

Internal Audit Form

1. Risk Management

Objective: Ensure that risks related to financial transactions are identified, assessed, and managed appropriately.

Audit Activities:

Review the risk management framework

Risk Register date last approved by Council (should be within the financial year):	13/5/24
Financial Regulations date last approved by Council (should be within the financial year):	16/12/24

Assess the effectiveness of internal control systems to reduce financial risks

Comments:

- Effectiveness of councillors in the process: *weak*
- Security of legal documents; any backups outside of office
- Possible over-reliance on CEC for premises, ICT etc.

Ensure that financial risks (such as fraud, misstatements, or compliance failures) are reported the Council.

Comments:

- Robust reporting to Full Council
- Finance Committee offers bespoke forum to sort issues
- Need to ensure fully competent and trained councillors.

2. Accurate Recording of Financial Transactions

Objective: Ensure that all financial transactions are recorded accurately and promptly.

Audit Activities:

Assess the accuracy of journal entries and compare recorded amounts with bank statements and receipts. (sample 10 at random)

Evaluate the timeliness of transaction recording, ensuring that transactions are logged within an appropriate time frame (sample 10 at random)

No:	Date of Invoice	Date Paid	Accuracy of amount paid (bank statements)	Amount recorded in Rialtas	Is VAT correct?	2 Members have authorised?	Digital and Paper copies
1	19/11/24	4/12/24	Y	Y	Y	Y	Y
2	30/10/24	20/11/24	Y	Y	Y	Y	Y
3	16/10/24	12/11/24	Y	Y	Y	Y	Y
4	01/11/24	12/11/24	Y	Y	Y	Y	Y
5	22/10/24	5/11/24	Y	Y	Y	Y	Y
6	06/09/24	15/10/24	Y	Y	Y	Y	Y
7	18/09/24	7/10/24	Y	Y	Y	Y	Y
8	01/10/24	7/10/24	Y	Y	Y	Y	Y
9	20/11/24	4/12/24	Y	Y	Y	Y	Y
10	13/11/24	20/11/24	Y	Y	Y	Y	Y

(2 invoices in org)

3. Prevent and Detect Fraud

Objective: Ensure that there are mechanisms to prevent and detect fraudulent activities.

Audit Activities:

Review security measures in place to prevent unauthorised access to financial systems (e.g., password protections, encryption).

Comments:
 - Spoke to staff & confirmed robust systems including 2-factor authentication, password protection in place etc.
 - No single person can approve payments.

Verify that there are mechanisms to report suspected fraud and that these reports are properly investigated.

Comments:
 - No instances to date
 - Robust procedures in place including multiple levels of responsibilities -
 - Lots of training & ongoing development.

Ensure the presence of regular reconciliations of accounts (e.g., bank reconciliations, accounts payable/receivable).

Sample 3 Bank reconciliation reports and match with the bank statement

No	Month of Reconciliation	Figure Matches Bank Statement	Signed by Member
1	April 2024	Y	Y
2	JUNE 2024	Y	Y
3	JULY 2024	Y	Y

4. Reconstitution of Lost Records

Objective: Ensure that procedures are in place to recover or reconstitute lost financial records.

Audit Activities:

Evaluate the organisation's data backup systems and procedures, ensuring that copies of critical financial records are regularly backed up and stored securely.

Ensure that records are maintained in both electronic and physical formats, as applicable, to facilitate reconstitution.

Comments:

Staff confirmed robust systems in place

5. Duties of Officers and Members Handling Transactions

Objective: Ensure that duties related to financial transactions are clearly defined and assigned, to prevent any single person from having control over all aspects of financial transactions.

Audit Activities:

Evaluate the segregation of duties to ensure that no single individual has control over all aspects of financial transactions (e.g., authorisation, recording, and reconciliation).

Interview officers and staff involved in financial operations to confirm that they understand their roles and responsibilities.

Ensure that there are clear guidelines for authorisations, approvals, and delegation of duties.

Comments:

- No single officer or member can make payments alone.
- Multi factor authentication for all payments.

Recommendations:

- Ensure robust ongoing training for Councillors with authorisation duties.
- Review reliance on CEC for systems etc and ensure strong contingency measures in place for LEC solutions to provide services.

Name of Member completing the audit: James Baker - Cradwick

Signature: [Redacted]

Date: 31/01/2025

Recommendations:

- To Ensure training for Councillors who authorise payments
- To ensure contingency of reliance on CEC Services