

**MUCH HOOLE PARISH COUNCIL  
TERMS OF REFERENCE FOR INTERNAL AUDITOR**

Internal Control	Suggested test	Response	
Proper bookkeeping	▪ Is the cashbook maintained and up to date?	Yes	
	▪ Is the cashbook arithmetic correct?	Yes	
	▪ Is the cashbook regularly balanced?	Yes	
a) Standing Orders and Financial Regulations	▪ Has the Council formally adopted standing orders and financial regulations?	Yes	
	▪ Has a Responsible Financial Officer been appointed with specified duties?	Yes	
	▪ Have items or services above a de minimis amount been competitively purchased?	Yes	
	b) Payment controls	▪ Are payments in the cashbook supported by invoices, authorised and minuted?	Yes
		▪ Has VAT on payments been identified, recorded and reclaimed?	Yes
	▪ Is s137 expenditure separately recorded and within statutory limits	Yes	
Risk management arrangements	▪ Does a scan of minutes identify any unusual financial activity?	No	
	▪ Do the minutes record the council carrying out an annual risk assessment?	Yes	
	▪ Is insurance cover appropriate and adequate?	Yes	
	▪ Are internal financial controls documented and regularly reviewed?	Yes	
Budgetary controls	▪ Has the Council prepared an annual budget in support of its precept?	Yes	
	▪ Is actual expenditure against the budget regularly reported to the Council?	Yes, but see Points to Note in Audit Report	
	▪ Are there any significant unexplained variances from budget?	Yes, see explanation of variances	
Income controls	▪ Is income properly recorded and promptly banked?	Yes	
	▪ Does the precept recorded in the cashbook agree to the District Council's notification?	Yes	
	▪ Are security controls over cash adequate and effective?	Yes	
Petty cash procedures	▪ Is all petty cash spent recorded and supported by VAT invoices/receipts?	N/A, no Petty Cash	
	▪ Is petty cash expenditure reported to each Council meeting?	N/A	
	▪ Is petty cash reimbursement carried out regularly?	N/A	

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Payroll controls	▪ Do salaries paid agree with those approved by the Council?	Yes
	▪ Are other payments to the Clerk reasonable and approved by the Council?	Yes
	▪ Has PAYE/NIC been properly operated by the Council as an employer?	Yes
Asset controls	▪ Does the Council keep an asset register of all material assets owned?	Yes
	▪ Are the Asset/Investments registers up to date?	Yes
	▪ Do asset insurance valuations agree with those in the asset register?	No, see Points to M Report.
Bank reconciliation	▪ Is there bank reconciliation for each amount?	Yes
	▪ Is bank reconciliation carried out regularly on the receipt of statements?	Yes
	▪ Are there any unexplained balancing entries in any reconciliation?	No
Year-end procedures	▪ Are year-end accounts prepared on the correct accounting basis?	Yes
	▪ Do accounts agree with the cash book?	Yes
	▪ Is there any audit trail from underlying financial records to the accounts?	Yes

**AUDITOR NAME: IAN EDWARDS**

**SIGNATURE:** 

**DATE: 9<sup>th</sup> June 2020**