

TIDENHAM PARISH / TOWN COUNCIL

Internal auditors report for the year ended 31 March 2016

Date of appointment of Internal Auditor: 17 February 2016

Date(s) of Internal Audit: 07/06/2016 (final)

1. Bookkeeping

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
1.1	Were books made up to date?	Y		
1.2	Is cash book arithmetic correct? (If excel - check formulae)	Y	Excel spreadsheet checked.	
1.3	Is there evidence of regular in-house checks by members (signed and minuted)?	Y		

2. Day to day transactions

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
2.1	Have Standing Orders been formally adopted?	Partially	Recommend updating to the latest NALC model	
2.2	Have Standing Orders been reviewed and minuted?	Y		
2.3	Have Financial Regulations been tailored to council and formally adopted?	Y		
2.4	Have Financial regulations been reviewed and minuted?	Y		
2.5	Have items / services above the de minimus amount been competitively purchased in accordance with Financial Regulations?	Y		
2.6	Has the General Power of Competence been adopted? If "yes", has evidence been seen?	N		

2.7	If 2.7 = "no", separate account for s.137 payments?	Y		
2.8	If 2.7 = "no", s.137 spend limit for year identified?	Y		
2.9	Loans – interest / principle payable	Not applicable		
2.10	Loans – interest / principle receivable.	Not applicable		

3. Risk management

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
3.1	Evidence that council maintains an adequate & effective system of internal control, including risk management and that it is reviewed by full council annually?	N	Evidence that a risk management strategy/policy is in place and/or has been reviewed not seen.	
3.2	Copy of Risk Assessment policy / statement seen?	N	Not seen	
3.3	Minutes checked for unusual activity & evidence that risks are being identified and managed	Y		
3.4	Minutes initialled, each page identified and overall signed	Y		
3.5	Insurance – in place, and adequate and appropriate? See also 8.3	Partially	Total values in asset register significantly higher than that covered under insurance schedule	
3.6	Insurance – evidence of review of cover	Partially	Evidence by way of a minute should confirm that Council has reviewed the level of cover and that it is considered adequate	
3.7	Review of investments, including bank accounts	Y		

4. Budgetary controls

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
4.1	Was a budget adopted?	Y		
4.2	Was a copy of the budget attached to the minute adopting it?	Y		
4.3	Was a contingency included in the budget?	N	No explicit contingency line included in budget. If contingencies are built into individual budget lines suggest this is identified in the budget commentary.	
4.4	Were the objectives of the reserves identified?	Y		
4.5	Were the balances at the close of the year projected? How many months spend does the free reserve represent?	Partially	No evidence seen but end of year bank reconciliation indicates free reserves are within the acceptable range.	
4.6	Did the council regularly compare the actual income and expenditure to the budget?	Y		
4.7	Are there any significant unexplained variances from budget?	Y		

5. Income controls

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
5.1	Was the precept demand properly minuted?	Y		
5.2	Was the precept received?	Y		
5.3	Were all anticipated grants received?	Not applicable		
5.4	Were all anticipated rents received?	Not applicable		
5.5	Was all anticipated investment income received?	Y		
5.6	Is income properly recorded and	Y		

	promptly banked? As quickly as possible			
5.7	Are security controls over cash adequate and effective? If in receipt of cash, is a receipt provided?	Not applicable		

6. Petty cash

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
6.1	Was cash float sufficient and regularly replenished?	Not applicable		
6.2	Was the cash float physically counted by a member?	Not applicable		
6.3	Was expenditure approved?	Not applicable		
6.4	Is all expenditure supported by VAT invoices / receipts?	Not applicable		
6.5	If credit / debit / prepaid cards in use, proper procedures in place?	Not applicable		

7. Payroll

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
7.1	Do all staff have a contract of employment?	Y		
7.2	Are contracts regularly reviewed?	Partially	Clerks contract should be reviewed by the Council annually - ideally at the time of the staff appraisal	
7.3	Do salaries paid agree with those approved by Council?	Y		
7.4	Are other payments to employees reasonable and approved by Council?	Y		
7.5	Has the Council registered as an employer with HMRC and have	Y		

	PAYE / NIC been properly dealt with (including year-end procedures)?			
7.6	Minimum wage paid?	Y		
7.7	Are Councillor's allowances and expenses properly authorised & controlled and reported to HMRC if required?	Y		

8. Assets control

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
8.1	Asset register seen and up to date?	Partially	Recommend that date when items are added to the register is recorded.	
8.2	Basis of valuations	Partially	Asset register should include original cost of each item (or estimate) and current value (i.e. insured value).	
8.3	Comparison with insurance schedule (see also 3.4)	N	Total values in asset register significantly higher than that covered under insurance schedule	
8.4	Evidence that assets have been inspected for risk, and dated.	Partially	Condition assessments undertaken and currently being written up.	

9. Bank reconciliation during the year

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
9.1	Evidence of completion for each account on regular basis?	Y		
9.2	Any unexplained balancing entries in any reconciliation?	Y		

10. Year-end procedures

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
10.1	Cash book additions: - (a) tested by Councillor?	Partially	Tested by Internal Auditor. Evidence of testing by Councillor not seen.	

	- (b) tested by Internal Auditor?			
10.2	Bank reconciliation: - (a) Original bank statement(s) seen? - (b) RFO's reconciliation? (last year and current year)	Y		
10.3	Where appropriate, debtors and creditors properly recorded?	Y		
10.4	RFO to sign and certify statement of accounts	Y		
10.5	Council as a whole to consider the statement of accounts	Y		
10.6	Council as a whole to approve the statement of accounts for submission to the auditor <u>by resolution</u>	Y		
10.7	Statement of accounts to be signed and dated by person presiding at meeting referred to in 10.5	Y		
10.8	Summary of section A of Annual Return prepared on proper basis: - tested by Councillor? - tested by internal Auditor	Y	Tested by Internal Auditor. Test by Councillor not seen.	

11. Other matters

Ref	Test	Meets requirements	Internal auditors comments	For use by Council
11.1	VAT - recorded and paid / reclaimed properly?	Y	VAT claim to be made.	
11.2	Code of conduct adopted by resolution of full council?	Y		
11.3	Referrals under the Code of Conduct?	Y		

11.4	Registered with ICO?	Y		
11.5	Is the Council a Managing Trustee	Y		
11.6	Minutes - apologies	Partially	Recommend Register of reasons for apologies kept.	
11.7	Minutes – declarations of interest	Partially	Minutes should clarify when an interest is declared and the type of interest.	
11.8	Minutes - dispensations	Y		
11.9	Minutes generally	Y		
11.10	Previous internal audit – action taken where recommended?	Partially	Risk Management Strategy still to be produced.	
11.11	Previous external audit – action taken where recommended?	Not applicable		
11.12	Electronic records backed up	Y		
11.13	Chairman's box	Y	Keys need to be added	
11.14	List of members' interests held?	Y		
11.15	Agendas signed and displayed 3 clear days prior	Y		
11.16	Summons issued in proper format?	Y		
11.17	Delegated authority	Y		
11.18	Audit procedures	Not applicable		