

## REPORT OF THE INTERNAL AUDITOR

- i) The Clerk has met with the Internal Auditor Susan Saunders,  
 ii) The first meeting was to brief the auditor and to deposit the Bank Statements, Receipts and Payments 2019/2020 file, an electronic copy of the Cash Book and Approved Minutes. The auditor examined the relevant materials and tested them against the Council's Internal Audit Plan.  
 iii) The second meeting was to review with the auditor the outcome of his review of materials and to identify any areas which may require attention in 2020/2021 and to sign off the Internal Auditor's report, ready to submit to Council on 8<sup>th</sup> September 2020.  
 iv) The Internal Auditor's report is attached.
- v) **The Parish Council is asked to consider the report, and if acceptable, to receive the report as preparation for the External Audit which will get underway from.**

### HALTWHISTLE TC INTERNAL AUDIT PLAN

Internal Control	Suggested testing	Response	Comments
Proper bookkeeping	• Is the cashbook maintained and up to date?	Y	
	• Is the cashbook arithmetic correct?	Y/N	The transactions are all recorded correctly but the reconciliations are not pulling through as a check. The closing balance for 2019 was incorrect in the accounts and needs to be adjusted for this year in order to balance. Monthly bank reconciliation presented to Council
Standing Orders and Financial Regulations - adopted and applied?	• Is the cashbook regularly balanced?	Y	Minuted
	• Has the council formally adopted standing orders and financial regulations?	Y	Minuted
	• Has a Responsible finance officer been appointed with specific duties?	N	Contract should be written up to include RFO in duties
	• Have items or services above the de minimus amount been competitively purchased?	N/A	
Payments controls	• Are payments in the cashbook supported by invoices, authorised and minuted?		Minuted
	• Has VAT on payments been identified, recorded and reclaimed?	N/A	Minuted
	• Is s137 expenditure [grants] separately recorded and within statutory limits?	N/A	No small grants made this year

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Internal Control	Suggested testing	Response	Comments
Risk management arrangements	<ul style="list-style-type: none"> <li>Does a review of the minutes identify any unusual financial activity?</li> </ul>	N	
	<ul style="list-style-type: none"> <li>Do minutes record the council carrying out an annual risk assessment?</li> </ul>	N	Advice to undertake financial Risk Assessments
	<ul style="list-style-type: none"> <li>Is insurance cover appropriate and adequate?</li> </ul>	Y	Following review of insurances in 2011/2012 Minuted.
Income Controls	<ul style="list-style-type: none"> <li>Are internal financial controls documented and regularly reviewed?</li> </ul>	Y	Minuted
	<ul style="list-style-type: none"> <li>Is income properly recorded and promptly banked?</li> </ul>	Y	Minuted
	<ul style="list-style-type: none"> <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>	N/A	
Payroll Controls	<ul style="list-style-type: none"> <li>Do all employees have contracts of employment with clear terms and conditions?</li> </ul>	N	Draw up contract and make sure RFO role is included
	<ul style="list-style-type: none"> <li>Do salaries paid agree with those approved by the council?</li> </ul>	Y	Minuted
	<ul style="list-style-type: none"> <li>Are other payments to employees reasonable and approved by the council?</li> </ul>	Y	Minuted
	<ul style="list-style-type: none"> <li>Have PAYE/NIC been properly operated by the council as an employer?</li> </ul>	Y	
Assets controls	<ul style="list-style-type: none"> <li>Does the council maintain a register of all material assets owned or in its care?</li> </ul>	N	No great value of assets
	<ul style="list-style-type: none"> <li>Are the assets and Investments registers up to date?</li> </ul>	n/a	
	<ul style="list-style-type: none"> <li>Do asset insurance valuations agree with those in the asset register?</li> </ul>	Na/	
Internal Control	<b>Suggested testing</b>		<b>Comments</b>
Bank Reconciliation	<ul style="list-style-type: none"> <li>Is there a bank reconciliation for each account?</li> </ul>	Y	
	<ul style="list-style-type: none"> <li>Is a bank reconciliation carried out regularly and in a timely fashion?</li> </ul>	Y	Income & expenditure produced for meetings

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	<ul style="list-style-type: none"> <li>• Are there any unexplained balancing entries in any reconciliation?</li> <li>• Is the value of investments held summarised on the reconciliation?</li> <li>• Are year-end accounts prepared on the correct accounting basis?</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>N</p> <p>N/A</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>N/A</p>	<p>No investments.</p> <p>Council operates Receipts/Payments accounts</p> <p>Council operates Receipts/Payments accounts</p>
<b>Year-end procedures</b>			

I confirm that I have examined the relevant accounts as presented to me by the Responsible Finance Officer.

The accounts are in good order and are managed in a timely and responsible manner. Regular bank reconciliations are presented. They are the Council's best tool to monitor financial management of its accounts. Regular reports to Council of receipts and payments are in line with legislation. A separate record of s 137 payments is being kept, though not used this year.

Risk assessments are advised.

I hereby state that I am satisfied with Featherstone Parish Council's conduct of its financial affairs, its accounts procedures and its financial reporting.

**Signed:** 

**Date:** 02/09/2020

Mrs. Susan Paves MART CILLA