

Chartered Certified Accountants & Tax Consultants



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Huntingdon Town Council
Town Hall
Market Hill
HUNTINGDON
PE29 3PJ

Our Ref: LS/H255
2nd June 2017

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 2017.

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 the relevant section of your 2016/17 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.

We look forward to working with you again in the coming year and Lorraine will be in touch to arrange suitable dates.

Kind regards

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

Huntingdon St Ives

Partners Angus Hurford FCA, David Rees FCCA, Nita Hutchcraft FCCA: Consultant Timothy Johnson FCA
Registered as auditors and regulated for a range of investment business activities by the Association of Chartered Certified Accountants

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

Our Ref: LS/H255
2nd June 2017

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 25th May 2017

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

- De-min values – a policy of using a de-min of £500 for accruals, prepayments and asset additions is adopted when compiling the accounts (unless they affect the budget for the year). There is not reference to this policy in the financial regulations.
- Debtors – it was noted that there were debtors totalling £1,791.21 which were over three months old at the year end.
- Accruals – it was noted that accruals totalling £11,147.21 were carried forward from prior years and remain un-invoiced.
- Accruals – upon review it was noted that there were further accruals totalling 5,822.08 of which £4,686 has now been adjusted for.
- Creditors – It was noted that there were purchase invoices outstanding in excess of 30 days. It was confirmed with Helen that the majority of these have since been paid.
- Prepayments – upon review it was noted that there were further prepayments totalling £1,505.74 of which £1,127.65 has now been adjusted for.

This visit now concludes the internal audit work for 2016/17. 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

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

Our Ref: LS /H255
30th March 2017

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 Wednesday 29th March 2017:-

Payroll

- A sample of monthly paid employees were selected for 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 – appears to be in order
 - Verification of journal postings to SAGE – appears to be in order
 - Verification of PAYE and NIC creditor – 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 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 – all appeared to be in order
 - Medway Centre Hire bookings and invoices were reviewed – all appeared to be in order
 - 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 – old balances were noted, however, these appear to be being chased for payment.
 - Receipt of payments – the process for receiving and banking cheques and cash was confirmed, all appears to be 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 at regular 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.

Lorraine's next visit will be scheduled once the annual accounts are available which is likely to be during May 2017. She looks forward to seeing you then, however, please do not hesitate to contact her beforehand should the need arise.

Kind regards,

Nita Hutchcraft
Kinnaird Hill

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

Our Ref: LS/H255
16th November 2016

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 Monday 14th and Tuesday 15th November 2016:-

Bank

- Bank reconciliations for each account
 - Bank Current account (>£1k) – reconciliation held and in order.
 - Active saver account – reconciliation held and in order.
 - Imprest 1 account (staffing) – reconciliations held and all in order.
 - Imprest 2 bank account (<£1k) – reconciliations held and in order, however, there were a number of payments noted on the unreconciled outstanding items that were over 6 months old. It was noted that, on the date of the visit, the balance on the reconciliation differed to the trial balance on Omega by £304.73. Helen is to look into this.
 - CCLA deposit account – reconciliation held and in order, however, it was noted that the October 2016 reconciliation had been done using the balance at 30.09.16 which did not include the reinvested dividend of £6.28
 - Petty cash – reconciliations 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
 - Petty cash payments recorded and supported by valid VAT receipts – all appears to be in order, however, see recommendations at the end of this letter.
- Receipts in cash to be banked
 - Appears to be in order
- Expenses reported at each council meeting
 - Appears to be in order
- Petty cash reimbursed regularly
 - Regular reimbursements are carried out and evidenced.
- Petty cash float maintained at £100 (Fin regs 1.62)
 - It was noted that the petty cash balance exceeded the £100 float in May 2016 when a top up of £200 was received. A satisfactory explanation has been given by Philip as to why this occurred.

Payment controls and Creditors

- Purchase invoices and payments were reviewed.
 - Review that proper purchase authority by committee or officers is in place – all appeared to be in order
 - Supporting paperwork / cheque stub confirms that invoice and payment thereof is approved by initial notation – all appears in order.
 - VAT on supporting paperwork has been appropriately identified for reclaim – all appeared to be in order.
 - That the payments tested did in fact appear on the report presented to council for approval – it was found that one payment (£50) was omitted from the May 2016 list of payments presented to council. It is believed that this is due to the tailoring that occurs to the reports once extracted from Omega which leaves them prone to human error. Discussed with Philip who will liaise with Helen and the councillors to resolve the issue.
 - Finance Committee minutes reviewed for presentation of list of payments for authorisation – payments appear to be being presented in a timely manner, and signed, however, see recommendations at the end of this letter.
 - Creditors were reviewed for old balances and payments on account-
 - There was one payment on account from May 2016 awaiting the purchase invoice to be recorded (£102.47), and one payment on account from Sept 2016 awaiting an accounting adjustment on Omega (£39.60). There was one supplier with a credit note that, if not being used against future supplies should seek a refund (£13.32).
 - Creditors listing balance compared to that on the Omega trial balance
 - The balance on the list of suppliers awaiting payment was compared to that on the Omega trial balance. There was an unknown discrepancy of £7,410.24 which Helen is looking into.

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 Council.
- Confirmed that all councillors receive a copy in their induction pack.
- Standing Orders are reviewed regularly.

Financial Regulations

- Financial regulations were obtained from the Town Council
- The copy obtained was the most recent edition
- Philip confirmed that the Financial Regulations are reviewed regularly.

Asset Controls

- Assets (written to profit and loss account)

Work done:-

- Copy of the asset register was requested for perusal – provided by Carol.
- It was confirmed with Carol / Peter that the assets had been physically verified recently.
- Physical asset verification was confirmed as being undertaken at least annually by the Town Council.
- Nominal activity on the accounting data was perused to verify that asset additions were recorded on the register – it was noted that a number of items were yet to be added to the register or that the additions did not reflect the actual cost incurred. Would recommend that there be more communication between the Finance team and the Estates manager to ease this process.
- Insurance policy was discussed with the Estates manager to ensure adequate cover is considered by the council – all appears in order.

Risk Management Arrangements

- Minutes were reviewed to identify any unusual financial activity – all appears in order.
- 2016/17 Risk Register –The council 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.

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.

It was observed that there had been no tenders in the current financial year.

Recommendations for improvements to Financial Regulations

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

- Petty cash vouchers should bear the signature of both the issuer and the recipient of the cash (who should not be the same individual).
- List of payments provided to council for signature should be initialled or signed on each sheet in addition to the final sheet bearing the total.
- Guidelines in relation to computer security and protection against viruses and cyber-attacks for staff are advisable.

Lorraine will contact you in due course to arrange the next visit. She looks forward to seeing you then, however, please do not hesitate to contact her beforehand should the need arise.

Kind regards,

Nita Hutchcraft FCCA

Kinnaird Hill