



PRIVATE & CONFIDENTIAL

Huntingdon Town Council
1 Trinity Place
Hartford Road
HUNTINGDON
PE29 3QA

16 JUN 2009

Our Ref: TJ/JI/H.255
15 June 2009

Dear Sirs,

INTERNAL AUDITORS REPORT TO THE HUNTINGDON TOWN COUNCIL

As internal auditors we have acted independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2009.

We have examined the financial records of the Huntingdon Town Council for the year ended 31 March 2009, in accordance with the Council's needs and planned coverage, and we report as follows:

- a) appropriate books of account have been properly kept throughout the year;
- b) the Council's financial regulations have been met, payments were supported by invoices, expenditure was approved, and VAT was properly accounted for;
- c) the Council assessed the significant risks to achieving it's objectives and is reviewing the adequacy of arrangements to manage these;
- d) the annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate;
- e) expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for;
- f) petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for;
- g) salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied;
- h) asset and investment registers were complete and accurate and properly maintained;
- i) periodic and year end bank account reconciliations were properly carried out;

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- j) year-end accounts were prepared and the correct accounting basis, that is, on the income and expenditure basis, agreed with the cash book, were supported by an adequate audit trail from the underlying records, and where appropriate, debtors and creditors were properly recorded;
- k) the Council has met its responsibilities as a trustee.

Kinnaird Hill

Kinnaird Hill
Chartered Accountants
15 June 2009



Huntingdon Town Council

Summary of internal audit work

1 Proper bookkeeping

Review of systems to ensure the cash book is kept up to date and balances are regularly verified against a bank statement or the actual cash in the petty cash tin.

Confirmed reliable computerised accounts system used.

Reviewed monthly bank/ cash reconciliations to ensure no differences or balancing entries.

Test checked one month bank reconciliation to ensure arithmetically correct, and checked reconciliation to bank statement and to the trial balance.

Checked one month petty cash reconciliation to vouchers, trial balance and cash in the tin.

Reviewed detailed quarterly VAT returns.

No points to raise in these areas, the systems appear to be adequate and are operating properly.

2 Standing orders and financial regulations

Copy of financial statements and standing orders obtained from the Town Council website. Reference made to these documents in the relevant sections.

Made enquires of staff to ensure they are aware of these documents.

Review of register of interests book carried out.

All appear to be in order.

3 Payment controls

Review of current systems carried out.

Performed a walk through test on a sample of transactions to ensure the system is running as per the system notes.

Review of purchase invoice file carried out for authorisation of invoices.

Review of trade creditors.

Review of purchase day book for any material/ unusual transactions. Discussed material transactions with Town Clerk and carried out a review of Minutes.

Confirmed systems in place for tendering process.

Reviewed and discussed tenders during the year.

It was noted that the Financial Regulations require that the invoice reference number should be entered onto the cheque stubs and the cheque. This is not currently carried out and the Financial Regulations will be amended to remove this.

Huntingdon St Ives

Partners Timothy Johnson FCA, Angus Hurford FCA, David Rees FCCA
Registered to carry on audit work by the Institute of Chartered Accountants in England & Wales
Regulated for a range of investment business activities by the Association of Chartered Certified Accountants





4 Risk management arrangements

Review of Minutes carried out for any suggestion of unusual activity and for any evidence that risks are being identified and managed.

Currently no risk management strategy has been established although the 2007 accounts refer to this being done in 2007/08, particularly identification of significant business risks

Town Clerk to action by 31st August 2009.

5 Budgetary controls

Confirmed systems in place.

Review of 2009/10 budget carried out.

Confirmed variance analysis is carried out and reviewed every eight weeks at Finance Committee meeting.

No points to raise in this area, the system appears to be adequate and is operating properly.

6 Income controls

Review of systems in place carried out.

Agreed precept due received in full during the year.

Copy of schedule of lease holders calendar obtained stating amounts due and dates payable. Agreed all income due had been invoiced in the year at the correct rate.

Agreed a sample of hire bookings from diary entry to invoice posted on sage system.

Agreed a sample of allotment holders to sage system to ensure invoiced correctly.

Agreed a sample of interment income from documentation to invoice and posting on accounts system.

Review of debtors to ensure adequate procedures in place to chase outstanding debts as they fall due.

No points to raise in this area, the system appears to be adequate and is operating properly.

7 Petty cash procedures

Confirmed petty cash is counted and reconciled to the trial balance monthly and agreed vouchers support payments made. Although minor in nature there is currently no formal authorisation of payments or third party check of reconciliations.

It is recommended that when petty cash is counted and balance is checked and agreed by third party at quarterly intervals the reconciliation is initialled by the reviewer.



8 Payroll controls

Confirmed reliability of computerised payroll system used.

Review of system to ensure wages and salaries are paid at the correct rates and PAYE/NIC is correctly deducted and paid to HM Revenue and Customs.

Reviewed monthly bacs net pay reports ensuring monthly/ weekly payments were consistent.

Selected a sample of 2 employees to test. Agreed salary increases to supporting documentation, contract of employment, calculation and deduction of PAYE and NIC, net pay to bacs report and postings into the sage accounts system.

Agreed payments and reconciliation of PAYE/NIC creditor.

It was noted that contracts of employment are not held for all employees. A staff handbook has been issued to all employees during the year. Update of records to be carried out to ensure up to date salary, next of kin information held on employees files.

It was noted that the payroll operator is responsible for updating employee records for pay increases annually. Suggested this is checked by a third party to avoid the risk of error in calculations. This check should be documented and initialled by third party.

Driving licences.

It was suggested in the previous year that driving licences be reviewed periodically to ensure employees driving council vehicles still hold valid licences and confirm have not received any points on their licence to avoid the risk of this affecting the council's insurance policy in the event of a claim. Documentation to be held on employee files to confirm this.

9 Asset controls

Copy of fixed asset register obtained.

Visited Commemoration Hall and Town Hall and physically verified material items to the fixed asset register. Reviewed monthly reports carried out by park manager and annual report/ inspection carried out on the parks by insurance company. Verified vehicle registration documents for vehicles on fixed asset register.

Checked items on fixed asset register to insurance policy.

The Town Hall paintings were professionally valued some years ago in conjunction with the insurance company. The insurance company increases the insured value annually and this cover has been reviewed.

The Town Council is looking at software to deal with asset verification as there is currently no formal system in place for physical verification of all fixed assets.

Recommend a periodic review is carried out, physically verifying all fixed assets held to the fixed asset register. This document should be dated and initialled by reviewer.

Title Deeds currently retained at the Town Council office to be transferred to the safe in the Commemoration Hall by 31 August 2009.



10 Bank reconciliations

Review of system for recording bank transactions.

Testing carried out refer to point 1.

No points to raise in this area, the system appears to be adequate and is operating properly.

11 Year end procedures

Agreed the reconciliations of the balance sheet items at the year end to the trial balance. Agreed sage accounts system trial balance to the financial statements at the year end.

No points to raise in this area, the system appears to be adequate and is operating properly.

17 June 2009