

## ST. ANNE'S TOWN COUNCIL - EFFECTIVENESS OF INTERNAL AUDIT 2014-2015

INTERNAL CONTROL	SUGGESTED TESTING	TOWN COUNCIL CONTROLS
<b>Proper bookkeeping</b>	<ul style="list-style-type: none"> <li>• Is the cashbook maintained and up to date?</li> <li>• Is the cashbook arithmetic correct?</li> <li>• Is the cashbook regularly balanced?</li> </ul>	The Council use a software program called Scribe 2000 which is specifically designed for Local Councils. Control over these aspects is part of the program.
<p data-bbox="136 560 584 667"><b>Standing orders and financial regulations adopted and applied; and</b></p> <p data-bbox="136 831 584 863"><b>Payments controls</b></p>	<ul style="list-style-type: none"> <li>• Has the council formally adopted standing orders and financial regulations?</li>   <li>• Has a Responsible financial officer been appointed with specific duties?</li> <li>• Have items or services above the de minimus amount been competitively purchased?</li>   <li>• Are payments in the cashbook supported by invoices, authorised and minuted?</li>   <li>• Has VAT on payments been identified, recorded and reclaimed?</li> <li>• Is s137 expenditure separately recorded and within statutory limits?</li> </ul>	<p data-bbox="1397 560 2074 592">Yes</p> <p data-bbox="1397 831 2074 863">Yes</p> <p data-bbox="1397 895 2074 1070">Yes exceptions have been made with suspension of Financial Regulations for appropriate reasons. A schedule of expenditure items is presented to each Council meeting. Invoices are available at the meeting for inspection.</p> <p data-bbox="1397 1102 2074 1238">Yes – a list is produced by Scribe and reclaimed every 3 months. The Council has adopted the General Power of Competence this is no longer a legal requirement</p>

<b>INTERNAL CONTROL</b>	<b>SUGGESTED TESTING</b>	<b>TOWN COUNCIL CONTROLS</b>
<b>Risk management arrangements</b>	<ul style="list-style-type: none"> <li>• Does a review of the minutes identify any unusual financial activity?</li> <li>• Do minutes record the council carrying out an annual risk assessment?</li> <li>• Is insurance cover appropriate and adequate?</li> <li>• Are internal financial controls documented and regularly reviewed?</li> </ul>	<p>To be reviewed by Internal Auditor at final accounts. Nothing identified in last year's audit Yes. This is also included on the agenda.</p> <p>Yes, currently in 2<sup>nd</sup> year of 3 year plan with Zurich, full review of cover undertaken by Town Clerk at renewal. Any changes to cover Zurich notified immediately.</p> <p>The Internal Auditor recommended that internal scrutiny should be carried out on a regular basis by a small Finance Committee. This is undertaken periodically throughout the year, a detailed summary each process is recorded.</p>
<b>Budgetary Controls</b>	<ul style="list-style-type: none"> <li>• Has the council prepared an annual budget in support of its precept?</li> <li>• Is actual expenditure against the budget regularly reported to the council?</li> <li>• Are there any significant unexplained variances from budget?</li> </ul>	<p>Yes</p> <p>A quarterly report is made to the Council.</p> <p>Reasons for any such variances are provided in the covering report.</p>
<b>Income Controls</b>	<ul style="list-style-type: none"> <li>• Is income properly recorded and promptly banked?</li> <li>• Does the precept recorded agree to the Council Tax authority's notification?</li> <li>• Are security controls over cash and near-cash adequate and effective?</li> </ul>	<p>Yes</p> <p>Yes - To be reviewed by Internal Auditor at final accounts. No matter were raised during the last audit.</p>

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<b>Petty cash procedures</b>	<ul style="list-style-type: none"> <li>• Is all petty cash spent recorded and supported by VAT invoices/receipts?</li> <li>• Is petty cash expenditure reported to each council meeting?</li> <li>• Is petty cash reimbursement carried out regularly?</li> </ul>	<p>There is not a Petty Cash account. The Town Clerk reclaims any minor expenditure on a regular basis. In 2014 the Town Clerk was given approval for a Council credit card, which is now normally used for minor expenditure.</p>
<b>Payroll Controls</b>	<ul style="list-style-type: none"> <li>• Do all employees have contracts of employment with clear terms and conditions?</li> <li>• Do salaries paid agree with those approved by the council?</li> <li>• Are other payments to employees reasonable and approved by the council?</li> <li>• Have PAYE/NIC been properly operated by the council as an employer?</li> </ul>	<p>Yes</p> <p>Yes - To be reviewed by Internal Auditor at final accounts. No matter were raised during the last audit.</p> <p>NOTE: Council use independent Accountant to handle tax/insurance liabilities – these and salary payments are made in accordance with Accountants directions.</p> <p>In 2014/15 the Town Council started to pay across all PAYE/NI amounts to HM Revenue on a monthly basis (as oppose to every 3 months). This was considered important to prevent any errors and reduce risk.</p>
<b>Assets controls</b>	<p>Does the council maintain a register of all material assets owned or in its care?</p> <ul style="list-style-type: none"> <li>• Are the assets and Investments registers up to date?</li> <li>• Do asset insurance valuations agree with those in the asset register?</li> </ul>	<p>Yes</p> <p>Yes - To be reviewed by Internal Auditor at final accounts. No matter was raised at the last audit. Those assets needing replacement are insured at replacement value.</p>

<b>INTERNAL CONTROL</b>	<b>SUGGESTED TESTING</b>	<b>TOWN COUNCIL CONTROLS</b>
<b>Bank Reconciliation</b>	<ul style="list-style-type: none"> <li>• Is there a bank reconciliation for each account?</li> <li>• Is a bank reconciliation carried out regularly and in a timely fashion?</li> <li>• Are there any unexplained balancing entries in any reconciliation?</li> <li>• Is the value of investments held summarised on the reconciliation?</li> </ul>	<p>Yes - To be reviewed by Internal Auditor at final accounts. No matters were raised during the last audit.</p> <p>No. Scribe system requires a match between bank balances and transactions made. N/A – the only investments are bank balances.</p>
<b>Year-end procedures</b>	<ul style="list-style-type: none"> <li>• Are year end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?</li> <li>• Do accounts agree with the cashbook?</li> <li>• Is there an audit trail from underlying financial records to the accounts?</li> <li>• Where appropriate, have debtors and creditors been properly recorded?</li> </ul>	<p>Yes</p> <p>To be undertaken by the Internal Auditor as part of the review of the accounts for the year. No matters were raised during the last audit.</p>