

INTRODUCTION TO INTERNAL CONTROL AND SCRUTINY SCOPE OVERVIEW

Overview

Cash and Bank

Cash itself frequently represents a security risk, and the systems for safe storage, collection, banking and reconciliation need to be effective and secure. Transactions, controls and procedures may be checked. The following list is not exhaustive:

- Whether the trust has a treasury management policy and it is being followed
- Review the trust's cash forecasting process to ensure it is effective and accurate
- Review the trust's financial procedures for the receipt and banking of income to ensure that they are adequate, and the trust is adhering to them.
- Check a sample of income (grant and non-grant) from source records to verify that the income has been correctly accounted for.
- Check what action has been taken for any overdue income.
- Ensure that monthly bank reconciliations have been carried out, including reviewing validity of reconciling items, and reviewed
- Procedures around the administration of the trust's bank account(s) including, the opening, compliance with the bank mandate signing instructions and access to the bank account

Procurement

Procurement has numerous operation checks and may include some of the following:

1. Check of a sample of purchase orders to delivery notes and invoices to ensure that documentation is complete, has been appropriately checked and authorised
 2. Check of a sample of payments back to invoices, purchase orders and delivery notes to confirm they are legitimate purchases
 3. Review statements from suppliers to ensure they are being checked, investigate any disputed invoices
 4. Review contracts, ensuring proper tendering procedures exist and are being followed
 5. Check purchase of any capital assets (e.g. desk computers, interactive whiteboards, kitchen equipment) for physical existence
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Monthly Financial Closedown

Monthly closedown will follow a month end process and a number of steps may be tested as part of the review, which could include:

- Review that monthly bank reconciliations have been carried out, including reviewing validity of reconciling items,
- Review of the purchase ledger control account reconciliation and/or creditors list against invoices received.
- Review of the sales ledger control account reconciliation and/or debtors list against invoices issued.
- Review of the accruals schedule against costs committed but not yet invoiced.
- Checks of petty cash balances and supporting vouchers.
- Review of any budget virements and adjusting journals for reasonableness and authorisation.
- Review of any write-offs of debt or other losses for reasonableness and proper authorisation.

Payroll and HR

Payroll will account for a significant amount of the Organisations expenditure. A number of areas may be reviewed which may include:

- Review of a sample of starters, leavers and salary increases to ensure they are properly authorised and payroll / personnel data is recorded completely and accurately.
- Review of the monthly payroll to ensure that any changes and salary payments have been appropriately authorised.
- A reconciliation of payroll to HR records to ensure that leavers and allowances are not paid beyond the appropriate dates.
- A check of statutory and non-statutory deductions from pay.
- Review of a sample of expense claims to ensure there is appropriate documentation to support the claim and that it is appropriately authorised.

Other areas may include:

- ✓ Efficiency, funding and budgets
- ✓ Fraud, theft and bribery
- ✓ Safeguarding and whistleblowing
- ✓ Management information systems and reporting
- ✓ Data and IT issues
- ✓ Premises issues
- ✓ Governance
- ✓ Business continuity / disaster recovery
- ✓ Cyber security

