

Prudhoe Town Council
Review Effectiveness of Internal Controls

FINANCIAL YEAR

(insert)

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The Town Council is required to make arrangements for the proper administration of its financial affairs and to ensure that one officer is responsible for the administration of those affairs.

This requirement is detailed in the Local Government Act 1972 (s.151). At Prudhoe Town Council, the Administrative Officer holds the post of "responsible financial officer".

The Town Council is responsible for ensuring that its financial management is both adequate and effective. This process of management includes a sound system of internal control that includes arrangements for the management of risk.

The Town Council conducts an annual review of the effectiveness of internal control and this document is available for public scrutiny.

The Town Council maintains accounts and supporting records in accordance with the appropriate legislation and national guidelines. These accounts are available for public scrutiny.

Under the regulations, all local councils must at least once a year conduct in accordance with proper practices a review of the effectiveness of their system of internal control and publicly report the outcome.

The Annual Governance Statement in Section 1 of the annual return provides the means for local councils to report to local taxpayers on their system of internal control.

Summary Report Review of Procedures and adherence have been carried out and no concerns on Financial controls which are transparently, correctly authorised and accountable.
Areas selected for detailed examination are in good order and we are confident in certifying them.
There is a need to activate a procedure to ensure all next Reviews are carried out within the scheduled time frame agreed by both parties as this area has a future record.
The Council's Internal Auditor is satisfied with the review of the checks made.

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Proper bookkeeping	Date Checked	Evidence and/or action	✓
Is the cashbook up to date and maintained accurately?	21/4/17	yes Monthly & year end Balance	
Is the cashbook regularly balanced?	21/4/17	yes.	
Are cheque stubs completed?	21/4/17 YES	information available	
Are BACS payments recorded adequately?	21/4/17	yes.	
Is money moved between accounts accordingly?	21/4/17	yes Council are aware of intent	
Standing orders and financial regulations	Date Checked	Evidence and/or Action	✓
Has the council formally adopted standing orders and financial regulations?	21/4/17	yes S.O. at AGM. Fin. Regs Moved 17	
Has a Responsible Financial Officer been appointed with specific duties?	21/4/17	agreed by council	
Have works, goods or services above the de minimus amount been competitively purchased?	21/4/17	yes Procurement system in place	
Are works, goods or services over £250 supported by a purchase order?	21/4/17	yes Signed off by officers.	
Do invoices for payments over £1,000 include a minute reference showing agreed spending?	21/4/17	yes.	
Do the 'schedule of payments' match the payments made and with the correct legal authority?	21/4/17	yes.	
Are payments in the cashbook supported by invoices?	21/4/17	information available	
Are invoices approved for payment by the clerk before being processed for payment?	21/4/17	yes	

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Standing orders and financial regulations	Date Checked	Evidence and/or Action	✓
Are invoices passed to the RFO by the clerk and processed in a timely manner?	21/4/17	yes new stamps will identify it.	
Is there evidence that 2 Councillors with signing authority are involved in every transaction to a third party?	21/4/17 YES	information available	
Has VAT on payments been identified, recorded and reclaimed?	21/4/17 YES	information checked	
Is s137 expenditure separately recorded and within statutory limits?	21/4/17 YES	T.V. information checked	
Internal Control/Risk Management	Date Checked	Evidence and/or Action	✓
Does a review of the minutes identify any unusual financial activity?	21/4/17	None have occurred	
Do minutes record the council carrying out an annual risk assessment?	21/4/17	yes.	
Are there examples where the risk assessment has been reviewed and updated throughout the year?	21/4/17	No No reason to do so.	
Is insurance cover appropriate and adequate?	YES	checked	
Are internal financial controls documented and regularly reviewed?	21/4/17	yes.	
Budget	Date Checked	Evidence and/or Action	✓
Has the council prepared an annual budget in support of its precept?	21/4/17 YES	yes. Presented to Council & Approved.	
Is actual expenditure against the budget regularly reported to the council?	21/4/17	yes. Monthly	
How does the council review Budget Spending?	21/4/17	yes.	

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Budget (continued)	Date Checked	Evidence and/or Action	✓
What action does the council take if a particular budget heading is likely to overspend?	21/4/17	Transfer as requested from Contingency	
What action does the council take if a particular budget heading is below spending expectations?	21/4/17	Council need to Review underspend frequently	
Are there any significant unexplained variances from budget?	21/4/17	No.	
Is income properly recorded and promptly banked?	21/4/17	Yes.	
Are charges by the council for rent or fees reviewed regularly?	21/4/17	Not always	
Does the precept recorded agree to the Council Tax authority's notification?	21/4/17	Yes.	
Are security controls over cash and near-cash adequate and effective?	Yes.	Safe installed in Office	
Petty Cash/TVLS	Date Checked	Evidence and/or Action	✓
Is petty cash spent recorded and supported by VAT invoices/receipts?			
Is petty cash expenditure reported to each council meeting?			
Is petty cash reimbursement carried out regularly?			
Is TVLS refund cash recorded/reimbursed and held adequately and securely?	20/4/17	Yes All Payments Recorded & Signed by Officers & Applicants	
How often is TVLS cash reconciled?	20/4/17	Monthly at Ordinary Council Meeting	

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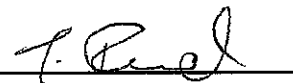
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Payroll/Pension Controls	Date Checked	Evidence and/or Action	✓
Do all employees have contracts of employment with clear terms and conditions?	21/4/17 YES	yes.	
Do salaries paid agree with those approved by the council?	21/4/17 YES	yes.	
Are other payments to employees reasonable and approved by the council?	21/4/17	Local Purchases Recorded & Receipted	
Have PAYE/NIC been properly operated by the council as an employer?	21/4/17	HRMC control it	
Have Pension contributions been accurately collected and paid by the council?	YES 21/4/17	yes.	
Are staff files updated and held securely?	21/4/17	No. Need to Review & placed in locked File	
Assets Controls	Date Checked	Evidence and/or Action	✓
Does the council maintain an up to date register of all material assets owned or in its care?	21/4/17	available	
Do asset insurance valuations agree with those in the asset register?	21/4/17	yes	
Are land and building assets published on the town council website?	21/4/17	Not yet.	
Are building and land assets inspected each year?	21/4/17	Not always	
Where rent is due on land or buildings, is this regularly reviewed?	21/4/17	Not always	

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Bank Reconciliation	Date Checked	Evidence and/or Action	✓
Is there a regular bank reconciliation for each account?	21/4/17	Yes Monthly	
Are there any unexplained balancing entries in any reconciliation?	21/4/17	No	
Is the value of investments held summarised on the reconciliation?	21/4/17	Not Applicable	
Year-end procedures	Date Checked	Evidence and/or Action	✓
Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	21/4/17	Yes	
Do accounts agree with the cashbook?	21/4/17	Yes Verified by External Auditor	
Is there an audit trail from underlying financial records to the accounts?	21/4/17	Yes Paper & Electronic	
Where appropriate, have debtors and creditors been properly recorded?	21/4/17	Yes. Files completed & recorded.	
Audit	Date Checked	Evidence and/or Action	✓
Has an internal audit been carried out?	21/4/17	Yes 11/4/17	
Has the internal audit report been received by the council?	21/4/17	Will be received by Council on 26 th April	
Has recommended action been taken with respect to the internal audit?	21/4/17	This will be agreed by Council on 26 th April	
When were end-of-year accounts available for inspection?	21/4/17	21/4/17	

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Transparency	Date Checked	Evidence and/or Action	✓
Do the council publish meeting agendas, and associated meeting papers not later than three clear days before the meeting to which they relate?	21/4/17	Agendas available 3 days before meeting. Associated papers sometimes issued on day of meeting	
Do the council publish meeting minutes within 30 days of meeting held?	21/4/17	agreed by Canner	
Do the council publish all expenditure over £100, including date, purpose and VAT?	21/4/17	Yes All Expenditure published	
Do the council publish the result of internal audit, end of year accounts, governance statement and external audit report?	21/4/17	Yes.	
Do the council publish a list of Councillors responsibilities?	21/4/17	agreed at A.E.M	
Do the council publish a list of land and building assets?	21/4/17	Not yet.	
Do the council publish a list of contractors?	21/4/17	All Recorded on Web sight	