

**Fordingbridge Town Council
Interim Internal Audit Report**



Audit visit date	Priority	Observation	Recommendation
6 Dec 2016	H	The Council uses electronic banking to make most of its payments. These are done on a single authoriser basis. This is now not a common practice with local councils as it is discouraged by The Practitioners Guide. Many banks now offer dual authorisation of online payments	The Council should introduce dual authorisation for online payments. The Council should note that this is a key control.
	H	The Council has adopted a significantly modified version of the NALC model Financial Regulations. In particular the Council's regulations do not include the part of the NALC model Regulations entitled '6 INSTRUCTIONS FOR THE MAKING OF PAYMENTS'. The Council's regulations do not refer to the use of Electronic Bank Payments which, in fact, are the most common way in which the Council makes payments	The Council should review its Financial Regulations, in particular the arrangements in place in respect of electronic bank payments. The Council should consider adopting, in full, the 2016 Model Regulations as published by NALC.
	M	There is a difference of approximately £40 between VAT reclaimed and the balance on Sage as at 31st March 2016	The Council should check the Trail Balance against the VAT claim when making the claim for Dec 2016. If there is any difference at the this date the Council should review and identify the reason for this difference
	M	The Council appears to be recording the total value of ticket sales made on an Agency basis as income to the Council (and recording the cost of these as an expense). In fact the income to the Council is only the commission element of these sales.	Income from sales of tickets on an agency basis should be recorded as two elements, a commission income element which is credited to income and an amount payable to the ticket provider which should be recorded as a liability in the balance sheet. When payments are made to the ticket provider these should be charged to the liability code which should then clear to zero

	M	<p>It was noted that a Cash float of £100 for the Grotto was charged to an expenditure code instead of being recorded in the balance sheet cash on hand</p>	<p>When cash floats are raised these should be debited to the balance sheet. when they are subsequently deposited back in the bank this balance sheet code should be credited and cleared to zero</p>
	L	<p>It was noted that the Earmarked Reserves of the Council do not appear to have been subject to review. (There is a Reserve amount stated for Gratuity which is no longer appropriate)</p>	<p>The Council should formally review its Earmarked Reserves and amend them as appropriate on its accounting system. This review of Reserves should be carried out annually as part of the Budget process.</p>