

Internal Audit working papers for Skelton-cum-Newby Parish Council 2019/20

No.	Internal Control Test	Findings
1	Proper Bookkeeping	
1.1	Is the cashbook maintained and up-to-date?	Yes, the cashbook is maintained on an excel spreadsheet and was up to date at the year end. A regular back up is taken.
1.2	Is the cashbook arithmetically correct?	Yes
1.3	Is the cashbook regularly balanced?	Not known although appears to be balanced prior to council meetings.
2a	Standing Orders and Financial Regulations	
2.1	Has the Council formally adopted Standing Orders and Financial Regulations?	Yes, standing orders were re-approved and adopted on 9 May 2019 (minute 19.51 AGM). An addendum was added on 9 April 2020 to allow the council to hold meetings remotely during the pandemic. Financial regulations were re-approved and adopted on 9 May 2019 (minute 19.52 AGM). The council is yet to adopt the new model financial regulations.
2.2	Are financial regulations properly tailored to the council?	Yes
2.3	Purchasing authority defined in Financial Regulations?	Yes
2b	Payment Controls	
2.4	Has VAT on payments been identified, recorded and reclaimed?	A separate column has been included on the cashbook, VAT has not been reclaimed during the year, the Parish has had a number of grants during the year and there is a reasonable VAT claim to be reimbursed. Suggest this is submitted bi-annually while work is being carried out.
2.5	Is S137 expenditure separately recorded and within statutory limits?	There is a separate column for S137 expenditure. There has been no expenditure during the year.
3	Risk Assessment Arrangements	
3.1	Does a scan of the minutes identify any unusual financial activity?	No all financial activities are minuted and approved.
3.2	Are annual risk assessments carried out?	Annual risk assessments are carried out by the council, last reviewed and approved on 19 May 2019 (minute 19.57 AGM). Risk are measured according to their level of risk.

3.3	Is insurance cover appropriate and adequate?	Cover is with Zurich Municipal and commenced on 28 April 2019. All items on the asset register are covered. The parish is responsible for the building insurance of the Reading room which is leased. The policy includes Employers, Public Liability and Fidelity guarantee. Levels are appropriate for the Parish Council.
3.4	Are internal financial controls documented and reviewed regularly?	Reviewed annually, re-approved and adopted on 19 May 2019 (minute 19.53 AGM)
3.5	Minutes initialled, each page identified and overall signed?	Electronic copies of minutes not initialled, hard copies not checked.
3.6	Does the council have any cash investments?	No investments
4	Budgetary Controls	
4.1	Has the Council prepared an annual budget in support of its precepts?	The budget for 2021/21 was approved on 9 January 2020 (minute 19.53) in preparation for applying for next year's precept.
4.2	Is actual expenditure against the budget regularly reported to the Council?	Not known. No discussion around budget variance in the minutes.
4.3	Are there any significant and unexplained variances on the budget?	No, where variances exist these are explained.
4.4	Are reserves earmarked?	No earmarked reserves.
5	Income Control	
5.1	Is the Income properly recorded and promptly banked?	Yes, income is recorded on the excel spreadsheet and deposited directly into the Parish bank account.
5.2	Does the precept recorded in the cashbook agree to the District Council's notification?	Yes, the precept is received in April and September, a remittance advice is received, these amounts agree with the cashbook entries.
5.3	Are security controls over cash adequate and effective?	Yes, a record of bookings is kept by a Councillor and cash is kept in a locked cash box until banked. Banking is crossed checked with the income from the bookings book and banked by the Clerk to segregate duties.
6	Petty Cash Procedures	
6.1	Is all petty cash spent recorded and supported by VAT invoices?	Not applicable

6.2	Is petty cash reported at each Council meeting?	Not applicable
6.3	Are petty cash reimbursements carried out regularly?	Not applicable
7	Payroll Controls	
7.1	Do employees have contracts of employment with clear terms and conditions?	The Clerk has a contract of employment in place, the cleaner does not. Suggest contact YLCA for guidance on cleaners contract.
7.2	Do salaries paid agree with those approved by the Council?	Yes, salary payments are approved by the Council at meetings.
7.3	Are other payments to the Clerk reasonable and approved by the Council?	Yes, all payments are certified by Council and approved at council meetings.
7.4	Has PAYE/NIC been properly operated by the Council as an employer?	Yes, employers TAX and NI contributions are calculated by an outside payroll service. Payment to HMRC is made on a quarterly basis.
7.5	Have pension obligations been met?	No evidence submitted, both employees would be under the lower earnings limit.
7.6	Grievance and disciplinary policies adopted?	Yes, approved 20 May 2019.
8	Assets Control	
8.1	Does the Council maintain a register of all material assets owned or in its care?	Yes, the asset register also includes details of any leases held.
8.2	Are the assets and Investments registers kept up-to-date?	Yes, last amended and approved on 19 May 2019 (minute 19.55).
8.3	Are the value of individual assets included?	Yes
9	Bank Reconciliation	
9.1	Is there bank reconciliation for each account?	One bank reconciliation for both accounts.
9.2	Are bank reconciliation carried out on receipt of bank statements?	Not known.
9.3	Are there any unexplained balancing entries in any reconciliation?	No
10	Year-end Procedures	
10.1	Are year-end accounts prepared on a receipt and payments or income and expenditure basis?	Receipts and payments

10.2	Do the accounts agree with the cashbook?	Yes
10.3	Is there an audit trail from underlying financial records to the accounts?	Yes, a selection of transactions were selected for evidencing, all evidence requested was supplied. A clear audit trail was in place and I was able to trace the transactions through to the bank account and minutes.
10.4	Where appropriate, have debtors and creditors been properly recorded?	Not applicable
10.5	Do arrangements for public inspections of council records exist?	Yes
10.6	Does the council have a privacy policy (and on its website)	Yes

Signed: 

Date: 28 May 2020

FAYE HAZLEHURST FMAAT
COMMUNITY ACCOUNTANT
EMPLOYEE OF VOLUNTARY ACTION ROTHERHAM

Signed: 

Date: 2/6/2020

NICK REED
RESPONSIBLE FINANCE OFFICE OF
SKELTON-CUM-NEWBY PARISH COUNCIL