

**Microshade Business Consultants Ltd**

**INTERNAL AUDIT REPORT for Haydon Wick Parish Council**

**YEAR TO 31 MARCH 2015**

**18 May 2015**

**Income**

| <b>TASK</b>           | <b>Risk</b> | <b>COMMENT</b> |
|-----------------------|-------------|----------------|
| <b>1. CASH INCOME</b> |             |                |

|  |               |   |
|--|---------------|---|
| CHECK PROCEDURE FOR COLLECTING AND RECORDING CASH INCOME   | <b>Medium</b> | Leisure Garden Income now banked in full and receipt issued.  |
| CHECK CASH BANKED AND FREQUENCY                            | <b>Medium</b> | Major Cash Receipts September and October on Leisure Garden Annual Renewals. Banking arrangements are satisfactory. |
| CHECK ANY CASH BALANCES UNBANKED                           | <b>Low</b>    |   |
| <b><u>2. CREDIT INCOME</u></b>                             |               |   |
| CHECK PROCEDURES FOR RAISING INVOICES                      | <b>Low</b>    | Invoicing procedures are good   |
| CHECK ALL NECESSARY INVOICES RAISED                        | <b>Low</b>    | All invoices raised   |
| <b><u>3. CREDIT CONTROL</u></b>                            |               |   |
| CHECK RESPONSIBILITY FOR COLLECTING SUMS DUE TO COUNCIL    | <b>Low</b>    | The council does not raise a large number of invoices and the control of debt is good.                              |
| REVIEW DEBTOR BALANCES                                     |               | Debtor Balance are all current  |
| <b><u>4. BAD DEBTS</u></b>                                 |               |   |
| REVIEW REASONS FOR NON-PAYMENT                             | N/a           |   |
| CHECK ALL REASONABLE STEPS TAKEN TO COLLECT DEBTS          | N/a           |   |
| CHECK COUNCIL AUTHORITY OBTAINED FOR BAD DEBTS WRITTEN OFF | N/a           |   |
| <b><u>5. CREDIT BALANCES</u></b>                           |               |   |
| LOOK AT DEBTORS LIST AND IDENTIFY ANY OVERPAYMENTS         | N/a           |   |
| ASSESS THE REASON FOR THEIR EXISTENCE                      | N/a           |   |

|  |            |  |
|--|------------|--|
| <b><u>5. ACCURACY</u></b>                                  |            |  |
| CHECK THAT VAT CORRECTLY TREATED – IF APPLICABLE           | <b>Low</b> |  |
| MAKE SURE ACCOUNTS IDENTIFY INCOME UNDER RELEVANT HEADINGS | <b>Low</b> |  |

**Cash and Bank**

| <b>TASK</b>  | <b>Risk</b> | <b>COMMENT</b>  |
|--|-------------|---|
| <b><u>BANK RECONCILIATION</u></b>  |             |   |
| CHECK BANK RECONCILIATION PERFORMED ON A MONTHLY BASIS AND AGREE ON ALL BANK ACCOUNTS                          | <b>Low</b>  | Bank Reconciled on a monthly basis, all bank accounts reconciled to 31 <sup>st</sup> March 2015 |
| REVIEW BANK RECONCILIATION AND ENSURE NO PAYMENTS OR RECEIPTS ARE BEING CARRIED FORWARD FOR A NUMBER OF MONTHS | <b>Low</b>  | No payments or receipts unrepresented prior to March 2015                                       |
| NOTE ANY UNIDENTIFIED BANKINGS   | <b>Low</b>  | No Unidentified Bankings  |
|  |             |   |
|  |             |   |

## Payroll

| <b>TASK</b>  | <b>Risk</b> | <b>COMMENT</b>   |
|--|-------------|--|
| CHECK CONTRACTS OF EMPLOYMENT FOR ALL STAFF.   | <b>High</b> | Contracts of employment in place   |
| CHECK REFERENCE FOR NEW STAFF – IF APPLICABLE.   | <b>Low</b>  | N/a  |
| CHECK ALL STAFF ON PAYROLL AGAINST CONTRACTS OF EMPLOYMENT. IF ON PAYROLL BUT NO CONTRACT OF EMPLOYMENT – WHY? | <b>Low</b>  | D Hyde, the problem has been addressed and the basis of working has been adjusted to reflect his self employed status. |
| CHECK GROSS PAY FOR EACH EMPLOYEE IS AT CORRECT RATE.  | <b>Low</b>  | Yes  |
| CHECK OVERTIME AUTHORITY.  | <b>Low</b>  |  |
| CHECK TIME SHEETS – IF USED, AGAINST PAYROLL.  | <b>Low</b>  | Yes  |
| CHECK PAYE/NI PAID OVER TO INLAND REVENUE BY CORRECT DATE.   | <b>Low</b>  | All payments made correctly  |
| CHECK ANY SICK PAY IS AS LAID OUT IN COUNCIL EMPLOYMENT POLICY.  | <b>Low</b>  | Yes  |
| CHECK STATUTORY MATERNITY PAY AND STATUTORY SICK PAY DEDUCTIONS.   | <b>Low</b>  | N/a  |
|  |             |  |
|  |             |  |

## Supplier Invoices

| TASK   | Risk          | COMMENT   |
|--|---------------|---|
| CHECK PURCHASE ORDERS MATCH TO INVOICES.   | <b>Medium</b> | Purchase orders are now raised for all supplies and attached to the relevant supplier invoice, together with the delivery note. |
| REVIEW UNMATCHED PURCHASE ORDERS.  | <b>Low</b>    | All purchase orders are matched to invoices   |
| CHECK EXPENDITURE CODING – CORRECT BUDGET HEADING AND COST CENTRE.                 | <b>Low</b>    | Invoices correctly allocated to Budget codes in the Accounting system.  |
| CHECK INVOICE CORRECTLY PASSED FOR PAYMENT – PRICE CONFIRMED – DELIVERY CONFIRMED. | <b>Medium</b> | Invoices all approved   |
| SAMPLE CHECK – PURCHASE ORDER TO DELIVERY NOTE TO SUPPLIER INVOICE.                | <b>Medium</b> | Purchase Orders and Delivery notes are filed with supplier invoice.   |
| ENSURE SUPPLIER STATEMENTS CHECKED AGAINST PURCHASE INVOICE RECORDS.               | <b>Low</b>    | Supplier accounts are correctly paid  |
| CHECK OLD CREDITORS AND ASCERTAIN WHY STILL UNPAID.                                | <b>Low</b>    | None  |
| INVESTIGATE ANY OVERPAYMENTS TO SUPPLIERS  | <b>Low</b>    | None  |
|  |               |   |
| CHECK LIST OF PAYMENTS APPROVED BY MEMBERS AGREES WITH BANK PAYMENT LIST           | <b>Low</b>    | All payments correctly reported to Members  |
|  |               |   |

## General

| <b>TASK</b>  | <b>Risk</b>   | <b>COMMENT</b>  |
|--|---------------|---|
| PRINT AND CHECK TRIAL BALANCE – IF APPLICABLE.   | <b>Low</b>    | Trial Balance checked and agreed  |
| CHECK ACTUAL EXPENDITURE AGAINST ESTIMATES AND INVESTIGATE OVERSPENDS.                                 | <b>Medium</b> | Whilst there are small overspends against individual budget headings, the overall out-turn is 90% of the total expenditure and Income is 100% of the budget.                            |
| VAT  | <b>Medium</b> | The income earned from advertising in the Newsletter is technically subject to VAT at 20%, this income has increased in the year, to a level where the Council should register for VAT. |
| MAKE SURE THAT AMOUNT OF VAT RE-CLAIMABLE (OR PAYABLE), AGREES WITH SUM DECLARED ON THE BALANCE SHEET. | <b>Low</b>    | Vat Control agrees to Vat return at 31 March 2015   |
| CHECK PRECEPT IS CALCULATED BY CORRECT BUDGET PROCESS.   | <b>Low</b>    | The budget process is robust.   |
| CHECK MEMBERS ARE REGULARLY PROVIDED WITH BUDGET INFORMATION   | <b>Low</b>    | Budget monitoring reports are regularly presented to members.   |
| AT BEGINNING OF FINANCIAL YEAR CHECK OPENING TRIAL BALANCE AGREES WITH PRIOR YEAR BALANCE SHEET        | <b>Low</b>    | Opening balances agree with Annual Return.  |
|  |               |   |
|  |               |   |

## Minutes

| TASK  | COMMENT   |
|---|---|
| CHECK QUORUM PRESENT FOR EACH FULL COUNCIL MEETING.   | All in order  |
| CHECK MINUTES PROPERLY SIGNED.  | All properly signed   |
| CHECK THERE IS A MINUTE AUTHORISING PRECEPT LEVY ON DISTRICT COUNCIL.   | Minute number 730 dated 29.1.2015                                   |
| CHECK THERE IS A MINUTE AUTHORISING ANY CHANGE IN SALARY.   | All in order  |
| CHECK STANDING ORDERS ADOPTED.  | New Standing Orders adopted 17.6.2015 Minute Nom 637                |
| CHECK FINANCIAL REGULATIONS ADOPTED.  | New Financial Regulations adopted 8.4.2014 Minute number 628        |
| CHECK RFO APPOINTMENT.  | All in order  |
| ALL CHEQUES, BACS AND DIRECT DEBIT PAYMENTS HAVE BEEN INCLUDED ON PAYMENT SCHEDULE, APPROVED BY COUNCIL AND INCLUDED IN THE MINUTES | All payments authorised at various ordinary meetings of the Council |
| RISK ASSESSMENT   | Considered by Council 22.7.2014 Minute number 646                   |