

TOWN AND PARISH COUNCIL INTERNAL AUDIT TESTING

LEYBURN TOWN COUNCIL

INTERNAL AUDIT REPORT

RFO: CHARLOTTE SMITH

VISITS: 16TH MAY & 15TH JUNE 2018

YEAR ENDING: 31ST MARCH 2018

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
PROPER BOOKKEEPING	Is the cashbook maintained and up to date?	The Council has used the computerised accounting package SCRIBE with effect from the start of the current year and cashbooks are maintained for the separate bank accounts. They were complete for the end of year and regularly reconciled.	
	Is the cashbook arithmetically correct?	Self-balancing system.	
	Is the cashbook regularly balanced?	On a monthly basis prior to each Council meeting.	
A) STANDING ORDERS AND FINANCIAL REGULATIONS ADOPTED AND APPLIED; AND B) PAYMENTS CONTROLS	Has the council formally adopted standing orders and financial regulations?	At the October 2015 meeting the recommended NALC Financial Regulations (with some amendments) were adopted and the NALC recommended Standing Orders are to be reviewed later in 2018.	

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	Has a Responsible financial officer been appointed with specific duties?	Charlotte Smith has been appointed RFO. She has a contract and a current job description.	
	Have items or services above the de minimus amount been competitively purchased?	Tender book seen – numerous examples of tenders being sought during the year.	
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes	
	Has VAT on payments been identified, recorded and reclaimed?	Yes	
	Is s137 expenditure separately recorded and within statutory limits?	£500 donations made during the year, identified in a separate code on the software.	
RISK MANAGEMENT ARRANGEMENTS	Does a review of the minutes identify any unusual financial activity?	No unusual activities identified.	

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	Do minutes record the council carrying out an annual risk assessment?	Various Risk Management activities operated by the Council, including Richmondshire DC inspection of play equipment on a monthly basis. RoSPA also carries out an inspection annually. In addition there are inspections of lifts and boiler etc in Thornborough Hall. Memorials in the cemetery have been inspected but not recently – see below.	
	Is insurance cover appropriate and adequate?	Policy for year ending 1 st June 2018 with Aviva seen – premium of £9,124 paid. Comprehensive policy inc Buildings (valued at £3.6m) together with Employers Liability £10m; Public/Products Liability £10m; Business Interruption £100k, Employee Dishonesty £80k	
	Are internal financial controls documented and regularly reviewed?	Risk Management Policy sets out checks that are in place. In addition a Councillor has undertaken spot checks on a sample of payments during the year. The council has reviewed the checklist used as a result of the change of banks during the year and the move to internet banking.	
	(Burial Authorities only) Is the Council aware of the Ministry of Justice guidance on “Managing the Safety of Burial Ground Memorials”	Richmond District Council had tested headstones in the cemetery and found over 100 to be unstable. Relatives are to be contacted.	
BUDGETARY CONTROLS	Has the council prepared an annual budget in support of its precept?	Comprehensive exercise undertaken to calculate the precept requirements – working papers seen for £47,210 precept required for 2018/19 set at the January 2018 meeting.	

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	Is actual expenditure against the budget regularly reported to the council?	Actual expenditure is summarised for each meeting of the Council and compared to the budget.	
	Are there any significant unexplained variances from budget?	None seen.	
INCOME CONTROLS	Is income properly recorded and promptly banked?	<p>Income from use of Thornborough Hall, car park and toilet donations, VAT refund, grants, market rents, cemetery fees, wayleaves etc. Market Superintendent collects rents, Clerk or Assistant empties honesty boxes. Rents for Hall invoiced.</p> <p>At the December 2017 meeting it was agreed not to increase cemetery charges for 2018/19. At the January 2018 meeting it was agreed to increase the charge for pub table to 28p per sq m for 2018/19.</p>	
	Does the precept recorded agree to the Council Tax authority's notification?	Remittance advice notes from Richmondshire DC seen – agree with precept requirement for the year.	
	Are security controls over cash and near-cash adequate and effective?	Honesty box income collected and counted in office prior to banking.	

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PETTY CASH PROCEDURES	Is all petty cash spent recorded and supported by VAT invoices/receipts?	No petty cash	
	Is petty cash expenditure reported to each council meeting?	Not applicable.	
	Is petty cash reimbursement carried out regularly?	Not applicable.	
PAYROLL CONTROLS	Do all employees have contracts of employment with clear terms and conditions?	5 employees – Clerk; Deputy; Market Superintendent; 2 caretakers. All have contracts of employment. Wedding Host and Handyman are self-employed.	
	Do salaries paid agree with those approved by the council?	Council sets salaries each time a notification is received from the NALC or National Living Wage as appropriate.	
	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.	

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ASSET CONTROLS	Does the council maintain a register of all material assets owned or in its care?	Yes – Asset register seen.	
	Are the assets and Investments registers up to date?	Yes – includes value of bile sculpture purchased during the year.	
	Do asset insurance valuations agree with those in the asset register?	Yes, with the exception of some assets valued at cost.	
BANK RECONCILIATION	Is there a bank reconciliation for each account?	Five accounts – current account, Thornborough Hall account, Shawl account, Money Market account (used for 50% parking donations to build up resurfacing fund and for Clerk's gratuity) and National Saving Bank account. The Council moved its accounts to Barclays Bank because of the closure of the local HSBC branch.	
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes.	
	Are there any unexplained balancing entries in any reconciliation?	No	

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	Is the value of investments held summarised on the reconciliation?	No investments other than the bank accounts.	
YEAR-END PROCEDURES	Are year end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes – on a receipts and payments basis.	
	Do accounts agree with the cashbook?	Yes	
	Is there an audit trail from underlying financial records to the accounts?	Yes	
	Where appropriate, have debtors and creditors been properly recorded?	Yes	
OTHER ISSUES	Is the Council registered with the Information Commissioner?	The Council is now registered with the Information Commissioner.	

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	What arrangements does the Council have for the back up of computer files?	Computer files are backed up on to external hard drives and USB sticks. However, the external drives are kept in the office.	The Council consider making arrangements to store the external hard drives out of the office when they are not in use or put in place other measures such as using a data cloud.
	Does the Council have responsibility for any Trust Funds? If so, are they independently examined?	The Council has no trust funds.	
	Any other issues that are worthy of reporting.	No	