



## Hesketh with Beconsall Parish Council Policy Document

### Internal Audit Testing Schedule

- 1 The council has determined the scope and coverage of the work to be carried out by internal audit in accordance with proper practices guidance. Internal audit testing of internal controls will be sufficient for the proper completion of the annual internal audit report. The annual internal audit report should provide an adequate level of assurance for the council to complete assertions 2 and 6 in its annual governance statement.
- 2 In completing the annual report at section 4 of the annual return, internal audit will have planned and carried out the work necessary to give the assurances called for. The ten key control tests in the annual report represent the minimum level of internal audit coverage required.
- 3 Internal audit work always requires the application of judgement and should only be carried out following risk assessment. The scope and frequency of testing should reflect that assessment, and therefore should always be in proportion to the likelihood of fraud, error or miss-statement that could occur. It should be directly related to the size and level of business activity of the council.
- 4 The following schedule will provide assurance that the minimum level of coverage has been met.

#### **Correct Bookkeeping**

- Is the computer cashbook maintained and up to date?
- Is the computer cashbook arithmetic correct?
- Is the computer cashbook regularly balanced (at least monthly) against bank statements?

#### **Standing Orders and Financial regulations?**

- Has the council formally adopted Standing Orders and Financial Regulations
- Has a Responsible financial Officer been appointed with specific duties?
- Have items or services above the de minimus amount been competitively purchased?
- Are payments in the cashbook supported by invoices, authorised and minuted ?
- Has VAT on payments been identified, recorded and reclaimed?

#### **Audit Trail**

- Do items of expenditure / Invoices / Payments link to Council authorisations in the Minutes ? (5% test)

#### **Risk Management**

- Does a review of the minutes identify any unusual financial activity?
- Do minutes record the council carrying out an annual risk assessment?
- Is insurance cover appropriate and adequate?
- Are internal financial controls documented and regularly reviewed?
- Are Computer records backed up regularly and a copy kept off site?



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#### Budgetary Controls

- Has the council prepared an annual budget in support of its precept?
- Is actual expenditure against the budget regularly reported to the council?
- Are there any significant unexplained variances from budget?

#### Income Controls

- Is income properly recorded and promptly banked?
- Does the precept recorded agree to the Council Tax authority's notification?
- Does the Concurrent Contribution agree to the Council Tax authority's notification?
- Are all tenants/lessees properly invoiced and receipts tracked.
- Are automatic way-leave payments diarised?
- Are automatic License payments due diarised

#### Payroll Controls

- Do salaries paid agree with those approved by the council?
- Is the Clerk's expenses expenditure reported to each council meeting?
- Is the Clerk's expenses reimbursement carried out monthly?
- Have PAYE/NIC been properly operated by the council as an employer?
- Do all employees have contracts of employment with clear terms and conditions?

#### Assets Control

- Does the council maintain a list of all material assets owned or in its care?
- Are the assets and Investments registers up to date?
- Do asset insurance valuations agree with those in the asset register?

#### Bank Reconciliation

- Is there a bank reconciliation for each account?
- Is a bank reconciliation carried out regularly and in a timely fashion?
- Are there any unexplained balancing entries in any reconciliation?

#### Year End Procedures

- Are year-end accounts prepared on the correct accounting basis
- Do accounts agree with the cashbook?
- Is there an audit trail from underlying financial records to the accounts?
- Where appropriate, have debtors and creditors been properly recorded?

*This Statement of Policy was adopted on 13<sup>th</sup> October 2014 by Resolution 35/2014*

*Document Ratified by Resolution 40/2015 12<sup>th</sup> October 2015*

*Document Ratified by Resolution 43/2016 14<sup>th</sup> November 2016*

*Document Ratified by Resolution 40/2017 13<sup>th</sup> November 2017*

*Document Ratified by Resolution 33/2019 14<sup>th</sup> October 2019*

*Document Ratified by Resolution 2023/06/07 12<sup>th</sup> June 2023*

*Document Ratified by Resolution 2024/06/05 10<sup>th</sup> June 2024*



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