

MALTON TOWN COUNCIL

REVIEW OF SYSTEM OF INTERNAL AUDIT

TERMS OF REFERENCE

- A**
1. The Town Council will appoint an internal auditor who satisfies the principles of independence and competence. The appointee will be remunerated. The appointment itself will be minuted.
 2. The Town Council will require the internal auditor to conduct two audit exercises: the first in October-November, the second as soon as possible after year end. The internal auditor will have all the documents that he requires and access to officers and councillors to undertake an effective audit on each occasion and will be briefed on the duties and responsibilities of the clerk and the responsible financial officer so that he is clear about the financial activities and measures of the council.
 3. The Town Council will provide the internal auditor with terms of reference for both audit exercises.
 4. The Town Council will require a report from the internal auditor on the findings of each exercise and will, if need be, act on any recommendations therein.
 5. The Town Council will require the internal auditor to complete Section 4 of the Annual Return providing an explanation if he is unable to tick any of the boxes.
 6. The Town Council will conduct a review once in each year of the effectiveness of its system of internal audit.
 7. The Town Council shall consider at an appropriate time the findings of the review and incorporate them in its statement of internal control.

The Terms of Reference for the Internal Auditor

- B** The following terms of reference define the scope of the internal audit.

1. The Annual Return
 - Is there a numbered minute showing that the 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 Return?
 - Has the Town Council published Sections 1, 2 and 3 of the Annual Return?
2. Budgetary process and control
 - 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? (eg: has the Council taken out adequate insurance to account for its financial and other activities? eg: has the Council adopted financial regulations and a standing order to manage contracts for goods and services and adhered to them?)

4. Accounting

- Have appropriate records of account been properly kept?
- Is there a separate column in the cash book for V.A.T.?
- Is there a separate column in the cash book for Section 137 payments?
- Is V.A.T. correct in the cash book, linked to invoices and has been reclaimed?
- Is the cash book reconciled with invoices?
- Are bank reconciliation's provided regularly and definitely to 30 September and 31 March?
- Bank statements reconciled to cash book and all bank statements present?
- Are all payments listed in minutes?
- Are Tax and National Insurance requirements properly applied?

5. Lawfulness of decision making

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

6. Internal Control

- 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?
- Has quarterly Member internal audit checks been carried out?

7. Improvements

Has the council acted on the recommendations and comments of the internal and external auditors?

Gail Cook
Town Clerk

Reviewed January 2021 (Next Review January 2022)