

**BRETHERTON PARISH COUNCIL  
TERMS OF REFERENCE FOR INTERNAL AUDITOR**

Internal Control	Suggested test	Response
Proper bookkeeping	<ul style="list-style-type: none"> <li>▪ Is the cashbook maintained and up to date?</li> </ul>	Yes
	<ul style="list-style-type: none"> <li>▪ Is the cashbook arithmetic correct?</li> </ul>	Yes
	<ul style="list-style-type: none"> <li>▪ Is the cashbook regularly balanced?</li> </ul>	Yes
a) Standing Orders and Financial Regulations  b) Payment controls	<ul style="list-style-type: none"> <li>▪ Has the Council formally adopted standing orders and financial regulations?</li> </ul>	Yes
	<ul style="list-style-type: none"> <li>▪ Has a Responsible Financial Officer been appointed with specified duties?</li> </ul>	Yes
	<ul style="list-style-type: none"> <li>▪ Have items or services above a de minimis amount been competitively purchased?</li> </ul>	Yes
	<ul style="list-style-type: none"> <li>▪ Are payments in the cashbook supported by invoices, authorised and minuted?</li> </ul>	Yes
	<ul style="list-style-type: none"> <li>▪ Has VAT on payments been identified, recorded and reclaimed?</li> </ul>	Yes
	<ul style="list-style-type: none"> <li>▪ Is s137 expenditure separately recorded and within statutory limits</li> </ul>	Yes
	<ul style="list-style-type: none"> <li>▪ Does a scan of minutes identify any unusual financial activity?</li> </ul>	No
	<ul style="list-style-type: none"> <li>▪ Do the minutes record the council carrying out an annual risk assessment?</li> </ul>	Yes
	<ul style="list-style-type: none"> <li>▪ Is insurance cover appropriate and adequate?</li> </ul>	Yes
	<ul style="list-style-type: none"> <li>▪ Are internal financial controls documented and regularly reviewed?</li> </ul>	Yes
Budgetary controls	<ul style="list-style-type: none"> <li>▪ Has the Council prepared an annual budget in support of its precept?</li> </ul>	Yes
	<ul style="list-style-type: none"> <li>▪ Is actual expenditure against the budget regularly reported to the Council?</li> </ul>	Yes
	<ul style="list-style-type: none"> <li>▪ Are there any significant unexplained variances from budget?</li> </ul>	No
Income controls	<ul style="list-style-type: none"> <li>▪ Is income properly recorded and promptly banked?</li> </ul>	Yes
	<ul style="list-style-type: none"> <li>▪ Does the precept recorded in the cashbook agree to the District Council's notification?</li> </ul>	Yes
	<ul style="list-style-type: none"> <li>▪ Are security controls over cash adequate and effective?</li> </ul>	Yes
Petty cash procedures	<ul style="list-style-type: none"> <li>▪ Is all petty cash spent recorded and supported by VAT invoices/receipts?</li> </ul>	N/A, no Petty Cash
	<ul style="list-style-type: none"> <li>▪ Is petty cash expenditure reported to each Council meeting?</li> </ul>	N/A
	<ul style="list-style-type: none"> <li>▪ Is petty cash reimbursement carried out regularly?</li> </ul>	N/A