

I have completed an internal audit of the accounts for Hilgay / Ten Mile Bank Council for the year ending 2019.
My findings are detailed below using the tests provided in the Governance and Accountability (England) 2018 .

I would like to thank the Clerk/RFO for providing me with all the information required for the Internal Audit.

Internal control	Test	Observations
Proper bookkeeping	Is the cashbook maintained and up to date?	Yes maintained in Excel
	Is the cashbook arithmetically correct?	Yes
	Is the cashbook regularly balanced?	Yes monthly
	Has the council formally adopted Standing Orders and Financial Regulations?	Yes – Adopted May 18 (in May AGM minutes)
	Date Standing Orders last reviewed	May 2018 – See Note 1
	Date Financial Regulations last reviewed	Unknown – See note 3
	Has a Responsible finance officer been appointed with specific duties?	Yes the acting Clerk is also the responsible Finance Officer.
	Have items or services above the de minimus amount been competitively purchased?	It is minuted on occasion however not always – See note 4
	Are payments in the cashbook supported by purchase orders, invoices, authorised and minuted?	Yes – Invoices in the folder are noted with a cheque number, All payments are minuted on the website. Internal review of invoices is now carried out, minuted that Chair makes checks.
	Has VAT on payments been identified, recorded and reclaimed?	Yes
	Is s137 expenditure separately recorded and within statutory limits?	Yes - separate line in the Budget for S137 monitoring
	Have S137 payments been approved and included in the minutes as such?	Yes
Risk management arrangements	Does a review of the minutes identify any unusual financial activity?	No

Internal control	Test	Observations
	Do minutes record the council carrying out an annual risk assessment or review of their risk management scheme?	Point 10 July 18 minutes
	Is insurance cover appropriate and adequate?	Yes cover is more than the value of Assets
	Are internal financial controls documented and regularly reviewed?	Yes – reviewed May 18AGM 13b. minutes
Budgetary controls	Has the council prepared an annual budget in support of its precept and has this been minuted as being approved?	Yes – Minuted January 19 point 21
	Has the precept been calculated from the budget and been approved?	Yes – Minuted January 19 point 22
	Does the budget include an actual completed year?	Yes
	Is actual expenditure against budget regularly reported to the council?	Yes Various in minutes
	Are there any significant unexplained variances from budget?	Narrative comments against variances
Income controls	Is income properly recorded and promptly banked?	Yes listed in spreadsheet
	Does the precept recorded agree to the Council Tax authority's notification?	Yes
	Are security controls over cash and near-cash adequate and effective?	No Petty cash held
Petty cash procedures	Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/A
	Is petty cash expenditure reported to each council meeting?	N/A
	Is petty cash reimbursement carried out regularly?	N/A
Payroll controls	Do all employees have contracts of employment with clear terms and conditions?	Yes standard NALC
	Do salaries paid agree with those approved by the council?	Yes

Internal control	Test	Observations
	Are salaries above the National Living Wage/Minimum Wage?	Yes
	Are other payments to employees reasonable and approved by the council?	Yes
	Have PAYE/NIC been properly operated by the council as an employer?	Yes
Asset controls	Does the council maintain a register of all material assets owned or in its care?	Yes
	Are the assets and Investments registers up to date? When were these last reviewed?	Yes March 2019
	Do asset insurance valuations agree with those in the asset register?	Yes
Bank reconciliation	Is there a bank reconciliation for each account and is this reported to council?	Yes minuted a copy for each recon in the file
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes monthly
	Are there any unexplained balancing entries in any reconciliation?	No
	Is the value of investments held summarised on the reconciliation?	None held
Year-end procedures	Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes
	Do accounts agree with the cashbook?	Yes
	Has a year-end bank reconciliation been undertaken?	Yes
	Is there an audit trail from underlying financial records to the accounts?	Yes
	Where appropriate, have debtors and creditors been properly recorded?	Yes
Procedural	Is eligibility for the General Power of Competence properly evidenced?	Yes – transparency of minutes on the website
	Have points raised on the last Internal Audit report been considered by council and actioned?	Some points yes have been actioned and are now in place

Internal control	Test	Observations
Transparency: For smaller councils with turnover under £25,000	Minutes for whole year on website?	Yes
	Agendas for whole year on website?	Yes
	Payments over £100 detailed on website?	Within minutes
	Electors' rights advertised on website?	Yes
	Councillors' responsibilities detailed on website?	Yes
	Last financial year's Annual Return on website?	Included within the minutes of the meeting
	Land and building assets details on website? (Description, location, owner/leaseholder, date and cost of acquisition and present use)	No
Councils with charities only	Have Charities reported and accounted separately?	N/A
	Have the Charity accounts been independently audited?	N/A
	Have the Charity accounts and Annual Return been filed within the legal time limit?	N/A

Summary of my recommendations:

Note 1 – To ensure standing orders are reviewed annually as best practice.

Note 2 – Bank Reconciliation – As discussed with the Clerk / RFO anything received before 31st March needs to be accounted for in the year end bank reconciliation.

Note 3 – Financial regulations are not disclosed and are not published on the website. Each council should have a set of rules which determine their practices. Model versions of Financial Regulations are provided by NALC and ADA.

Note 4 – Competitive purchasing – The council should obtain the sufficient number of estimates as per Contracts section 11 of their financial regulations. This is not always evident from reading the minutes. The minutes need to demonstrate how many estimates and quotations have been received.

Mrs Jo Raby

15.04.19

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Signed

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Date