

Yorkshire Local Councils Associations Internal Audit Service

Checklist for Year Ending 31 March 2019

Name of Council	Moor Monkton	Name of Clerk:	Lynne Tomlinson.
No. of councillors	5	Name of RFO (if different)	As above.
Quorum	3	Precept	£3,400.
Electorate		Gross budgeted income	£3,503.

Book Keeping				
			Observations	Suggested advice to be given by YLCA
1.1. Ledger maintained and up to date?	Yes		... but clarity could be improved	
1.2. Arithmetic correct?	Yes		Appears correct but not easy to follow.	
1.3. Evidence of Internal Control and effectiveness of this reviewed	Yes		Transactions reported to council on a regular basis, plus sample of cheque book stubs demonstrates that they have been initialled by two members. No evidence of a review.	YLCA asked to give advice on what internal control is and how to reviewing the effectiveness of this.
1.4. VAT evidence, recording and reclaimed?	Yes			
1.5. Payments in cashbook supported by invoices, authorised and minuted?	Yes		Six out of twenty five payments tested. All appear in order.	
1.6. S137 separately recorded and within limits?	Yes		There does not appear to be any S137 expenditure.	
1.7. S137 expenditure of direct benefit to electorate?	Yes		As above.	
1.8. S137 expenditure minuted?	Yes		As above.	
1.9. Does the Council manage petty cash and is it accounted for properly and included in the AGAR figures			N/A - no petty cash account.	

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2. Due Process				
			Observations	Suggested advice to be given by YLCA

2.1. Council correctly declared itself exempt from external audit?	Yes		No further comments to make	
2.2. Standing Orders adopted to accord with NALC model July 2018	Yes		Not tailored (eg. SOs 1(t) and 3(g)). This is acknowledged by the Clerk and the council is in the process of resolving.	
2.3. Standing Orders reviewed in the year?		No	Standing orders need to be overviewed annually as part of the council's internal control check.	YLCA will include advice to correspond with that given in relation to point 1.3 above.
2.4. Financial Regulations adopted? And up to date (NALC 2016)		No	Not submitted. Not on website. It has been assumed that the Council has not adopted financial regulations. This is mandatory under the Accounts and Audit Regulations.	To advise on the need for financial regulations and forward a model for the Council to use.
2.5. FRs properly tailored to council?		No	Not submitted. Not on website.	
2.6. Equal Opportunities policy adopted?		No	Not submitted. Not on website. It has been assumed that the Council has not adopted an equal opportunities policy.	To advise on the adoption of a policy and to provide a model.
2.7. Adequate internal controls for payments? Including adequate arrangements for BACS payments, direct debits and standing orders?		No	Not demonstrated.	To give advice to ensure that there are adequate controls in place.
2.8. List of member interests held?		No	Clerk is unsure on this matter. YLCA to advise for future years.	YLCA to advise on what needs to be included on the Council's website with regard to the declared interests of councillors.
2.9. Summons signed, specified and displayed with 3 clear days notice?		No	Agenda signed but no proper summons on website. Councillors not "summoned", plus election of chairman not on agenda for annual meeting of the council held on 1 st May 2018.	YLCA to give advice on the convening of meetings and to provide an example agenda that can be used which will satisfy the requirements of the Local Government Act 1972.
2.10. Purchasing authority defined in FRs?		No	This is not an issue; as a small council it would be unusual to find that the council had defined a purchasing authority for its goods and services.	
2.11. Legal powers identified in minutes and/or cashbook?		No		Advice to be given on how to record the powers used and which powers need to be recorded in the minutes
2.12. Committee terms of reference exist and have been reviewed?			N/A as there are no Committees.	

3. Risk Management				
			Observations	Suggested advice to be given by YLCA
3.1. Does scan of minutes reveal any unusual activity?		No	Minutes signed by Clerk and not by Chairman of	Advice to be given regarding the

			meeting. Chairman/Vice-Chairman not elected in May 2018.	signing of minutes
3.2. Annual risk assessment carried out?		No	Council to look at assets and decide what type of risk management is needed. Speak to YLCA	
3.3. Insurance cover appropriate and adequate?		No	Not recorded in minutes. The Council must investigate whether it has insurance cover. If no payment to an insurance company is recorded in the minutes it is in question.	To give advice on the insurances that are required.
3.4. Evidence of annual insurance review?		No	Not recorded in minutes. Two quotations received and actioned.	
3.5. Internal financial controls documented and evidenced?		No	Not recorded in minutes.	
3.6. Minutes initialled, each page identified and overall signed?		No	Electronic copies of minutes not initialled. Hard copies not checked.	See 3.1 above
3.7. Regular reporting and minuting of bank balance?	Yes			
3.8. Does the Council have any cash investments?			No is does not.	
3.9. If 'yes' at 3.8, has the Council considered the Government's investment guidance?			N/A as no investments	

4. Budget				
			Observations	Suggested advice to be given by YLCA
4.1. Annual budget to support precept?	Yes			
4.2. Budget against spend comparisons provided regularly to the Council with bank reconciliation?	Yes		A clearer format would be helpful.	To send example budget comparison
4.3. Has budget been discussed and adopted by council?	Yes			
4.4. Any reserves earmarked?	Yes		£5,000.00 earmarked – minute no 18:100 of meeting held 28/11/18 refer.	
4.5. Level of reserves within Proper Practice? ie between 3 and 12 months running costs			Level of reserves to be considered by the council as part of the budgeting process later in 2019.	
4.6. Any unexplained variances from budget?			None	
4.7. Precept demand correctly minuted?		No	An increase to £4,000.00 was proposed and seconded. No resolution of that proposition is recorded in the minutes. See minute no 18:100.	

5. Payroll – Clerk and other employees

			Observations	Suggested advice to be given by YLCA
5.1. Contract of employment for all members of staff		No	There are several references to the contract of employment in the council minutes but it still appears to be an outstanding matter. The level of remuneration of the current clerk is not stated in the minutes. This matter must be resolved by the Council with some urgency	Advice to be given regarding the contract of employment and the salary to be paid.
5.2. Tax codes issued and applied correctly		No	No evidence submitted. Council to look at this issue with some urgency.	Advice to be given about PAYE
5.3. PAYE / NI/RTI evidence?, ie, P32 records		No	No evidence submitted, nor has a cheque been issued to HMRC in respect of the payment of tax and national insurance contributions within the financial year. (The only cheque issued to HMRC is in relation to the previous Clerk, Mr Mackman). Council to look at this issue with some urgency.	As above
5.4. Has council approved salary paid?		No		See 5.1 above
5.5. Salary accords with SCP agreed by Council		No		See 5.1 above
5.6. Other payments reasonable and approved by council?	Yes			
5.7. Wageslips and P60 evidence?		No	No evidence submitted.	Advice to be given to ensure the Council is doing what it should
5.8. Minimum wage/National Living Wage paid? (if clerk paid an annual salary, are hours worked resulting in minimum wage being paid)			Unable to establish.	See 5.1 above
5.9. Pension obligations met?		No	No evidence submitted. Clerk has indicated this matter is under consideration. We assume that no pension provision has been considered as part of the auto enrolment process	YLCA to give advice on auto enrolment.
5.10. Grievance and Disciplinary procedures adopted?			No evidence submitted. We assume that these policies have not been adopted	YLCA to advise and supply model policies for adoption.

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6. Asset Control				
			Observations	Suggested advice to be given by YLCA
6.1. Does council keep a register of all material assets owned?	Yes		Format needs reviewing.	YLCA to advise of correct format.

6.2. Is asset register up to date and accords with Proper Practices?		No	Format needs reviewing.	
6.3. Value of individual assets included?	Yes			
6.4. Inspected for risk and up to date inspection records exist		No	No evidence submitted.	
6.5. Record of deeds, articles and land register references available?		No	No evidence submitted. The Council needs to check ownership of land, whether it leases any land, whether it is the sole trustee or custodian trustee of a charity and if so to ensure that any legal deeds etc are kept in a relevant place.	

7. Bank Reconciliations				
			Observations	Suggested advice to be given by YLCA
7.1. Is there a bank reconciliation for each account?	Yes			
7.2. Reconciliation carried out on receipt of statement?			Not known.	Advice to be given on the frequency of reconciliation.
7.3. Any unexplained balancing entries in any reconciliation?		No		

8. Year End Procedures				
			Observations	Suggested advice to be given by YLCA
8.1. Bank statements and ledger reconcile?	Yes			
8.2. Underlying financial trail from records to presented accounts?	Yes		A clearer structure to the accounts would help all concerned.	YLCA to provide an example and simple electronic cash book.
8.3. Where appropriate, debtors and creditors properly recorded?			Not applicable.	
8.4. Has council agreed, signed and minuted sections 1 & 2 of the AGAR	Yes			

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9. Miscellaneous				
			Observations	Suggested advice to be given by YLCA
9.1. Have points raised at the last audit been addressed?		No	Not in full. Apparently in progress.	
9.2. Has the council adopted a Code of Conduct since July 2012?		No	No evidence submitted. Clerk unclear on this point. We assume that it has. Clerk needs to look for this and send a copy to YLCA. More	

			importantly however is giving a copy of the Council's Code of Conduct to the councillors. A councillor cannot work without the Code and could easily breach its provisions without knowing what these are. Breaching could lead to a criminal conviction. Clerk to let YLCA know if the Code adopted by Moor Monkton Parish Council in 2012 cannot be found and a model for immediate adoption can be provided.	
9.3. Is eligibility for General Power of Competence properly evidenced?			N/A	
9.4. Are all electronic files backed up?		No	No evidence submitted. We assume not. The Council needs to look at how its files are backed up. We assume that the Council has its own computer and is not using a personal computer of the clerk? If so, this situation needs to change.	
9.5. Do arrangements for public inspection of council's records exist?	Yes	No	No evidence submitted. The Council needs to check that the Notice of Public Rights for the 2019 audit has been displayed in a conspicuous place in the parish	
9.6. Is the Council compliant with the Transparency Code for Smaller Authorities?			The council must adhere to the Transparency Code for smaller councils, ie those with financial turnover less than £25,000 per annum. The Council needs to look at the advice that YLCA will send an ensure that the Code is being met.	In order that the Council is complying, YLCA will send an advisory checklist of what the authority needs to do.
9.7. Does the Council have a Privacy Policy (and on its website)		No	This must be adopted and displayed by law – General Data Protection Regulation	YLCA to give advice and provide a model policy
9.8. Does the Council have a website or use another data platform?	Yes			
9.9. Has the Council done a data audit?		No	No evidence submitted. We assume that is has not done this.	Advice to be given.
9.10. Has the Council adopted a record management policy?		No	No evidence submitted. We assume that is has not done this.	Advice to be given.
9.11. Complaints procedure in place		No	No evidence submitted. We assume that is has not adopted a complaints policy.	Advice and model policy to be supplied.
9.12. Is the Council the sole trustee of a charity?		No	See 6.5 above	
9.13. If 'yes' at 9.12, have the charity accounts been audited separately in the year?	Yes	No	We cannot ascertain this at the current time.	
9.14. Has the Council any outstanding loans?		No		
9.15. If 'yes' at 9.14, has it budgeted for repayments in the year?			Not applicable.	

Transaction Spot Check – 6 checks of each.						
Check No.	1	2	3	4	5	6
Cheque stubs initialled	100090	100091	100093	100114		
Cheque number in cash book	Yes	Yes	Yes	Yes		
Payment approval minuted	Yes	Yes	Yes	Yes		
Invoice value correct	Yes	Yes	Yes	Yes		
Minute value correct	Yes	Yes	Yes	Yes		
Cheque value correct	Yes	Yes	Yes	Yes		
Timely payment	Yes	Yes	Yes	Yes		
VAT recorded in cash book	NA	Yes	Yes	Yes		
S137 recorded in cash book	NA	NA	NA	Yes		
S137 minuted						
PAYE payments timely						
Notes						

Annual Governance and Accountability Return		
	Year ending 31 March 2018	Year ending 31 March 2019
1. Balances brought forward	£8,666	£7,977
2. Annual precept	£3,300	£3,400
3. Total other receipts	£676	£245
4. Staff costs	£1,800	£1,117
5. Loan interest/capital repayments	Nil	Nil
6. Total other payments	£2,895	£2,084
7. Balances carried forward	£7,977	£8,421
8. Total cash and investments	£7,977	£8,421
9. Total fixed assets and long term assets	£2457	£3,788

10. Total borrowings	Nil	Nil
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Internal audit carried out by	(signed)	(print)
Date		

For auditor's use only	
Internal audit section of AGAR completed and signed	
Report sent to council	
Copy of internal auditor's report sent to YLCA with details of any advice/ guidance needed to be given	