Monitoring of income & expenditure and reconciliation of bank balance.'</i> There was no Councillor sign off. Practitioners guide March 2024 (5.19) It is a requirement of the current model financial regulations that bank reconciliations be prepared regularly, approved by members and signed as part of the regular minute record,	No	R.9 R.10

	Scope	Observation	Pass	Rec
		There was on file a bank reconciliation as of 31 st March 2025.		
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.	Accounting Statement signed by the Responsible Financial Officer on 17 th October 2025.	Yes	
3.K	IF the authority certified itself as exempt from a limited assurance review in 2023/24 it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")</i>	Although documents were approved at the meeting held on 14 th May 2024. (12.3 to 12.6) The Certificate of Exemption was not approved.	No	R. 11
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	At the time of the review the Parish Councils website had been taken down therefore the internal auditor was not able to ascertain if this criterion had been met.	No	R. 12
3.M	In the year covered by this AGAR the authority correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2024/25 AGAR period were public rights in relation to the 2023/24 AGAR evidenced by a notice on the website and /or authority approved minutes confirming the dates set)	At the time of the review the Parish Councils website had been taken down therefore the internal auditor was not able to ascertain if this criterion had been met.	No	R.12
3.N	The authority has complied with the publication requirements for 2023/24 AGAR	At the time of the review the Parish Councils website had been taken down therefore the internal auditor was not able to ascertain if this criterion had been met.	No	R.12
3.O	Trust funds (including charitable) The council met		N/a	

	Scope	Observation	Pass	Rec
	its responsibility as a trustee			
3.P	Annual Return Complete	Regarding Assets (3H) If there has been a change in the method of valuation the value for the previous year should be clearly marked restated. On the Accounting Statement for 2024/25 the total other receipts for 31 st of March 2025 should be £1756 otherwise the Accounting Statement will not balance.	No	R.13 R.14

4. Recommendations

- 4.1 In the cashbook cheques should be entered in cheque number order.
- 4.2 All payments should be authorised and supported by supporting documentation.
- 4.3 The Parish Council should ensure that any review of insurance by the Parish Council is entered in the relevant minute.
- 4.4 The Parish Council conduct a review of its internal control procedures annually.
- 4.5 Before setting its precept, the Parish Council must consider and approve its budget.
- 4.6 The Parish Council must ensure that budget monitoring reporting to the Parish Council takes place as required by the Practitioner's guide.
- 4.7 The Parish Council must adopt a Reserves Policy and review its reserves at least once a year.
- 4.8 All salary payments must be authorised by the Parish Council and supported by payslips.
- 4.9 Bank Reconciliations should be submitted to the Parish Council in line with the Practitioners guide.
- 4.10 There should be Councillor sign off of the Bank Reconciliations submitted to the Parish Council.
- 4.11 The Parish Council should ensure that the Parish Council minutes show that the Parish Council considered and approved the Certificate of Exemption.
- 4.12 The Parish Council ensures that it has a Parish Council website and ensures that arrangements are in place to ensure that the website is under the control of the Parish Council.
- 4.13 The Parish Council rectify the valuation issue before the Accounting Statement is approved.
- 4.14 The total other receipts figure be corrected before the Accounting Statement is approved.

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.2

	Objective	Yes	No	Not Covered	Rec No
C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.		√		R.4
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.		√		R.6 R.7
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.		√		R.8
H	Asset and investments registers were complete and accurate and properly maintained.	√			
I	Periodic and year-end bank account reconciliations were properly carried out.		√		R.9 R.10
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 2023/24 it met the exemption criteria and correctly declared itself exempt. <i>(If the authority had a limited assurance review of its 2023/24 AGAR tick "not covered")</i>		√		R.11
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.12
M	In the year covered by this AGAR the authority correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2024/25 AGAR period were public rights in relation to the 2023/24 AGAR evidenced by a notice on the website and /or authority approved minutes confirming the dates set)		√		R.12
N	The authority has complied with the publication requirements for 2023/24 AGAR		√		R.12
O	Trust funds (including charitable) The council met its responsibility as a trustee	N/a			