



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

For the attention of Mr P Peacock

Our Ref: LS/H255

18<sup>th</sup> June 2014

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 2014.

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 2013/4 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*

T P Johnson FCA  
For and on behalf of Kinnaird Hill

Ms K Cameron  
Huntingdon Town Council  
Town Hall  
Market Hill  
HUNTINGDON  
PE29 3PJ

Our Ref: LS/H255  
10<sup>th</sup> October 2013

Dear Karen

#### **RE – Internal Audit visit**

Please find detailed below the findings in relation to the internal audit visit undertaken by Lorraine Sturdy on Thursday 10<sup>th</sup> October 2013:-

#### Bank

- Bank reconciliations for each account
  - Bank Current account – reconciliation held and in order.
  - Imprest bank account – reconciliation held and in order.
  - Santander bond – no reconciliation required, however, maturing bond repayment not monitored for expected receipt into nominated bank account.
  - Petty cash – reconciliation held and in order.
  
- 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 – September 2013
  - Petty cash payments recorded and supported by valid VAT receipts – in the month of September there was one petty cash voucher not signed by the recipient. This has been rectified by Beverley (recipient of the cash). There was one petty cash voucher for postage which did not have a receipt attached or explanation of why there was not a receipt. Beverley advises that there was not one in this instance.
  
- 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, however, duplication of the data is occurring as the declarations are held both on the Town Councils website and the District Councils website. Email sent to K Cameron to advise.

### Standing Orders

- Current standing orders were obtained via the internet on 10.10.13.
- Karen confirmed that this is the most recent edition.
- Karen confirms that all councillors receive a copy in their induction pack.
- Standing Orders are currently under review by the Standing Orders working party.

### Financial Regulations

- Financial regulations were obtained.
- Karen confirmed that this is the most recent edition.
- Karen confirmed that the Financial regulations are reviewed regularly.

### Recommendations for improvements to Financial Regulations

As a continuing part of the internal audit process a separate list of recommended improvements will be provided after each visit. This will be updated after each visit and enclosed with this letter.

Lorraine's next visit is scheduled for Monday and Tuesday 13<sup>th</sup> and 14<sup>th</sup> January 2014. She looks forwarding to seeing you then, however, please do not hesitate to contact her beforehand should the need arise.

Kind regards,

Tim Johnson FCA

Kinnaird Hill

Ms K Cameron  
Town Clerk  
Huntingdon Town Council  
Town Hall  
Market Hill  
HUNTINGDON  
PE29 3PJ

Our Ref: LS/H255  
20<sup>th</sup> January 2014

Dear Karen

***RE- Internal Audit visit***

Please find detailed below the findings in relation to the internal audit visit undertaken by Lorraine Sturdy on Monday 13<sup>th</sup> and Tuesday 14<sup>th</sup> January 2014:-

**Asset Controls**

- Assets (written to profit and loss account)
  - Copy of the asset register was requested for perusal – the most up to date available was up to 31.03.13. A more up to date copy was not available and could not be found. Believed to be updated annually, however, curtains purchased for the Medway in 2012/13 do not appear on the register. Bus shelter and youth shelter still appear on the list but actually disposed of (also raised in 2011/12 and 2012/13).
  - A sample of assets was selected for physical verification – action postponed until Denis returns from annual leave.
  - Nominal activity on the accounting data was perused to verify that asset additions were recorded on the register – Register not updated until the year end.
  - Physical asset verification undertaken annually by Town Council – all appears to be in order.
  - Insurance policy was perused to ensure adequate cover – all appears in order, however, the value of the buildings insurance for the Town Hall has been queried with Karen to ensure its adequacy.

**Risk Management Arrangements**

- Minutes were reviewed to identify any unusual financial activity – all appears in order.
- 2013/14 Risk Register – action postponed until next visit when Karen return from annual leave.
- Play area inspections – action postponed until Denis returns from annual leave.

**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.

## 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 14.01.14 reconciled – there was a difference of £407.33 which was unexplained by Beverley. Discrepancy has been left with Beverley to look into. It would appear that the balance in the nominal is not being verified to the return on a regular basis (also raised in 2012/13).

## Income and Debtors

- All Income streams were reviewed.
  - Regular invoices issued for leased premises and grounds were reviewed - all appears in order.
  - Medway Centre Hire bookings and invoices were reviewed – It was noted that what is understood to be Insurance Premium Tax (IPT) is being charged in invoices where an insurance surcharge is made. Item raised with Karen to confirm the process in relation to this.
  - Interment applications and invoices were reviewed – all appears in order.
  - Commemoration Hall invoices were reviewed to ensure the correct treatment of VAT – 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 – all appears in order.
  - Receipt of payments – the process for receiving and banking cheques and cash was confirmed. It was noted that Beverley is now in control of the tin key with Karen nominated in her absence and Philip if Karen is not available.

Lorraine's next visit is scheduled for Thursday 27<sup>th</sup> February 2014, however, the postponed actions relating to Denis detailed above will be scheduled in before this date. She looks forwarding to seeing you then, however, please do not hesitate to contact her beforehand should the need arise.

Kind regards,

Tim Johnson FCA  
Kinnaird Hill

Ms K Cameron  
Huntingdon Town Council  
Town Hall  
Market Hill  
HUNTINGDON  
PE29 3PJ

Our Ref: LS /H255  
28<sup>th</sup> February 2014

Dear Karen

**Re - Internal Audit Visit**

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

**Visit 10<sup>th</sup> October 2013 - update**

Register of interests – declaration of financial interest or declaration of no change held on both Town Councils website and HDC website resulting in possible duplication of information. KC advises that she will look into whether a link direct to the HDC website would be appropriate.

**Visit 13<sup>th</sup> and 14<sup>th</sup> January 2014 – update**

Asset controls – sample of assets selected for physical verification – all in order.  
Insurance policy for Town Hall building cover – reviewed by KC, value considered adequate and in line with BSM valuation.

Risk management – 2013/14 Risk register – KC advises that work is in progress to compile a register.  
Play area inspections – all in order.

VAT – difference on control account now identified and will be rectified on the next return to HMRC.

Income and Debtors – IPT charged on insurance recharged to hirers – Registration for and payment over of Insurance Premium Tax charged to hirers does not appear to be treated correctly. Matter was discussed with KC. Kinnaird Hill tax advisors are not able to assist in relation to this as it is an area of a specialist nature. This matter needs to be progressed by Huntingdon Town Council.

**Visit 27<sup>th</sup> February 2014**

**Payment controls and Creditors**

- Purchase invoices and payments were reviewed.
  - Review that proper purchase authority by committee or officers is in place – all appears in order.
  - Supporting paperwork confirms that invoice is approved by initial notation – from testing carried out, one cheque was found to have been issued for over £1000 which did not bear the correct 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 – December 2013 payments were omitted from the minutes in February 2014. KC aware, a list will be provided to councillors at the next Finance Committee meeting.
  - Creditors were reviewed for old balances and payments on account – all appears in order.

### **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.
  - Progress against budget and large / unusual variances discussed by committee along with any decisions taken noted – all appears in order.

### **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.
  - Signature of the person receiving the tender for evaluation recorded in the tender book.
  - Town clerk or authorisation of a deputy present at the time of opening tender.
  - One member of the committee present at the time of opening tenders.

It was noted that there had not been any tenders during the year to verify.

Lorraine's next visit will be scheduled once the annual accounts are available which is likely to be during May 2014. 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  
18<sup>th</sup> June 2014

Dear Philip

***RE – Internal Audit Visit***

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

**Visit 13<sup>th</sup> June 2014**

**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..

This visit now concludes the internal audit work for 2013/14. 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,

Tim Johnson FCA

Kinnaird Hill