

# DARKIN MILLER ~ CHARTERED ACCOUNTANTS

## INTERNAL AUDIT PROGRAMME FOR LOCAL COUNCILS – 2016/17

1. PROPER BOOK KEEPING
  - a. Is the cash book maintained & up to date?
  - b. Is the cash book arithmetically correct?
  - c. Is the cash book regularly balanced?
2. PAYMENT CONTROLS
  - a. Has the Council formally adopted standing orders and financial regulations?
  - b. Has a Responsible Financial Officer been appointed with specified duties?
  - c. Are payments in the cash book supported by invoices, authorised and minuted?
  - d. Are payments correctly coded?
  - e. Has VAT on payments been identified, recorded and reclaimed?
  - f. Have items or services above a de minimis amount been competitively tendered?
  - g. Are large capital contracts correctly administered?
3. RISK MANAGEMENT ARRANGEMENTS
  - a. Does a scan of the minutes identify any unusual financial activity?
  - b. Do the minutes record the council carrying out an annual risk assessment?
  - c. Is insurance cover appropriate and adequate?
  - d. Are arrangements in place to provide continuity in the clerk's absence?
  - e. Are published management reports correct?
4. BUDGETARY CONTROLS
  - a. Has the council prepared an annual budget in support of its precept?
  - b. Is actual expenditure against the budget regularly reported to the council?
  - c. Are there any significant unexplained variances from budget?
5. INCOME CONTROLS
  - a. Is income properly recorded and promptly banked?
  - b. Is all income due to the council collected?
  - c. Do prices charged agree with those set by the Council?
  - d. Is VAT output tax treated correctly?
  - e. Are security controls over cash adequate and effective?
  - f. Does the precept agree with that approved in the previous year's budget?
6. PETTY CASH CONTROLS
  - a. Is all petty cash spent recorded and supported by VAT invoices/receipts?
  - b. Is petty cash expenditure reported to the council?
  - c. Is petty cash reimbursement carried out regularly?
7. PAYROLL CONTROLS
  - a. Do all employees have contracts of employment with clear terms and conditions?
  - b. Do salaries agree with those approved by the Council?
  - c. Are other payments to employees reasonable, properly supported and approved by the council?
  - d. Are all payments and deductions correctly coded and suspense accounts promptly cleared?
  - e. Has PAYE/NIC been properly operated by the council as an employer?
  - f. Have pension contributions been correctly calculated and paid over?
  - g. Has the correct amount of net pay been made to the correct employee?
8. ASSETS CONTROLS
  - a. Does the council keep an asset register of all material assets owned?
  - b. Are the asset/investment registers up to date?
  - c. Is the basis of valuation correct?
9. BANK RECONCILIATION
  - a. Is there a bank reconciliation for each account?
  - b. Is bank reconciliation done regularly and in a timely fashion?
  - c. Are there any unexplained balancing entries in any reconciliation?
  - d. Is the value of investments held summarised on the reconciliation?
10. YEAR END PROCEDURES
  - a. Are year end accounts prepared on the correct basis?
  - b. Do the accounts agree with the cash book?
  - c. Do the comparative figures agree with last years statements?
  - d. Are there any significant unexplained variances from budget?
  - e. Is there an audit trail from the underlying records to the accounts?
  - f. Where appropriate have debtors and creditors been properly recorded?
  - g. Is s137 expenditure separately recorded and within limits?
  - h. Are investments verified by statements or passbooks?
  - i. Are reserve funds adequate and regularly reviewed?
  - j. Are there any obvious errors or inconsistencies in the financial statements?
  - k. Do the figures on section 1 of the annual return agree with the financial statements?
  - l. Has the Council correctly accounted for and met responsibilities for Trust Funds in its care?
  - m. Have agreed audit recommendations been implemented?