

MORECAMBE TOWN COUNCIL

**You are hereby summoned to attend the Meeting of
Finance & Governance Committee at the Town Council Offices, Morecambe on
Thursday 27th February 2020 commencing at 5:00pm.**

AGENDA

1. **Apologies for Absence.**
2. **Declaration of Interests:** To receive declarations by Members of interests in respect of items on this Agenda.
3. **Minutes:** To consider Minutes of Finance & Governance meeting held on Monday 17th February 2020
4. **Festival Funding & Committee:** Update on festival funding applications received and the membership of the committee to review applications against guidance and specified criteria
5. **Internal audit:** To consider internal audit quotations received to date and arrangement for the award of a contract for audit services;
6. **Information Commissioners Office:** To consider draft letter to FOI complainant and ICO caseworker on FOI requests
7. **Governance standards and arrangements:** To consider arrangements for the review of governance standards, including:
 - 1) Ethical framework (standards of conduct);
 - 2) Constitutional framework (Standings orders & Financial Regulations);
 - 3) Operational procedures including a full review of policies and procedures;
 - 4) Human Resources;
 - 5) Openness and accountability;
 - 6) Community Engagement;
 - 7) Member responsibility for service areas
8. **Date of Next Meeting – To be confirmed**

A handwritten signature in black ink, appearing to read 'Robert Bailey', with a long horizontal line extending from the end of the signature.

Bob Bailey, Town Clerk. 24th February 2020



MORECAMBE TOWN COUNCIL

Draft Minutes of Finance & Governance Committee held at Morecambe Town Hall on 17th February 2020 at 5.00pm

In attendance: Councillors M Balcer; D Jenkins; M Evans; J Hanson; C Matthews, P. Ross-Clasper.

1. **Apologies for Absence:** Apologies were received from Councillor Anderton, Bates, Heath and Pilling
2. **Declarations of Interest:** Members were asked to declare any interests, and the nature of that interest, which they may have in any of the items under consideration at this meeting. There were no interests declared.
3. **Election of Chairman and Vice-Chairman:** Councillors Evans and Hanson were nominated and unanimously elected as Chairman and Vice-Chairman of the Committee
4. **Public Participation:** No members of the public were present at the meeting
5. **Terms of Reference:** Members discussed the draft terms of reference for the Finance and Governance Committee and the proposed sub-committees for Resources Management and Festivals and Events. It was suggested that the sub-committees be made up of seven Members on each.

After some questions and discussion about the relative functions of each committee it was **RESOLVED** that the draft terms of reference be approved, and that Council Members be invited to join to sub-committees.

6. **Summary Report:** The Town Clerk presented a *Summary Report* of receipts and payments as at 15th February 2020. It was explained that for each budget heading for both receipts and payments the report sets out *Actual* against *Budgeted* amounts and the *Variance* (+ or -).

In addition, to this report, the Town Clerk will produce a *Payments List* for consideration by the committee and subsequent recommendation for payment to the full Town Council.

After some discussion and questions, it was **RESOLVED** that the Finance and Governance Committee monitors the Council's budget at the end of each

quarterly through consideration of the *Summary Report* and that payments be considered monthly for recommendation to full Council.

7. **Financial Management:** It was noted that the quarterly monitoring of the Council's budget through the *Summary Report* will help to ensure that informed decisions are made, and early intervention taken to address any issues.

There followed a lengthy discussion about the budget planning process and it was agreed that, alongside the quarterly monitoring, improvements need to be made to ensure that the budget planning for the following financial year commences around October of the previous year to allow adequate time for the Finance and Governance Committee to consider future plans and develop and recommend to the full Town Council in December or January a draft budget and proposed precept.

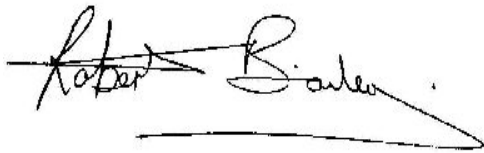
It was suggested that the 2020/21 budget approved in the February meeting of full Council be reconsidered by the Finance and Governance with any further recommendations being made to the Town Council. It was noted that in line with Standing Order 11 any reversal of the Town Council's resolution would have to be by a *'motion moved in pursuance of the report or recommendation of a committee'*.

It was then **RESOLVED** that the Finance and Governance Committee reviews the Town Council's financial management and budget planning processes in line with best practice and legislation and makes recommendations to the Town Council for approval. It was further **RESOLVED** that through improved financial reporting and monitoring the Finance and Governance Committee reviews in detail the 2020/21 budget with any recommended amendments being made in line with Standing Orders.

8. **Governance and Internal Control:** The Town Clerk produced a paper setting out the arrangements for the proper administration of the Council's financial affairs as required by Regulation 5(1) of the Accounts and Audit Regulations 2015, including a requirement that the Council '*undertakes an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance*'. The paper also set out that the internal audit must provide an '*independent, objective assurance designed to improve the Council's operations*'. In order to meet these legal requirements, the Town Clerk had set out ten objectives that any appointed internal auditor would be expected to achieve. The Town Clerk also briefly explained the requirements of the Accounts and Audit Regulations regarding consideration and approval by the Town Council of the *Annual Governance and Accountability Return (AGAR)* by 30th June and its publication along with the internal and external audit reports by 30th September. The Town Clerk was thanked for his comprehensive report and after several questions and discussion it was **RESOLVED** that the Town Council be recommended to approve the audit control objectives as set out and that these form the basis of a specification for the appointment of an internal auditor. It was further **RESOLVED** that the Town Clerk be requested to seek up to three quotations for internal audit services in 2020/21.
- Members then discussed whether the exempt item in the Extraordinary Meeting of the Town Council held on Friday 17th January 2020 around the Town Council's responsibility for governance, accountability and internal control should now be available to the public. In line with the Information Commissioner's office definition.
- There followed a discussion on the content of the Extraordinary Minutes and the requirement for the Town Council to comply with standards of openness and transparency in the public interest.

It was then **RESOLVED** that the Finance and Governance Committee recommends that the Town Council approves the publication of the Extraordinary Meeting held on 17th January 2020.

9. **Date of next meeting:** Given the positive impetus that the establishment of a Finance and Governance Committee had generated in its first meeting, it was **RESOLVED** that the committee meets again on Thursday 27th February at 5pm. The meeting closed at 6:15pm.

A handwritten signature in black ink, appearing to read 'Robert Bailey', with a long horizontal flourish extending to the right.

Bob Bailey, Town Clerk

21st February 2020



KLG Internal Auditor

Tender Proposal for Morecambe Town Council Internal Audit

Prepared by: Kerry-Leigh Grabham

Prepared for: Morecambe Town Council

Why KLG Internal Auditor

I am a full member of the Association of Accounting Technicians (AAT) and I am currently studying towards the Chartered Institute of Public Finance qualification (CIPFA).

I have been working in the accounting industry for 17 years and for the last 3 years I have been a Senior Finance & HR Officer for a Large Town Council whose annual precept exceeds £500,000.00

My role as Senior Finance & HR Officer for a Town Council has provided me with a unique insight into how town and community councils operate. I have gained in depth knowledge which provides me with a strategic advantage in understanding the auditing process and what is required to achieve the highest results. For the last 3 years I have received an unqualified audit.

References

References can be provided upon request.

Service to be provided

Attend Morecambe Town Council at suitable dates to be agreed and conduct the internal testing of control. After the financial year-end I will conduct a year-end audit and will complete and sign off the Annual Return. As part of my package you will receive a comprehensive report detailing the work undertaken which will specify the audit opinion, plus any recommendations.

Tests of Control

In order to complete the internal test of control the following areas will be inspected:

- Previous internal audit report
- Proper bookkeeping
- Standing Orders and Financial Regulations
- Risk Management Arrangements
- Budgetary Control
- Income Controls
- Petty Cash Procedures
- Payroll Controls
- Asset Controls
- Bank Reconciliation

Additional in depth testing will be completed on all areas above as agreed with the Town Clerk prior to the audit commencing.

Year-end Audit

In order to complete the year-end audit I will methodically work through the following procedures:

- Are the year-end accounts prepared on the correct basis?
- Do your accounts agree with the cashbooks?
- Is there a traceable audit trail from the financial transactions to the preparation of the year-end accounts?
- Where appropriate have creditors and debtors been identified and recorded correctly?

Upon completion of the year-end audit, an audit outcome report will be prepared and submitted to Morecambe Town Council. I will also present this report to the finance committee or full Council as required.

Fee Summary

3 day's test of internal control (date's to be agreed) Day rate of £435.00	£1,305.00
2 day's year-end audit (date's to be agreed) Day rate of £435.00	£870.00
Mileage Charge from CF31 2DP to LA4 5AF = 258.7 miles x 4 (2 return trips) charged at £0.45 per mile	£465.66
Presentation of Audit Outcome report to committee of your choosing	FOC
<u>Total</u>	<u>£2640.66</u>

Terms of Service

1. Main Service

1. KLG Internal Auditor is responsible for reviewing whether Morecambe Town Council's financial management is adequate and effective, and that it has a sound system of internal control. The Internal Auditor will liaise with the Clerk to the Council and the Council Members and will report to Morecambe Town Council at least once a year.

2. Audit planning

2.1 Morecambe Town Council has in place a strategic audit plan covering the main governance and financial systems and this is reviewed annually.

2.2 KLG Internal Auditor will carry out the audit to enable her to provide assurance to members and officers, and to enable her to complete and sign off Section 4 of the Annual Return in advance of its submission to the Council and the external auditor.

2.3 The programme of work for the year will be determined annually between the Council and the Internal Auditor prior to the commencement of work.

3. Reporting requirements

3.1 KLG Internal Auditor will report to Morecambe Town Council, setting out the results of work carried out during the previous twelve months.

3.2 To enable KLG Internal Auditor to fully complete Section 4 of the Annual Return, she will carry out work relating to the year-end in April/May. The results of such work will be reported alongside the presentation of the Annual Return to Morecambe Town Council.

4. Independence and competence

4.1 KLG Internal Auditor can confirm that she is sufficiently independent of other financial controls and procedures of Morecambe Town Council.

4.2 KLG Internal Auditor will inform the Clerk immediately if she becomes aware of any conflict of interest that may adversely affect her ability to carry out the audit objectively and independently.

4.3 KLG Internal Auditor will carry out the internal audit competently and in compliance with proper practice in a way that will meet the business needs of the Council. If KLG Internal Auditor becomes aware of matters that may affect her competence, she will inform the Clerk and the Chairman immediately.

5. Access to information, members and officers

5.1 KLG Internal Auditor shall have the right of access during the audit to such accounts, vouchers, correspondence, accounting systems, minutes and other records as are necessary for the performance of the audit.

5.2 KLG Internal Auditor shall have the right of access to any member or officer to discuss and to receive information and explanations in connection with any matter arising from the audit.

Terms of Service

6. Period of engagement

6.1 If successful KLG Internal Auditor will be appointed for 1 year from 2020 to 2021, but subject to annual confirmation by the Morecambe Town Council for up to three years or more to be determined by the Council.

7. Remuneration

7.1 It is agreed between KLG Internal Auditor and Morecambe Town Council that the fee shall be a fixed rate of £2640.66 including all expenses (although any auditor's travel costs of 45p/mile will also be payable.)

7.2 This rate is fixed for the period of the 2020 to 2021. Payment will be requested by invoice upon completion of all work and will be due within 30 days from receipt of invoice.

7.3 In the event that additional paid work is required, the terms of this will be agreed between Morecambe Town Council and KLG Internal Auditor in advance of the assignment at the same daily rate as above and invoiced separately.

Mr Bob Bailey
Morecambe Town Council
Town Hall
Marine Road
Morecambe
LA4 5AF

24th February 2020

Dear Mr Bailey,

RE: LETTER OF ENGAGEMENT FOR THE PROVISION OF AN INTERNAL AUDIT SERVICE

The purpose of this letter is to set out the basis on which we are engaged to provide Internal Audit services to the Council and the respective responsibilities of the Council and of us as your internal auditor.

Roles and Responsibilities

The Council is responsible for ensuring that the proper accounting records are maintained and for establishing appropriate accounting and internal control systems. The Council is responsible for the preparation of annual accounts and the completion of the “Local Councils in England, Annual Governance and Accountability Return (AGAR)”.

Scope of Audit and Reporting Requirements

The Internal Auditor(s) will report directly to full Council on the adequacy of the systems of internal control. The detailed scope of the audit is in compliance with the Governance and Accountability for Local Councils – A practitioner’s guide. This guide is available to the Council from the NALC website and can be made available to the Council on request from the internal auditor in addition to the document which sets out the specific scope of the internal audit plan.

In addition to this work, the auditor is required to:

- Complete the Internal Auditor's Report section within the Annual Governance and Accountability Return.
- Provide the Council with a written report of the findings upon completion of audit. In carrying out this work the internal auditor will have full regards to the guidance on Internal Audit set out in the Governance and Accountability for Local Councils – A Practitioners Guide. This will include undertaking such test checks of the internal control systems as are necessary to evaluate the effectiveness of those controls and will report the results to Council.

Communication

We will communicate with the Clerk / Responsible Financial Officer and the Chairman (if required) in relation to the internal audit service having agreed that they represent the Council.

Audit Timetable

The internal audit will commence in accordance with the timetable agreed with the Council, and may not necessarily be at the year end.



Independence

Internal Audit Yorkshire confirms that the internal auditor appointed is independent of the Council and of its officers and Councillors. Internal Audit Yorkshire will undertake to confirm in writing if we become aware of any threats to our independence or if these circumstances change.

Access to Information

The Internal Auditor(s) shall have the right to access the books, accounts and vouchers of the Council and to all the Councillors and staff at all reasonable times and as we consider necessary.

Period of Engagement

The initial appointment of Internal Audit Yorkshire as Internal Auditor to the Council is for the financial year ending 31 March 2020 for a fixed term contract period of two years, which will cover the financial year 31 March 2021 as the second and final year of the contract term.

After the two-year contract term, the period of engagement will continue for the future financial years on a rolling basis unless a termination has been requested by the Council in accordance with the termination clause.

Termination

This agreement may be ended by either party by the giving of three months' notice.

Audit Fees

Fees have been agreed on the basis of time likely to be spent by the Internal Auditor(s) and the level of competence involved. Unless otherwise agreed Fees will be billed at appropriate intervals during the financial year. The fees for the financial year 2019/20 have been agreed at a daily rate of £375 plus travel expenses at the HMRC mileage rate at £0.45 per mile.

It is estimated that a total number of 3 days will be required on site during the financial year 2019/20. This will include a two-day interim audit during March 2020 and a one-day audit visit in May/June 2020 to complete section 4 of the AGAR and to follow up on any work undertaken to address any recommendations. The fees are inclusive of the time carried out to prepare the written report.

From the financial year ending 31 March 2021, it is anticipated that we would require a total number of two days for the internal audit which would include an interim visit in from month 6 onwards.

If it is likely that additional day(s) are required to complete the length of the audit due to complexities of the audit or the issues identified, then no further additional day(s) work will be charged/undertaken unless prior agreement has been received from the Council. In such circumstances, the agreed daily rate will be applied and charged to the Council.

Limitation of Liability

Internal Audit Yorkshire will provide an internal audit service as outlined in this letter with reasonable care and skill. Our liability to you is limited to losses, damages and costs and expenses caused by our negligence or willful default. However due to our fullest extent permitted by law, we will not be responsible for any losses (penalties, surcharges, interest or additional tax liabilities) if you or others supply incorrect or incomplete information, or fail to supply any appropriate information or if you fail to act on our advice or respond promptly to communications from Internal Audit Yorkshire.

You will not hold Internal Audit Yorkshire or its Staff responsible to the fullest extent permitted by law, for any losses suffered by you arising from any misrepresentation (intentional or unintentional) supplied to us orally or in writing in connection with the agreement.

You have agreed that you will not bring any claim in connection with the internal audit service we provide to you against us, our partners or employees personally.

Unless there is a legal regulatory requirement to do so, the work of Internal Audit Yorkshire is not to be made available to third parties without our written permission and Internal Audit Yorkshire will accept no responsibility to third parties for any aspect of our professional services or work that is made available to them.

Agreement of Terms

This letter supersedes any previous engagement letter issued by Internal Audit Yorkshire. Once agreed, this letter will remain effective from the date of signature until it is replaced, or either party terminates the agreement.

We should be grateful if you would confirm your agreement to the terms of this letter by signing and returning the enclosed copy which can be scanned and email to info@internalaudityorkshire.co.uk

Yours Sincerely

S. Kauser

Ms Safia Kauser
Managing Director and Head of Internal Audit
T/A Internal Audit Yorkshire

I / We agree to the terms of this letter:

Name of Council: Morecambe Town Council

Clerk / Responsible Financial Officer Name:

Signed: **Date:**

On behalf of Morecambe Town Council

Signed: Internal Auditor

Date:

On behalf of Internal Audit Yorkshire

Mr Bob Bailey
Morecambe Town Council
Town Hall
Marine Road
Morecambe
LA4 5AF

24th February 2020

Dear Mr Bailey,

RE: INTERNAL AUDIT QUOTATION FOR MORECAMBE TOWN COUNCIL

Thank you for your enquiry for the provision of an internal audit service for Morecambe Town Council. Based on the precept and activities of the Council we would recommend that an estimated three-day audit visit is scheduled for the financial year 2019/20. We would propose to carry out a two-day interim audit visit in March 2020, followed up by a final visit in May/June for the completion of the AGAR and any follow up work. The two-day interim visit is an estimate timeframe of what may be required for the first year, which will be reduced to one day for the interim audit in year two onwards, depending on the activities of the Council.

Audit Report

The Council will be provided with a comprehensive written internal audit report with any recommendations as may be required to improve and strengthen the internal control environment. The level and standard of our reports is high and we believe that we are supplying the Council with a competitive quote for a professional internal audit service. We have inserted the link of a sample report for an internal audit that was carried out for a parish council with a precept of under £25k. This will give you an idea on the format that we will use to prepare the report for Morecambe Town Council.

<http://salterforth.org/wp-content/uploads/2019/11/Salterforth-PC-internal-audit-2018-19.pdf>

Internal Audit Plan [Terms of Reference]

We have developed our in-house internal audit checklist that is underpinned by our internal audit plan which covers the scope of work and terms and reference of our audit. The internal audit plan is in accordance with the proper practice guidelines as referenced within the Governance and Accountability Practitioners Guide and in accordance with the Accounts and Audit Regulations 2015. We enclose a copy of the plan for your information. We would aim to work through at least 50% of the plan at the interim visit with the remainder being carried out at year end.

Competency of the Internal Auditor

The internal audit function must be independent from the management of the financial controls and procedures of the authority which are the subject of review. The person or persons carrying out internal audit must be competent to carry out the role in a way that meets the business needs of the authority. It is for each authority to decide, given its circumstances, what level of competency is appropriate, and to keep this issue under review. There are two key principles an authority should follow in sourcing an internal audit provider: independence and competence.



Independence

Independence requires the absence of any actual or perceived conflict of interest. It means that whoever carries out the internal audit role does not have any involvement in or responsibility for the financial decision making, management or control of the authority, or with the authority's financial controls and procedures. Internal Audit Yorkshire meets this requirement.

Qualifications

There is no requirement for a person providing the internal audit role to be professionally qualified, but essential competencies to be sought from any internal audit service include:

- Understanding basic book-keeping and accounting processes;
- Understanding the role of internal audit in reviewing systems rather than undertaking detailed checks that are more appropriately the responsibility of management;
- Awareness of relevant risk management issues; and
- Understanding proper practices in relation to governance and accounting requirements within the legal framework and powers of smaller authorities.

Internal Audit Yorkshire meets this requirement as the auditor is a CILCA qualified Town Clerk and RFO with over 11 years' experience in Local Government. The appointed auditor has the AAT accountancy qualifications [although this is not a requirement] that will assist in the delivery of the internal audit service.

Internal Audit Fees

We have set out our fees below, however if the Council feels that the fees are too high then we are open to negotiation as we would welcome the opportunity to provide an audit for Morecambe Town Council.

Fees 2019/20

Two-day interim audit visit	£375 per day (x2) plus travel expenses £0.45p (from Keighley)
Final Audit visit [Year-End]	£375 per day (x1) plus travel expenses £0.45p (from Keighley)
Total Internal Audit Fees 2019/20	£1,125 plus travel expenses

The fees quoted above are inclusive of the time carried out to prepare the written report. We anticipate that the level of audit work would reduce in year two as a result of the Council working towards addressing the recommendations that are likely to arise from the audit work carried out in year one (2019/20).

Fees 2020/21

One day interim audit visit	£375 per day (x1) plus travel expenses £0.45p (from Keighley)
Final Audit visit [Year-End]	£375 per day (x1) plus travel expenses £0.45p (from Keighley)
Total Internal Audit Fees 2020/21	£750 plus travel expenses

Letter of Engagement

We have enclosed a copy of the engagement letter, to be signed and returned to us via email on acceptance of the quotation. We aim to carry out an interim visit in March and a written report will be submitted to the Council within four weeks of the audit visit. If you have any further questions or would like to seek clarification on any matters then please do not hesitate to contact us.

As indicated above, we are keen to work with Morecambe Town Council.

Yours Sincerely

S. Kauser

Ms Safia Kauser
Managing Director and Head of Internal Audit
T/A Internal Audit Yorkshire

Enc. Letter of Engagement and Scope of Internal Audit



CONFIDENTIAL

Mr Bob Bailey
Morecambe Town Council
Town Hall
Marine Road
Morecambe
LA4 5AF

24th February 2020

Dear Mr Bailey,

RE: QUOTATION FOR A GOVERNANCE HEALTH CHECK AUDIT

Thank you for the opportunity for Internal Audit Yorkshire to submit a quotation for a Governance Health Check audit to be carried out for Morecambe Town Council. At Internal Audit Yorkshire, one of our aims is to provide a cost-effective support service to Town and Parish Councils. We have over ten years' experience of the Parish Council sector supported by our financial and clerking [CILCA] qualifications that assist in the delivery of our work.

The function of governance is to ensure that an organisation fulfils its overall purpose, achieves its intended outcomes for citizens and service users, and operates in an effective, efficient and ethical manner. The Governance Health Check report will be adapted upon the principles of:

- 1) The Good Governance Standard for Public Services published by The Independent Commission on Good Governance in Public Service.
- 2) The Governance Toolkit for Town and Parish Councils - updated and produced as a partnership between the National Association of Local Councils, the Society of Local Council Clerks, the Standards Board for England and the Association of Council Secretaries and Solicitors and is endorsed by the Local Government Association.
- 3) Practitioners' Guide to Governance and Accountability in Local Authorities.
- 4) Legislative and Statutory Requirements and best practice.

Methodology

An audit will be carried out on site and meetings held with Councillors and Staff to obtain an understanding of the current structure of the Council and the challenges faced by the organisation. Discussions will then be held to ascertain an understanding of how the Council is forward planning to change the culture and implement a strategic plan for the future. To assist us with the review, we have developed an audit checklist that will cover a number of aspects of the governance that will be linked within the following 10 areas:

- 1) The Ethical Framework [Standards of Conduct]
- 2) Constitutional Framework [So, Fin Regs, SOD]
- 3) Operational Framework incorporating a full review of the Policies and Procedures
- 4) Financial Framework
- 5) General Data Protection Regulations
- 6) Employment Personnel
- 7) Responsibility of Service Areas
- 8) Agenda Setting & Annual Council Meeting Review
- 9) Openness and Accountability
- 10) Community Engagement



Once the review has been carried out, a comprehensive confidential report will be produced of the findings which will contain recommendations as to how Morecambe Town Council operates in terms of good governance and performance. The recommendations are designed to strengthen and enhance Morecambe Town Council's role as a council that wants to operate to, and within, the highest standard of governance and performance.

Fixed Fee Quotation

We anticipate that the work required would take a minimum of 5 days dependent on the number of services that the Council has responsibility for and the issues identified during the audit. The fee for delivering a Governance Health Check audit [5 days' work] would be £1,750 at a discounted daily rate of £350 per day and mileage expenses at the HMRC rate of £0.45 to visits on site as required to the Council offices. The fees include the time to write up the report, recommendations and action plan.

We are pleased to be offering a fixed fee quotation of £1,750 for your consideration regardless of the amount of time and work that would exceed the five days quoted.

Completion of the Report

We would aim to carry out the audit and provide you with a comprehensive written report within six to eight weeks of the work being commissioned.

Policy Review and Development Work

We have a number of template policies that can be provided and tailored for the Town Council. In addition to the templates we will assist in the development of policies including the Standing Orders, Financial Regulations and Scheme of Delegation to ensure they are up to date. The policy review, development work and addressing any recommendations that may arise from the Governance Health Check report will be charged at an hourly rate of £30 per hour plus travel expenses at £0.45 per mile. Alternatively, dependent on the findings, we can offer the Council a fixed fee quotation for consideration. The Council can have complete confidence and peace of mind once the Governance Health Check and development work is complete as it will provide the Council with a robust framework to operate in an effective, efficient and ethical manner.

We trust that the Council will consider the quote and commission Internal Audit Yorkshire for a Governance Health Check audit. The Council then may wish to commission Internal Audit Yorkshire for stage two, that will include the development work.

If the Council have any questions regarding the quotation then please don't hesitate to contact us.

We look forward to hearing from you.

Yours Sincerely

S. Kauser

Ms Safia Kauser
Managing Director & Head of Internal Audit
T/A Internal Audit Yorkshire



Internal Audit Objectives [Specific Audit Plan]

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INTERNAL AUDIT OBJECTIVES (Specific Audit Plan)

	OBJECTIVE	DOCUMENTS TO BE SUPPLIED
A	<p>Booking Keeping Appropriate accounting records have been properly kept throughout the year</p> <p>To obtain assurance that the books of account have been kept properly throughout the year and that data input controls are adequate</p>	<ul style="list-style-type: none"> • Cash book/receipts and payments accounts • Bank statements for all accounts for the full year
B	<p>SO, FR, Payment Controls This authority complied with its Financial Regulations, payments were supported by all invoices, all expenditure was approved and VAT was properly accounted for</p> <p>To obtain assurance that Standing Orders, Financial Regulations and Appropriate payment controls (payments supported by invoices, expenditure is approved, VAT is correctly accounted for) are in place and are followed</p>	<ul style="list-style-type: none"> • Copy of Standing Orders • Copy of Financial Regulations • Council minutes for the year • Copy of VAT returns submitted • All invoices and receipts for the year • Loan repayment schedules
C	<p>Risk Management Arrangements This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these</p> <p>To obtain assurance that risk management arrangements are adequate to manage all identified risks</p>	<ul style="list-style-type: none"> • Copy of risk assessment • Copy of current insurance policy
D	<p>Budgetary Controls The precept or rates requirements resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate</p> <p>Verify the annual precept request is the result of a proper budget process, that budget progress has been regularly monitored and the Councils reserves are appropriate</p>	<ul style="list-style-type: none"> • Copy of the current year's budget • Copy of year end and actual expenditure vs budget And explanation of significant variances where applicable
E	<p>Income Controls Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for</p> <p>Obtain assurance that income controls are in place and operating effectively</p>	<ul style="list-style-type: none"> • Cash book/receipts and payments account (as above) • Bank Statements for all account – full year (as above) • Receipts for the year (as above) • Copy of VAT returns for the year (as above) • Year end bank reconciliation (as above)

INTERNAL AUDIT OBJECTIVES (Specific Audit Plan)

	OBJECTIVE	DOCUMENTS TO BE SUPPLIED
F	<p>Petty Cash/Clerks Imprest Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for</p> <p>Obtain assurance that income controls are in place and operating effectively</p>	<ul style="list-style-type: none"> • Petty Cash records • Petty Cash receipts
G	<p>Payroll Controls Salaries to employees and allowances to members were paid in accordance with the authority's approvals and PAYE and NI requirements were properly applied</p> <p>Obtain assurance that payroll costs are supported by employment contracts, expenditure is approved and PAYE/NIC is properly operated</p>	<ul style="list-style-type: none"> • Contracts of employments for all employees • Evidence that salaries/wages paid agree with rates approved by members • Evidence that PAYE/NIC has been properly calculated and paid over to HMRC
H	<p>Asset Controls Asset and investment registers were complete and accurate and properly maintained</p> <p>Obtain assurance that all material assets are accounted for correctly</p>	<ul style="list-style-type: none"> • Copy of asset register • Current insurance policy (as above)
I	<p>Year End Procedures Periodic and year end bank account reconciliations were properly carried out</p> <p>Obtain assurance that bank reconciliations were carried out on a regular basis and reported to Council</p>	<ul style="list-style-type: none"> • Year-end bank reconciliation statements
J	<p>Accounting Statements Accounting Statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded</p> <p>Obtain assurance that accounts prepared on correct statements (income and expenditure, debtors and creditors, over £200,000) or (summary receipts and payments, under £200,000) and that working papers can be followed through to final document</p>	<ul style="list-style-type: none"> • Completed year-end financial statement for submission to the external auditor

INTERNAL AUDIT OBJECTIVES (Specific Audit Plan)

	OBJECTIVE	DOCUMENTS TO BE SUPPLIED
K	<p>Exempt Authorities IF the authority certified itself exempt from a limited assurance review in 2018/19 (last year), it met the exemption criteria and correctly declared itself exempt. ('Not Covered' should only be ticked where the authority had a limited assurance review of its 2018/19 AGAR)</p> <p>Obtain assurance that the correct parts of the AGAR have been completed for the last year and sent to the external auditors with the supporting documentation.</p>	<ul style="list-style-type: none"> AGAR Part 1a, page 2 for authorities with no income or expenditure – refer to JPAG page 17 AGAR Part 2 – for authorities with neither income nor expenditure exceeding £25,000 – refer to JPAG page 17 <p>(above is for authorities other than parish meetings, refer to JPAG)</p>
L	<p>Exercise of Public Rights During summer 2020 (this year) this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the Accounts and Audit Regulations</p> <p>Obtain assurance that the Council has advertised the dates for the inspection of public rights correctly.</p>	<ul style="list-style-type: none"> Hard copy of the Notice of Public Rights and website link
M	<p>Trust Funds (For Local Councils Only) Trust funds (including charitable) – The Council has met its responsibilities as a trustee</p> <p>Obtain assurance that the Council has met its responsibilities to comply with discharging accountability responsibilities for the fund(s)/assets, including financial reporting and if required, independent examination or audit.</p>	<ul style="list-style-type: none"> Copies of the financial reporting of the charitable trust accounts, and if required, independent audit investigation (these figures must be excluded from the financial statements of the accounts)

Reference to Governance and Accountability Guide for Smaller Authorities

A Practitioners Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements