

Kirkbymoorside Town Council INTERNAL AUDIT TERMS OF REFERENCE

<u>Instructions to Internal Auditor</u>

The internal audit should show that the independent internal auditor has thoroughly undertaken the following checks.

1. The Annual Return

- Is there a numbered minute showing that council has formally approved the end of year accounts?
- Does that minute accord with the information given in section 1 of the Annual Return?
- Has the Council given members of the public opportunity to inspect and raise questions on the accounts?
- Has the Council approved the Annual Return by the specified date?
- Have significant variances in the Annual Return (Section 1) figures been explained?
- Was the Asset register up to date and did the total concur with the figure entered in Section 1, Box 9 of the Annual Report?

2. <u>Budgetary process and control</u>

- Is there an adequate process for determining and approving the budget?
- Is there a minute recording the precept decision?
- Is progress against the budget regularly monitored?
- Are reserves appropriate?

3. Risk assessment

- Has the Council assessed the significant risks to achieving its objectives?
- What evidence is there that the assessment is followed? (e.g: has the Council taken out adequate insurance to account for its financial and other activities? E.g: has the Council adopted financial regulations and a standing order to manage contracts for goods and services and adhered to them?)

5. Accounting

- Have appropriate records of account been properly kept?
- Is there a separate column in the cash book for VAT?
- Is there a separate column in the cash book for Section 137 payments?
- Is VAT correct in the cash book, linked to invoices and has been reclaimed?
- Is the cash book reconciled with invoices?
- Are bank reconciliations provided regularly?
- Bank statements reconciled to cash book and all bank statements are present?
- Are all payments listed in minutes?
- Are tax and National Insurance requirements properly applied?

6. <u>Lawfulness of decision making</u>

Has council acted lawfully in its decision making and not exceeded its powers?

7. <u>Internal Control</u>

- Has the Council reviewed the scope of Councillors' Audit?
- Has the Council reviewed its fidelity insurance, making sure it is adequate in comparison to council funds and the precept?
- Has the Council reviewed financial regulations including the Council's standing order for goods and services?
- Has the Council reviewed its financial risk assessment?
- Is the Council receiving adequate and regular financial information from the Responsible Financial Officer to keep it sufficiently updated?

8. <u>Improvements</u>

Has the council carried out any improvements recommended (highlighted) by the Internal auditor.

9. Auditor

To provide the council with a written report following completion of the exercise within 10 working days.