



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

For the attention of Ms K Cameron

Our Ref: LS/H255

10th June 2013

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 2013.

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 2012/13 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

T P Johnson FCA
For and on behalf of Kinnaird Hill

*Please note our office will close for Christmas at 12 noon on Friday 21st December and reopen on Wednesday 2nd January.

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

Our Ref:LS/H255

10 June 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 13th December 2012:-

Bank

- Bank reconciliations for each account
 - Bank Current account – reconciliation held and in order.
 - Imprest bank account – reconciliation for 30.11.12 had not been carried out. A wages payment was found not to have been recorded on the sage data. This has now been addressed and rectified by Lesley.
 - Santander bond – no reconciliation required. All in order.
 - 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 – November 2011
 - Petty cash payments recorded and supported by valid VAT receipts – in the month tested there was one petty cash claim which could have had VAT claimed but had not been. Value of £ 0.67 in VAT. All other items were found to be in order.

- 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 and appears in order.

Standing Orders

- Current standing orders were obtained via the internet on 11.12.12.
- Karen confirmed that this is the most recent edition.
- Karen confirms that all councillors receive a copy in their induction pack.
- Karen has confirmed that the Standing Orders are currently under review and that a working party has been established.

Financial Regulations

- Financial regulations were obtained via the internet on 11.12.12.
- 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 Tuesday 15th January 2013. 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

Town Clerk
Huntingdon Town Council
Town Hall
Market Hill
HUNTINGDON
PE29 3PJ

Our Ref: LS/H255
18th January 2013

Dear Claire

RE- Internal Audit visit

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

Visit 17th January 2012

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 31.03.12. A more up to date copy was not available and could not be found.
 - A sample of assets was selected and physical verification – action postponed until Denis' returns from annual leave.
 - Nominal activity on the accounting data was perused to verify asset additions were recorded on the register – New curtains at the Medway, could not verify that assets were added to asset register as up to date register not available. Bus shelter and youth shelter still appear on the list but actually disposed of (also raised in 2011/12).
 - 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.

Risk Management Arrangements

- Minutes were reviewed to identify any unusual financial activity – all appears in order.
- 2012/13 Risk Register – action postponed until Town Clerk/Claire is available.
- Play area inspections – action postponed until Denis returns from annual leave.

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 from HMRC debtor on Trial Balance at 17.01.12 reconciled – there was a difference of £824.21 between the amount due back from HMRC and SAGE data. Lesley is looking into and will advise of the reason.

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 Thursday 18th April 2013, however, the postponed actions 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

Recommendations for improvement to the Financial Regulations

Huntingdon Town Council

Section 6 Payments of Accounts

- There is currently no reference to the security of the petty cash tin, who has control of the cash and its keys. The finance working party agreed improvements to the current system on 25th July 2012.
- There is currently no reference to the frequency of and who is to undertake bank reconciliations and whether these are to be checked by a second person.
- Point 6.11 refers to the amount of cash held, there is no reference as to whether the amount on the ledger is physically checked to the cash in the tin and the cash ledger noted to indicate that this has been done.
- Point 6.10 refers to two signatures to be present on the cash voucher for services, it would be recommended that this be the case for all cash vouchers.
- There is currently no reference to the payment of wages to employees in cash. The finance working party agreed improvements to the current system on 25th July 2012.

Assets and investments

- There is currently no reference to these items, their valuation, safekeeping and record keeping in the Financial Regulations.

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

Our Ref:LS/H255

10 June 2013

Dear Karen

RE – Internal Audit Visit

Please find detailed below the findings in relation to the internal audit visits undertaken by Lorraine Sturdy on Thursday 18th April 2013:-

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 – Expense claim not always signed by an authorised signatory, otherwise 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 17.01.13 reconciled – there was a difference of £824.21 which was unexplained by Lesley. Bev has subsequently looked into this and resolved the issue as it was due to incorrect postings on sage. It would appear that the balance in the nominal is not being verified to the return on a regular basis.

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 – all appears in order.
 - Internment 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 Lesley is now in control of the tin key with Karen nominated in her absence. There is not person allocated to take control of the key in both the absence of Lesley and Karen.

Lorraine's next visits are scheduled for Thursday 23rd May 2013. 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

Yours sincerely

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

Our Ref: LS/H255
23rd May 2013

Dear Karen

Re - Internal Audit Visit

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

Visit 23rd May 2013

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 – all appears in order.
 - 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 – all appears in order.
 - 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 – minutes dated 13.12.12, 14.02.13 and 11.04.13 did not make specific reference to the variances against the budget report and of any decisions or action need on those with large or unusual variances.

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. For the two tenders during the year the following findings were observed:-
 - Signature of the person opening the tender recorded in the tender book – was not present. Names printed in the tender book.
 - Signature of the person receiving the tender for evaluation recorded in the tender book – was not present. Names printed in the tender book.
 - Town clerk or authorisation of a deputy present at the time of opening tenders – appears all in order.
 - One member of the committee present at the time of opening tenders – appears all in order.

Lorraine's next visit is scheduled for Friday 31st May 2013. 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



Ms K Cameron
Huntingdon Town Council
Town Hall
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Our Ref: LS /H255
10th June 2013

Dear Karen

RE – Internal Audit Visit

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

Visit 31st May 2013

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. Review for accrued income revealed a sales invoice for £2,500.00 which had not been included in the accounts. Matter raised with Bev Porter who will amend the accounts as the amount is material.
- Creditors properly recorded – Trade creditors and sundry creditors all appear to be in order. Review of accrued expenditure found a number of purchase invoices totalling £9,785.50 which were not included in the accounts. Matter raised with Bev Porter who will amend the accounts as the individual amounts were above the demin figure and material.
- Fixed Assets – all appeared to be in order..
- Minor typing error found in note 2a to the accounts being the address not updated to the Town Hall, Karen is aware.

This visit now concludes the internal audit work for 2012/13. 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