

## 1. SCHEDULE OF INTERNAL CONTROL TESTING

Internal Control	Suggested testing	
<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>	<ul style="list-style-type: none"> <li>• Yes, on line</li> <li>• Yes, this was sampled randomly and all samples proved correct</li> <li>• Yes, Monthly</li> </ul>
<p>a) <b>standing orders and financial regulations adopted and applied; and</b></p> <p>b) <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 finance 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>	<ul style="list-style-type: none"> <li>• Yes</li> <li>• Yes, Melanie Bicknell</li> <li>• Yes</li> <li>• Yes, this was randomly sampled and were proved correct</li> <li>• The PC can only reclaim services, such as those provided by tree feller, Hamilton Bailey etc. This was checked and found to be correct</li> <li>• Yes and where the PC has no power to spend the matter was deferred to Councillors e.g. £75 Poppies agreed minute no. 123/1/18, approved and documented separately 4/5/28</li> </ul>
<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> </ul>	<ul style="list-style-type: none"> <li>• No</li> <li>• No, this is now <b>Recommendation 1.</b> by Finance group. Yes, this is reviewed annually and the</li> </ul>

	<ul style="list-style-type: none"> <li>• Is insurance cover appropriate and adequate?</li> <li>• Are internal financial controls documented and regularly reviewed?</li> </ul>	<p>company is informed when assets change. A random check of this showed that not all documentation was easily retrieved by Clerk, The documents were seen later the same day.</p> <p><b>Recommendation 2:</b> All emails and paperwork relating to insurance are kept in same file and duplicated if necessary to aid instant retrieval</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>	<ul style="list-style-type: none"> <li>• Yes</li> <li>• Yes, monthly</li> <li>• No</li> </ul>
<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>	<ul style="list-style-type: none"> <li>• N/A No cash or cash alternatives such as cards are held by the Clerk</li> <li>• Yes</li> <li>• Yes, however only Clerk has a key to safe.</li> </ul> <p><b>Recommendation 3.</b> <b>Chair to have copy of key</b> All documents are password protected</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> </ul>	<ul style="list-style-type: none"> <li>• Yes</li> <li>• Yes</li> <li>• Yes</li> </ul>

	<ul style="list-style-type: none"> <li>• Have PAYE/NIC been properly operated by the council as an employer?</li> </ul>	<ul style="list-style-type: none"> <li>• Yes, Registered PAYE with HIR</li> </ul>
<b>Assets controls</b>	<ul style="list-style-type: none"> <li>• Does the council maintain a register of all material assets owned or in its care?</li> <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>	<ul style="list-style-type: none"> <li>• Yes</li> <li>• Almost <b>Recommendation 4.</b> That this is done at each month end</li> <li>• Yes PC is insured for replacement value of assets but the value is the purchase cost, in line with financial regulations</li> </ul>
<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>	<ul style="list-style-type: none"> <li>• Yes Book keeping and sample receipts were randomly checked against statements. No errors were found in the sample. This is done monthly</li> <li>• No</li> <li>• Yes first week of each month and checked by Chair</li> <li>• No</li> <li>• No</li> </ul>
<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> </ul>	<ul style="list-style-type: none"> <li>• Yes</li> <li>• Yes, Again this was sampled and found to be in order</li> <li>• Yes samples were taken at random and an audit</li> </ul>

	<ul style="list-style-type: none"> <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>trial followed checking; minutes, invoices, accounts, bank statements and bacs transactions.</p>
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□ On the whole the Clerk was found to be proficient and competent at managing the council's finances. She is to be commended for her hard work and diligence.

Cllrs Findlay, Turner and Jacobs (WPC Finance Group Members)  
11<sup>th</sup> February 2019