



**MIDDLETON CHENEY**  
**Parish Council**

**Effectiveness of Internal Audit 2024/25**

<b>Category:</b> Finance	<b>Status:</b> Adopted
<b>Responsible:</b> Clerk/RFO	<b>Adoption minute ref:</b> 24/110
<b>Applicable to:</b> Finance Committee	<b>Adoption date:</b> 07/05/2024
<b>Version:</b> 1.1	<b>Next review:</b> 05/2023

INTERNAL CONTROL	SUGGESTED TESTING	PARISH COUNCIL CONTROLS
<b>Proper bookkeeping</b>	<p>Is the cashbook maintained and up to date?  Is the cashbook arithmetic correct?  Is the cashbook regularly balanced?</p>	<p>The Council uses a software program called RBS Alpha which is specifically designed for Local Councils.</p> <p>Control over these aspects is part of the program.</p>
<b>Standing Orders and Financial Regulations adopted and applied</b>	<p>Has the council formally adopted standing orders and financial regulations?</p>	<p>Yes</p>
<b>Payments controls</b>	<p>Has a Responsible Financial Officer been appointed with specific duties?</p>	<p>Yes</p>
	<p>Have items or services above the de minimis amount been competitively purchased?</p>	<p>Yes. Suspension of Financial Regulations exceptions for appropriate reasons.</p>
	<p>Are payments in the cashbook supported by invoices, authorised and minuted?</p>	<p>A schedule of expenditure (Authorisation of Payments) is presented to each Finance and Policy meeting. Invoices are available at the meeting for inspection and signature by two Councillors.</p>
	<p>Has VAT on payments been identified, recorded and reclaimed?</p>	<p>VAT is claimed regularly throughout the year</p>
	<p>Is s137 expenditure separately recorded and within statutory limits?</p>	<p>No s137 expenditure this financial year.</p>

INTERNAL CONTROL	SUGGESTED TESTING	PARISH COUNCIL CONTROLS
<b>Risk management arrangements</b>	Does a review of the minutes identify any unusual financial activity?	To be reviewed by Internal Auditor annually.
	Do minutes record the Council carrying out an annual risk assessment?	Financial Risk Assessment and Management approved by Council Annually, last May 2023. Allotments and Cemetery Risk Assessments carried out March 2024.
	Is insurance cover appropriate and adequate?	The Clerk updates the asset register to inform insurance quotes. The Clerk has recommended a valuation of insured sites in 2024.
	Are internal financial controls documented and regularly reviewed?	The Council carries out internal monitoring on a regular basis by a nominated Councillor. This is undertaken quarterly throughout the year, a report is provided to the Full Council meetings.
<b>Budgetary Controls</b>	Has the council prepared an annual budget in support of its precept?	Yes
	Are there any significant unexplained variances from budget?	The Council reviews expenditure against budget quarterly. Any significant unexplained variances are highlights and explained by the Clerk. A new contract was difficult to predict in the budget based on lack of comparable information.
<b>Income Controls</b>	Is income properly recorded and promptly banked?	Recorded in Receipts and Payments detail and reconciled monthly. Income should be banked fortnightly, some cheque payments are delayed.
	Does the precept recorded agree to the Council Tax authority's notification?	Yes
	Are security controls over cash adequate and effective?	Cash monitored by paying-in book and bank reconciliation. Cash payment discouraged.

INTERNAL CONTROL	SUGGESTED TESTING	PARISH COUNCIL CONTROLS
<b>Payroll Controls</b>	Do all employees have contracts of employment with clear terms and conditions?	Yes. Job descriptions to be reviewed 2024.
	Do salaries paid agree with those approved by the council?	Yes - To be reviewed by Internal Auditor at final accounts.  NOTE: Council use independent Payroll provider to handle all employment liabilities – these and salary payments are made in accordance with the Payroll providers instructions.
	Are other payments to employees reasonable and approved by the council?	Yes – all other payments (expenses) are presented to council for approval.
	Have PAYE/NI been properly operated by the council as an employer?	PAYE/NI recorded and operated on behalf of the council by Payroll provider. HMRC payments now made monthly.
<b>Assets controls</b>	Does the council maintain a register of all material assets owned or in its care?	Yes
	Are the assets and Investments registers up to date?	Yes. Updated at time of monthly bank reconciliations)
	Do asset insurance valuations agree with those in the asset register?	Partial. It is likely some valuations are not accurate due to identified need for current valuation of certain assets.

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<b>Bank Reconciliation</b>	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes. Bank reconciliations completed monthly and previous backlog has been completed.
	Are there any unexplained balancing entries in any reconciliation?	No – Alpha system requires a match between bank balances and transactions made.
	Is the value of investments held summarised on the reconciliation?	Yes
<b>Year-end procedures</b>	Are year end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes
	Do accounts agree with the cashbook?	Review undertaken by the Internal Auditor as part of the review of the accounts for the year.