

**Peer Group Internal Audit of Brafferton, Kirby Hill & District, Langthorpe and Marton-le-Moor Parish Councils at Coronation Hall, Boroughbridge
Wednesday 9 May 2018**

Audit of Marton-le-Moor Parish Council

Ref: Governance and Accountability for Local Councils (A Practitioners' Guide (England) March 2018

Document list for Presentation at the Audit by Clerk/RFO

- This paperwork!
- A calculator
- **A note of the current number of electors**
- Previous year's Peer Group Internal Audit Report form
- **Previous year's Annual Return**
- **Annual Governance and Accountability Return (AGAR 2017/18)**, Section 2 complete and signed by the RFO
- Parish accounts/Cash Book plus Petty Cash book (if applicable)
- Budget details & Precept calculations
- Minutes Book
- Cheque book (and appropriate stubs) & Paying in Book
- Bank statements and Bank reconciliation
- Receipts/invoices for year
- Relevant Quotations/tenders
- Clerk (+ other employees?) pay and PAYE record(s)
- Clerk (+other employees?) Contract(s) of Employment
- Insurance policy documents
- **VAT reclaim form(s)**
- Fixed Assets register (if applicable)
- Investments register (if applicable)
- Council Standing Orders/Financial Standing Orders
- Council Risk Assessments

Testing Checklist for Auditor

- Work through the tests using the Clerk/RFO to locate documents for you.
- Where sampling is called for, take 2 samples.
- Where you are satisfied with the outcome of a test: tick the item, write YES or NO or write N/A if the test doesn't apply to the council (No Petty Cash held, for example)
- If you find a fault or a shortcoming (a missing document, no council rule in place etc) then make a appropriate comment in the space provided.

1.

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**Marton-le-Moor Parish Council Previous Year's Peer Group Report & Annual Return
2016/17 External Auditors report**

1.1. Review observations - have faults/shortcomings been rectified?

Appropriate action to be taken.

2. (A) Proper Bookkeeping

2.1. Is the cashbook maintained and up to date (at least to 31 March)?

2.2. Is the cashbook arithmetic correct? (check samples of data entry [cheque book/pay/precept etc] against cashbook and bank statement) ✓

2.3. Was income received properly recorded and promptly banked (check random selections) ✓

Book maintained as spreadsheet. Checked invoice/cheque/statement: ok.

3. (B) Standing Orders and Financial Regulations adopted and applied; plus Payments

Controls

3.1. Has the council formally adopted standing orders and financial regulations? *No.*

3.2. Has a Responsible Finance Officer (RFO) been appointed with specific duties? *Yes, but duties not specified.*

3.3. Have items or services above the de minimus amount been competitively purchased? (do Standing Orders set a de minimus amount?) ✓

3.4. Are payments in the cashbook supported by invoices, authorised and minuted? (follow an 'audit trail' for a sample of transactions from minute book to final voucher, especially any 'large' transactions, say above £500) ✓

3.5. Has VAT on payments been identified, recorded and reclaimed? ✓

3.6. Is s137 expenditure separately recorded and within statutory limits? (£7.57 x number of electors for FY 2017/18) *No.*

3.7. Is the cashbook regularly balanced? *Yes.*

RFO appointed. Limited number of items are properly recorded, but some formal records are absent.

4. (C) Risk Management Arrangements

4.1. Does a review of the minutes identify any unusual financial activity? (Sample the financial minutes for 2 meetings)

4.2. Do minutes record the council carrying out an annual risk assessment? ✓

4.3. Is insurance cover appropriate and adequate? Are internal financial controls documented and regularly reviewed? ✓

No unusual financial activity. Risk assessment carried out.

5. (D) Budgetary Controls

5.1. Has the council prepared an annual budget in support of its precept? ✓

5.2. Is actual expenditure against the budget regularly reported to the council; view records of this action in council minutes ✓

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5.3. Are there any significant unexplained variances from budget? Select random items of expenditure and check against budget (if not budgeted for, seek explanation from RFO and minutes. ✓ None.

Budgetary controls satisfactory.

6. (D) Reserves

6.1. Are reserves adequate? If the reserves held are outside the range 50% of the Precept to 2 x Precept ask the RFO to explain why

Yes. Defibrillator expenditure planned for 2018.

7. (E) Income Controls

7.1. Does the precept recorded agree with the Council Tax authority's notification? ✓ Yes.

7.2. Are security controls over cash and near-cash adequate and effective? (are specific systems in place through tickets, receipts and handling of cash etc) N/A. - no cash.

8. (F) Petty Cash Procedures (if applicable)

8.1. Is all petty cash spent recorded and supported by VAT invoices/receipts?

8.2. Is petty cash expenditure reported to each council meeting?

8.3. Is petty cash reimbursement carried out regularly?

Not applicable.

9. (G) Payroll Controls

9.1. Do all employees have contracts of employment with clear terms and conditions?

9.2. Do salaries paid agree with those approved by the council?

9.3. Are other payments to employees reasonable and approved by the council?

9.4. Have PAYE/NIC been properly operated by the council as an employer?

Not applicable - no employees.

10. (H) Assets Controls

10.1. Does the council maintain a register of all material assets owned or in its care? (are the values of assets the 'book' value at purchase?) ✓ Yes.

10.2. AGAR Section 2 (Accounting Statement 9) do the fixed assets and investments agree with the Assets and Investments register/s? ✓ Yes.

10.3. AGAR Section 2 - check that $(1+2+3) - (4+5+6) = 7$ ✓ Yes.

10.4. Are the Assets and Investments registers up to date? ✓ Yes.

10.5. Do asset insurance valuations agree with those in the asset register? ✓ Yes.

All checks satisfactory.

11. (I) Bank Reconciliation

11.1. Is there a bank reconciliation for each account? ✓ Yes.

11.2. Is a bank reconciliation carried out regularly and in a timely fashion? ✓ Yes.

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- 11.3. Are there any unexplained balancing entries in any reconciliation? *No*
 11.4. Is the value of investments held summarised on the reconciliation? *Yes*

Bank reconciliation - satisfactory

12. (J) Year-end Procedures

- 12.1. Are yearend accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)? (local councils operating below the £200,000 threshold have the option to report either on an income and expenditure basis or on a receipts and payments basis while those above must use the income and expenditure basis). *Yes*
 12.2. Do accounts agree with the cashbook? (Compare AGAR Section 2 balances with the cashbook).
 12.3. Can adjustments, transfers, contra entries etc be fully justified? If there are any follow the trail and make comment. *N/A*
 12.4. Where appropriate, have debtors and creditors been properly recorded? *Yes*

Satisfactory

13. (K) Trust Funds

- 13.1. Where a local authority acts as a sole managing trustee for a trust or trusts, to warrant a positive response to this assertion the authority needs to have made sure that it has discharged all of its responsibilities with regard to the trust's finances. This needs to include financial reporting and, if required, independent examination or audit. RFO to state whether a trust fund is maintained and, if so, must produce the necessary documents.

N/A

Sign and date this form

Name *C.L. OWENS*

Signature *C.L. Owens*

Date *09/05/18*

Complete and sign the Annual Internal Audit report 2017/18 in the AGAR

Place ticks in all the YES boxes A to J (or 'Not applicable' in K if appropriate) unless you have concluded that an Internal Control Objective has not been achieved. In which case tick the relevant NO box and follow the advice as the bottom of AGAR internal audit page .

Thank you, your task is complete!

Hand this document to the Clerk/RFO whose accounts you've audited.