

Terms of Reference for Internal Audit

| Internal Control | Scope of Internal Audit |
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| <p>A Appropriate accounting records have been properly kept throughout the financial year.</p> | <ul style="list-style-type: none"> • Is the cashbook maintained and up to date? • Is the cashbook arithmetically correct? • Is the cashbook regularly balanced? |
| <p>B The authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.</p> | <ul style="list-style-type: none"> • Has the council formally adopted Standing Orders and Financial Regulations? When were these last reviewed? • Has the RFO been appointed with specific duties? • Have the 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? • Is Section 137 expenditure minuted, separately recorded in the accounts and within statutory limits? • Is all expenditure approved? |
| <p>C The authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p> | <ul style="list-style-type: none"> • 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? • Is the fidelity guarantee appropriate and has it been reviewed? • Are internal control systems documented and regularly reviewed? • Has appropriate action been taken regarding matters raised in reports from Internal and External Control? • Date of the last review of Standing Orders? • Date of the last review of Financial Regulations? |
| <p>D The precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.</p> | <ul style="list-style-type: none"> • Has the council prepared an annual budget in support of the precept? • Is the actual expenditure against the budget regularly reported to the council? |

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| | <ul style="list-style-type: none"> • Are there any significant unexplained variances from the budget? • Are reserves appropriate? |
| E Expected income was fully received, based on correct process, properly recorded and promptly banked; and VAT was properly accounted for. | <ul style="list-style-type: none"> • Is income properly recorded and promptly banked? • Does the precept recorded agree to the Council Tax Authorities notification? • Are security controls over cash and near cash adequate and effective? • Is the council VAT registered? • Are returns submitted in a timely manner? • Is VAT reclaimed on exempt business activities reviews and considered insignificant? • Are receipts for 'business activities' within the registration threshold? |
| F Petty Cash (if held) payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for. | <ul style="list-style-type: none"> • Is all 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? |
| G Salaries to employees and allowances to members were paid in accordance with this authorities approvals and PAYE and NI requirements were properly applied. | <ul style="list-style-type: none"> • Do all employees have a contract of employment with clear terms and conditions? • Do salaries paid agree with those approved by the council? • Are other payments to employees reasonable and approved by the council? • Have PAYE/NIC been properly operated by the council as an employer? |
| H Asset and investment registers were complete and accurate and properly maintained. | <ul style="list-style-type: none"> • Does the council maintain a register of all material assets owned or in care? • Are the assets and investment registers up to date? • Do asset insurance valuations agree with those in the asset register? |
| I Periodic and year end bank reconciliations were properly carried out. | <ul style="list-style-type: none"> • Is there a bank reconciliation for each account? • Are bank reconciliations carried out regularly and in a timely fashion? |

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| | <ul style="list-style-type: none"> • Are there any unexplained balancing entries in any reconciliation? • Is the value of investment held summarised on the reconciliation? |
| J Accounting statements prepared during the year were prepared on the correct accounting basis, agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded. | <ul style="list-style-type: none"> • 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? • Have the external audit papers been completed and has appropriate action been taken regarding matters raised in reports from the external auditor? |
| K If the authority certified itself as exempt from a limited assurance review, it met the exemption criteria and correctly certified itself exempt. | |
| L If the authority has an annual turnover not exceeding £25,000, it publishes information on a website/webpage up to date at the time of the internal audit, in accordance with the Transparency Code for smaller authorities. | |
| M The authority has demonstrated that during the summer 2025, it correctly provided for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by website or minutes). | <ul style="list-style-type: none"> • Date from: • Date to: |
| N The authority has complied with the publication requirements for the AGAR. | <ul style="list-style-type: none"> • Notice of Period for Exercise of Electors Rights • Section 1 Annual Governance Statement • Section 2 Accounting Statements • Notice of Conclusion of Audit • Section 3 External Audit Report and Certificate • Internal Audit Report |
| O Trust Funds (including charitable) – the council met its responsibilities as a trustee. | |