



Private and confidential
Huntingdon Town Council
Town Hall
Market Hill
HUNTINGDON
PE29 3PJ

Our Ref: LS/H255
22nd June 2015

Dear Sirs

REPORT OF THE INTERNAL AUDITORS TO THE MEMBERS OF THE HUNTINGDON TOWN COUNCIL

We are reporting for the financial year ended 31 March 2015

We have carried out the planned internal audit work for the above year which covers the areas of :-

- bookkeeping
- standing orders and financial regulations
- payment controls
- risk management arrangements
- budgeting controls
- income controls
- petty cash procedures
- payroll controls
- asset controls
- bank reconciliation
- year end procedures
- trust funds

Interim reports on our findings have been submitted to the Town Clerk after each visit, copies of which are attached for your perusal.

We intend to complete section 4 of your 2014/5 Annual Return giving our responses to the internal control objectives and will include copies of our interim reports when replying.

Our interim reports do not indicate any loss to Huntingdon Town Council, as they are all matters of a procedural nature which can be rectified through updated processes in the areas identified.

We would take this opportunity to confirm that internal audit work is carried out on a test basis and cannot be relied upon to identify all strengths and weaknesses which may exist.

Kind regards

Copy of original.

Nita E Hutchcraft FCCA
Partner
For and on behalf of Kinnaird Hill

Mr P Peacock
Huntingdon Town Council
Town Hall
Market Hill
HUNTINGDON
PE29 3PJ

Our Ref: LS/H255
28th January 2015

Dear Mr Peacock

RE – Internal Audit visit

Please find detailed below the findings in relation to the internal audit visit undertaken by Lorraine Sturdy on Thursday 22nd January 2014:-

Bank

- Bank reconciliations for each account
 - Bank Current account – reconciliation held and in order, however, there were three transactions noted on the unreconciled outstanding items that were over 8 months old.
 - Imprest bank account – reconciliation held and in order.
 - Petty cash – reconciliation held and in order.
- Bank reconciliations reported to the town clerk and outcomes reported to meetings of the finance committee per section 5.8 of the Financial Regulations – this does not appear to be being carried out.
- Proper Bookkeeping
 - Cashbook appears to be maintained and up to date
 - Cashbook appears to be arithmetically correct.
 - Cashbook appears to be regularly balanced.

Petty Cash

- Petty Cash Town Council – December 2014 tested
 - Petty cash payments recorded and supported by valid VAT receipts – all appears to be in order, however, there did appear to be an inconsistency in the Vat treatment of items such as postage and cleaning materials. Discussed with Beverley who will address and is booked on a VAT course to help with training in this area.
- Expenses reported at each council meeting
 - The cash top up into petty cash from the bank account should be reported at each meeting – All appears in to be in order.
- Petty cash reimbursed regularly
 - Regular reimbursements are carried out and evidenced.

Register of interests

- Declaration of acceptance held for each councillor and appears in order.
- Declaration of financial interest or declaration of no change held for each councillor - Appears in order.

Standing Orders

- Current standing orders were obtained from the Town Councils website on 21.01.15.
- The copy downloaded was not the most recent edition. Discussed with Philip who has arranged for the website to be updated.
- Confirmed that all councillors receive a copy in their induction pack.
- Standing Orders are currently under review.

Financial Regulations

- Financial regulations were obtained from the Town Councils website on 21.01.15.
- The copy downloaded did not appear to be the most recent edition. Discussed with Philip who has arranged for the website to be updated. Natasha has advised that it appears that both the current and an old version of the regulations are on the website. She will arrange for the old version to be removed.
- Philip confirmed that the Financial regulations are currently under review.

Recommendations for improvements to Financial Regulations

As a continuing part of the internal audit process, recommended improvements will be provided after each visit:-

- To document regulations regarding the operation and control over petty cash.

Lorraine's next visit is scheduled for Thursday 26th February 2015. She looks forward to seeing you then, however, please do not hesitate to contact her beforehand should the need arise.

Kind regards,

Tim Johnson FCA

Kinnaird Hill

Mr P Peacock
Huntingdon Town Council
Town Hall
Market Hill
HUNTINGDON
PE29 3PJ

Our Ref: LS/H255

2nd March 2015

Dear Mr Peacock

RE- Internal Audit visit

Please find detailed below the findings in relation to the internal audit visit undertaken by Lorraine Sturdy on Friday 27th February 2015:-

Asset Controls

- Assets (written to profit and loss account)

Work done:-

- Copy of the asset register was requested for perusal – the most up to date available was up to 31.03.14.
- A sample of assets were selected for physical verification from the register and visa versa.
- Nominal activity on the accounting data was perused to verify that asset additions were recorded on the register.
- Physical asset verification undertaken at least annually by Town Council.
- Insurance policy was perused to ensure adequate cover.

Observations:-

- It was noted that the asset register is not regularly updated with acquisitions and disposals.
- Items purchased in the previous financial year had not been added to the register (Petrol strimmer and petrol roller mower 2013/14, curtains for the Medway 2012/13, Bus shelter and youth shelter still appear on the list but disposed of (also raised in 2011/12 and 2012/13)).
- Asset register did not always have a clear description of the item in order for it to be readily identified and located.
- Original cost and current value on the register found incorrect on one item selected.
- It was noted that the council do not appear to currently undertake any physical verification of assets during the year.
- It was noted that 'Bronze bust of Rt Hon Lord Renton' had been added to the insurance policy but did not appear on the asset register.
- Insured value of the Town Hall needs to be reviewed to ensure adequacy in view of recent works undertaken (also raised in 2013/14).

Risk Management Arrangements

- Minutes were reviewed to identify any unusual financial activity – all appears in order.
- 2014/15 Risk Register – discussed with Philip Peacock the councils strategy for identification of risks including financial risks. The council appear to have a number of separate policies for areas such as Tree management, Business continuity, Playgrounds, Legionella, COSH, Asbestos and Driving in place – Strategy for identification of risks appears to be adequate.
- Play area inspections – All found to be in order.

Recommendations for improvements to Financial Regulations

As a continuing part of the internal audit process, recommended improvements will be provided after each visit if appropriate:-

- To document regulations regarding the valuation, insurance, maintenance of register, acquisition and disposal, and maintenance of assets

Lorraine's next visit is scheduled for Thursday 19th and Friday 20th March 2015. She looks forward to seeing you then, however, please do not hesitate to contact her beforehand should the need arise.

Kind regards,

Tim Johnson FCA

Kinnaird Hill

Mr P Peacock
Huntingdon Town Council
Town Hall
Market Hill
HUNTINGDON
PE29 3PJ

Our Ref: LS /H255
2nd April 2015

Dear Mr Peacock

RE- Internal Audit visit

Please find detailed below the findings in relation to the internal audit visit undertaken by Lorraine Sturdy on Tuesday 31st March and Wednesday 1st April 2015:-

Payroll

- A sample of both monthly and weekly paid employees were selected to review.
 - Contracts of employment – appears to be in order
 - Salary paid agrees to contract of employment and rates approved by council and to point scale– all appears to be in order
 - Pension contribution percentage agrees to local government guidelines – all appears to be in order.
 - Payment of expenses to employees – all appears to be in order.
 - Mileage paid to employees – all appears to be in order
 - Payment of wages to employees – all appears to be in order.
 - PAYE and NIC calculations and deductions were verified – appears to be in order.
 - Authorisation of payments out of bank – authorisation on the BACS report for 16.12.14 was not evident. Mr Peacock advises that the process has since been updated to be more robust.
 - Verification of journal postings to SAGE – journals for January 2015 did not appear to have been input. Mr Peacock advises that this is during the period when there was not a finance manager. Peter Edwards is in the process of reviewing the payroll cost in the accounts.
 - Verification of PAYE and NIC creditor – due to the lack of journals noted above, the creditor on SAGE was not able to be verified. Peter Edwards provided details of the payments made to HMRC from the online facility which appears to all be in order.

VAT

- Records relating to the quarterly VAT claims were reviewed.
 - Current rate of 20% being applied – all appears to be in order.
 - Claims submitted timely and accurately – all appears to be in order.
 - Amount owing to HMRC debtor on Trial Balance at visit date reconciled – all appears to be in order.

Income and Debtors

- All income streams were reviewed.
 - Regular invoices issued for leased premises and grounds were reviewed – from the sample reviewed it was found that one invoice to Sports Huntingdon had been issued for the incorrect amount of rent.
 - Medway Centre Hire bookings and invoices were reviewed – It was noted that, what is understood to be Insurance Premium Tax (IPT) is being charged on invoices where an insurance surcharge is made. Item raised with Mr Peacock to confirm the process in relation to this and whether the tax is to be paid over to a third party.
 - Interment applications and invoices were reviewed – all appears in order.
 - Allotments - All appears in order.
 - Precept payment received agrees to notification – all appears in order.
 - Debtors were reviewed for old balances and collectable debts – It was noted that the debtors had not been reviewed regularly. There is an invoice of £9,263.76 dated 24.11.14 to Commemoration Hall which still appears to be unpaid. There are unresolved payments on account and outstanding credit notes. The Meadway Centre debtors were being looked at by Shilpa and brought up to date on 01.04.15.
 - Receipt of payments – the process for receiving and banking cheques and cash was confirmed with Peter Edwards, all appears to be in order.

Payment controls and Creditors

- Purchase invoices and payments were reviewed.
 - Review that proper purchase authority by committee or officers is in place – from the sample reviewed, it was noted that the proper authority was not always present on the purchase invoice.
 - Supporting paperwork / cheque stub confirms that invoice and payment thereof is approved by initial notation – from testing carried out, one cheque stub below £1,000 was not initialled by the issuer and supporting paperwork could not be located. Two cheque stubs issued for over £1,000 did not bear the correct two initial authorisation.
 - VAT on supporting paperwork has been appropriately identified for reclaim – all appears in order.
 - Finance Committee minutes reviewed for presentation of list of payments for authorisation – at the date of review the latest list of payments was to 31.10.14. Payments for the months following 5 months had not been presented. It is believed that the list of payments provided to the committee up to 31.10.14 did not contain all the payments made by the council
 - Creditors were reviewed for old balances and payments on account – It was noted that the creditors did not appear to be being reviewed regularly. There are a number of unresolved payments on account.

Budgets and variances

- The budget setting process and monitoring of actual against budget results and variances was reviewed.
 - Budget prepared presented at the finance committee meeting – all appears in order.
 - Budget prepared adopted in setting of the precept – all appears in order.
 - Variance analysis presented to the finance committee covering eight weekly intervals – all appears in order, however no review has taken place since 31.10.14
 - Progress against budget and large / unusual variances discussed by committee along with any decisions taken noted – all appears in order, however no review has taken place since 31.10.14

Tenders

- Tenders reviewed – the process for dealing with tenders detailed in the financial regulations was used to verify the process undertaken when processing tenders that were recorded in the tender book.
 - Signature of the person opening the tender recorded in the tender book – not evident.
 - Signature of the person receiving the tender for evaluation recorded in the tender book – not evident.
 - Town clerk or authorisation of a deputy present at the time of opening tender – not evident in the tenders book, however, Mr Peacock confirms that his process was undertaken.
 - One member of the committee present at the time of opening tenders – not evident in the tenders book, however, Mr Peacock confirms that his process was undertaken.

Mr Peacock was unaware of the existence of the tender book and the requirement to record details in it. He will update the book with the required information.

Lorraine's next visit will be scheduled once the annual accounts are available which is likely to be during May 2015. She looks forward to seeing you then, however, please do not hesitate to contact her beforehand should the need arise.

Kind regards,

Tim Johnson FCA
Kinnaird Hill

Mr P Peacock
Huntingdon Town Council
Town Hall
Market Hill
HUNTINGDON
PE29 3PJ

Our Ref: LS/H255
22nd June 2015

Dear Mr Peacock

RE – Internal Audit Visit

Please find detailed below the findings in relation to the internal audit visit undertaken by Lorraine Sturdy:-

Visit 11th June 2015

Year End Procedures

- Year-end accounts prepared on the correct accounting basis – all appears to be in order.
- Accounts agree with the cashbook – all appears to be in order.
- Existence of an audit trail from underlying financial records to the accounts – all appears to be in order.
- Debtors properly recorded – Trade and other debtors and prepayments all appear to be in order.
- Creditors properly recorded – Trade creditors and sundry creditors all appear to be in order.
- Fixed Assets – all appeared to be in order..

General observations noted

- Income generated from the Town Hall is not shown separately in the financial statements. Referred to B Porter, who advises that the presentation will be changed for next year.
- Uncleared bank transactions – It was noted that there were payments totalling £475.80 and in excess of 6 months old that were still outstanding.
- Debtors – it was noted that there were debtors totalling £688.90 which were over three months old at the year end.
- Accruals – it was noted that an accrual of £4,000 was made for paints for the skate park which were on order but not yet received.
- Creditors – It was noted that there were purchase invoices outstanding in excess of 10 days (per financial regulations). Invoices dated between September 2014 and January 2015.
- Accrued expenditure – on reviewing post year end invoices it was noted that from the sample reviewed there were a number of invoices recorded post year end that related to the year ended 31st March 2015. One of these was above the demin of £500. Three were just below the demin figure.
- Fixed assets – Fixed asset register provided which shows the assets held at 31st March 2015 had not been updated for items scrapped (see report to council dated 2nd March 2015 for details)

This visit now concludes the internal audit work for 2014/15. I shall forward to you our report summarising our findings. In the meantime should you need anything further please do not hesitate to contact either myself or Lorraine.

Kind regards,

Nita Hutchcraft FCCA
Kinnaird Hill