

Internal Audit

CMK Town Council

Year Ending 31 March 2023

Internal Auditor: Helen Mortimer

Summary Checklist Report

The matters raised in this report are only those that came to attention during internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein.

The work does not provide absolute assurance that material errors, loss or fraud do not exist. This report is prepared solely for the use of Town Councillors of CMK Town Council. Details may be made available to specified external agencies, including external auditors, but otherwise, the report should not be quoted or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared and is not intended for any other purpose.

This internal audit report is based upon the Association of Local Councils recommended checklist, introduced in 2016, in conjunction with the Practitioners' Guide to Governance and Accountability in Local Authorities.

Internal Audit Summary Checklist Report for Central Milton Keynes Town Council Year Ending: 31 March 2023

Name of Council	CMK Town Council	Name of Clerk to the Council	Paul Cranfield
No. of Councillors	7 of 8	Name of RFO (if different)	""
Quorum	3	Precept (For audit year)	182918
Electorate	4500	Audit date	19.04.2023
Website	cmktowncouncil.gov.uk	Date signed off	19.04.2023

Key Policies and Procedures Documentation Review									
Policy Details				Last Reviewed					Auditors Comments
	Policy Name	Adopted	Prepared by	Date	Approved by	Key Changes	On web site	Copy taken	Fundamental changes required at next review and recommendation
A	Standing Orders	May 22	Clerk	April 23	Town Council	As recommended	Yes	No	Under review for Approval May 2023.
B	Financial Regulations	May 22	Clerk	April 23	Town Council	Ditto	Yes	No	Under review for Approval May 2023.
C	Grants Policy	May 22	Clerk	April 23	Town Council	Ditto	Yes	No	Under review for Approval May 2023.
D	Risk Assessment of Internal Controls	May 22	Clerk	April 23	Town Council	Ditto	No	No	Under review for Approval May 2023.
E	Equality and Diversity Policy	May 22	Clerk	April 23	Town Council	Ditto	Yes	No	Under review for Approval May 2023.
F	Investment Policy								Needs a new policy for 2023/2024
G	Reserves Policy	May 22	Clerk	April 23	Town Council	Ditto	No	No	Under review for Approval May 2023
H	Complaints Policy	May 22	Clerk	April 23	Town Council	Ditto	Yes	No	Under review for Approval May 2023.
I	Freedom of Information	May 22	Clerk	April 23	Town Council	Ditto	Yes	No	Under review for Approval May 2023.
j	Social Media and Electronic Communication	May 22	Clerk	April 23	Town Council	Ditto	Yes	No	Under review for Approval May 2023.

1. Book-keeping			Comments and recommendation
1.1	Ledgers maintained and up to date?	Yes	A review of all the ledgers in Rialtas Alpha software shows that accounts are balanced monthly and are up to date to the financial year-end.
1.2	Arithmetic correct?	Yes	Rialtas Alpha Software automatically checks for errors, plus additional spreadsheets are also automatic.
1.3	Evidence of internal controls?	No	New policy in place, a Councillor has been appointed to do a quarterly review.
1.4	VAT evidence, recording and reclaimed?	Yes	The Council has reclaimed all VAT last reclaimed Dec 2022 paperwork completed. The Clerk submits regular quarterly claims.
1.5	Payments in the ledger supported by invoice, authorised and minuted?	Yes	Rialtas Alpha Software matched to minutes and cheque book.
1.6	Are payments made by Direct Debit, standing order examined and approved for payment?	Yes	All invoices, debit cards, DD, SO, and cheques are minuted and paid monthly on receipts and payments.
1.7	Is S137 expenditure separately recorded and within statutory limits?	Yes	Used for grants and recorded on a separate spreadsheet and presented to Council.
1.8	Is S137 expenditure of direct benefit to the electorate?	Yes	All grants are discussed by the Council and monitored. £4000 limit.

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2. Due Process		Comments & Recommendation	
2.1	Standing Orders adopted since 2013?	Yes	Adopted in May 2018 as recommended by BALC and NALC, these are reviewed yearly and signed off at the AGM in May
2.2	Standing Orders reviewed during last financial year?	Yes	Reviewed every year at AGM or in between if required.
2.3	Financial Regulations adopted since 2013 (Incorporating provisions for securing competition and regulating tender process) and reviewed in last financial year?	Yes	Adopted a new set in Sept 2019 as recommended by BALC and NALC. These are reviewed yearly and signed off at the AGM in May.
2.4	Financial Regulations appropriately tailored to Council?	Yes	The Financial Regulations were last reviewed, adapted and approved by the Council and signed in May 2022
2.5	Equality and Diversity policy adopted?	Yes	Signed May 2017, reviewed and signed yearly at the AGM in May.
2.6	RFO Appointed?	No	Paul Cranfield is the appointed Clerk and is responsible for both roles.
2.7	List of members' Interests held?	Yes	Member's interests are held in paper format in the office and are available in electronic form on MK Councils' main website. However, no links are provided on CMK Town Councils' website.
2.8	Agendas signed, Informative and displayed within 3 clear days' notice?	Yes	Agendas and minutes are prepared by the Clerk and displayed on the website and noticeboard.
2.9	Purchase orders raised for all expenditure?	Yes	Purchases for large orders or match funding are made with purchase orders.
2.10	Purchasing authority defined in Financial Regulations?	Yes	The Financial Regulations have been amended to reflect that the Clerk can make purchases with a debit card. This is reviewed regularly.
2.11	Legal Powers Identified in minutes or ledger?	No	Not necessary for smaller councils
2.12	Committee terms of reference exist and have been reviewed?	Yes	Planning Committee - Reviewed and agreed at AGM in May.
2.13	Are arrangements in place to prepare an accurate and timely statement of accounts in compliance with statutory obligations and proper practice?	Yes	The Clerk uses Rialtas software, and all accounts are updated monthly. Financial Regulations section 4 includes details of arrangements in place.

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3. Risk Management		Comments & Recommendation	
3.1	Does a scan of the minutes identify any unusual financial activity?	No	Minutes are prepared for all meetings of the Council, and all financials are presented to the councillors monthly. In addition, minutes are displayed on the Council's website.
3.2	Is an annual risk assessment carried out?	Yes	Reviewed annually, last reviewed Feb 2022
3.3	Is insurance cover appropriate and adequate?	Yes	Insurance is held with Zurich and is reviewed annually
3.4	Evidence of annual Insurance review?	Yes	Reviewed in May and renewed in July 2022
3.5	Internal financial controls documented and evidenced?	Yes	The Council has a risk assessment for Internal Controls and is reviewed yearly along with the Financial Regulations.
3.6	Minutes initialled, each page and overall signed (approval of all minutes is in accordance with legislation)?	Yes	All minutes are signed and initialled in accordance with the regulations.
3.7	Does a review of Council and Committee minutes (and supporting papers) indicate that no actions of a potentially unlawful nature are being considered?	Yes	A review of the minutes shows that no actions of a potentially unlawful nature are being considered.
3.8	Regular reporting and minuting of bank balances?	Yes	All four bank accounts are reported monthly to the Council.
3.9	S137 expenditure minuted?	Yes	All grants are presented to the Council and minuted.
3.10	Is an Investment Policy/strategy in accordance with the MHCLG guidance in plan?	No	One is being prepared by the Clerk.
3.11	Are cheques or orders for payments signed by two elected members, or are controls in place to ensure safe and efficient payment arrangements?	Yes	All cheques are signed by two of the three named signatories on the bank account in accordance with the Financial Regulations.
3.12	Have those responsible for risk assessment and internal controls undertaken any appropriate training during the last two years?	Yes	Councillors have taken up the offer of training courses and completed them.
3.13	Is there a letter of engagement with the Internal Auditor (or purchase order/contract)?	Yes	Emails were sent between February and March 2023

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4. Budget		Comments & Recommendation	
4.1	The annual Budget prepared and adopted by Council?	Yes	The Clerk prepared the detailed Budget and signed it in the January 2022 Budget meeting by the Council.
4.2	Has the Budget been discussed and adopted by Council?	Yes	It is signed at the Annual Budget meeting in January each year.
4.3	General Reserve Policy in place? Note: are general reserves between 3 and 12 months of Net Revenue Expenditure	Yes	The Council's policy states three months reserved £15000.00 this amount is reviewed annually.
4.4	Level and purpose of earmarked or capital reserves reviewed?	Yes	The Council has three earmarked but not ringfenced funds, Community, Legal £50k and Landscaping £25k, all accounts presented to Council monthly.
4.5	Is the actual spend v budget monitored during the year with corrective action taken when necessary?	Yes	The Clerk produced a spreadsheet to present to Council quarterly to track spending.
4.6	Any unexplained variances from the Budget?	No	N/A
4.7	Precept demand correctly minuted?	Yes	In January, the precept is applied for and minuted by Council.
4.8	Has a financial appraisal been undertaken before the commencement of any significant financial project?	Yes	At the Budget meeting in January 2023, it was agreed that there would not be an increase in the precept, no new projects.
es4.9	Have any loans of long-term liabilities been assessed for affordability and relevant approvals obtained?	No	N/A

5. Employees and payroll		Comments & Recommendation	
5.1	Are contracts of employment in place?	Yes	The Clerk is on a combined contract for the Clerk role and RFO. In addition, there is one other employee, both P/T.
5.2	Tax code issued and in place?	Yes	Using an outside company for payroll CVS.
5.3.	PAYE / NI evidence?	Yes	CVS sends monthly reports to the Council detailing all deductions.
5.4	Has Council approved salaries paid?	Yes	The Council approves the salary payments monthly and approves any increases by prior agreement.
5.5	Has the Council met its pension obligations?	Yes	The Council uses Nest for the Clerk
5.6	Other payments reasonable and approved by Council?	Yes	Any payments are prepared and approved as per the Financial Regulations.
5.7	Does the Council have employers' liability cover?	Yes	Zurich insurance and reviewed and renewed yearly. 10 Million
5.8	Minimum wage paid for staff?	Yes	Both staff exceed the minimum wage and living wage. In addition, both employees are on the Bucks County Council spinal code.
5.9	Disciplinary, Grievance and Complaints procedures in place?	Yes	They are reviewed annually by Council in May.

6. Asset Control		Comments & Recommendation	
6.1	Does the Council keep a register of all material assets owned?	Yes	The Clerk is responsible for maintaining the asset register, which is reviewed annually.
6.2	Is the Asset Register complete and up to date?	Yes	Reviewed annually for the insurance
6.3	Value of individual assets included?	Yes	All assets have a value on the spreadsheet.
6.4	Are community assets listed in the register, e.g. Land?	N/a	N/a
6.5	Inspected for risk and health and safety (Pat tested)	Yes	Pat testing is done bi-annually and arranged by the Clerk.
6.6	If any assets have been disposed of, have appropriate procedures been followed for disposal and for the use of resulting capital receipts, if applicable?	Yes	An old laptop and value were removed from the asset register.

7. Banking and Reconciliation		Comments & Recommendation	
7.1	Is there a bank reconciliation for each account?	Yes	All four bank accounts are reconciled monthly and presented to Council.
7.2	Reconciliation carried out on receipt of the statement and reviewed by authority members?	Yes	All three Lloyds accounts are presented monthly to the Council, and the new Community Account.
7.3	Any unexplained balancing entries in any reconciliation?	N/a	All accounts are balanced every month.

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7.4	Is the bank mandate up to date and approved by members?	Yes	Reviewed yearly at the AGM in May, three signatures were held.
7.5	Has the authority approved the setting up of any new bank accounts and/or pooling/sweeping of funds?	No	Last bank setup April 2022.
7.6	If held, do corporate credit cards have defined limits and are they cleared monthly by direct debit?	N/a	The Clerk holds only a Debit card in accordance with the Financial Regulations.

8. Year-End Procedures		Comments & Recommendation	
8.1	Year-end accounts prepared on a correct accounting basis?	Yes	All accounts, including year-end accounts, are prepared on the Rialtas Alpha system on a Receipts and Payments basis.
8.2	Do bank statements and ledgers reconcile?	Yes	All ledgers have been reconciled to the bank statements as of 31.03.23 and verified. The Year-end accounts will be approved at the April/May meeting of the Council.
8.3	The underlying financial trail from records to presented accounts?	Yes	The Rialtas Alpha system, along with minutes, provides a robust financial trail and factual reporting.
8.4	Where applicable, are debtors and creditors adequately recorded?	Yes	There are no known debtors to the Council.
8.5	Has Council agreed, signed and minuted sections 1 & 2 of the annual return?	No	The Annual Return will be presented to Council at the May/June meeting for signing in accordance with the required submission dates.

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9. Miscellaneous		Comments & Recommendation	
9.1	Has the Council adopted a Code of Conduct?	Yes	The Council last reviewed in May 2022 and will be presented to Council for review this May.
9.2	Is eligibility for the General Power of Competence properly evidenced?	N/A	N/a
9.3	Do arrangements for the public inspection of records exist?	Yes	The AGAR and declaration are published yearly on the Council's website and noticeboard, and copies are held on file.
9.4	Was the Annual Parish Council meeting held within the required timescales?	Yes	The Town Councils Annual meetings are held in May.
9.5	Is a Complaints Procedure in place?	Yes	This policy is reviewed yearly in May.
9.6	Is a Freedom of Information Policy in place?	Yes	This policy is reviewed yearly in May.
9.7	Have any significant events occurred during the financial year that need to be reflected in the statement of accounts?	No	n/a

10. Trust funds, Inc Charities, where Council is the sole managing trustee		Comments & Recommendation	
10.1	Charities, reported and accounted separately?	N/a	
10.2	Have the Charity accounts been separately audited?	N/a	
10.3	Have the Charity accounts and Annual Return been filed within the legal time limits?	N/a	

11. Burial Authorities		Comments & Recommendation	
11.1	All money received corresponds with the number of burials/cremations recorded and memorial permits issued?		N/A
11.2	Are fees levied in accordance with the Council's approved scale of fees and charges?		N/A
11.3	Have all statutory books been kept safe and up to date? For example, if electronic copies are held, are these backed up regularly?		N/A
11.4	Do all Internment of ashes have a certificate of cremation?		N/A
11.5	Have all necessary permits, permissions and transfer of Exclusive Burial Right (EBR) been completed correctly, documented and approved?		N/A

12. Income controls and debt collection		Comments & Recommendation	
12.1	Is Income properly recorded and prompted banked?	N/a	
12.2	Does the precept recorded agree to the Council Tax authority's notification?	Yes	Yes, reviewed and verified. Recorded 22/1/22 sent to MK Council.
12.3	Are security controls over cash adequate and effective?	N/a	
12.4	Are debt monitoring arrangements in place?	N/a	

13. Petty Cash		Comments & Recommendation	
13.1	Is all petty cash spent recorded and supported by VAT receipts where applicable?	N/a	
13.2	Is petty cash expenditure reported to Council?	N/a	
13.3	Is petty cash reimbursement carried out regularly?	N/a	

14. Email, Websites, IT and Data Protection		Comments & Recommendation	
14.1	Does the Council use secure email systems and gov.uk addresses for all employees and councillors rather than relying on personal email addresses?	Yes	The Councillors and Clerk are issued with Gov.uk email address
14.2	Are all electronic files backed up?	Yes	Yes, the Council uses Google docs.
14.3	Is the Council correctly registered with the Information Commissioners Office (ICO) as a Data Controller for the provision of council services? Is DPO listed on Certificates?	Yes	Yes, all certificates are held.
14.4	Is an IT, Social Media Policy in place?	Yes	Reviewed yearly in May.
14.5	Is the Council's website accessible?	Yes	Maintain and accessible. The Council's accessibility statement was last updated in September 2020.

Internal and External Auditor's Recommendations – Have points raised at the last Internal and External Audit been addressed?		
Pre Ref	Action Recommended	Action taken and Visible
Policies F	A new community bank account was set up in 2022 to invest funds. Best practice would be to have an investment policy in place for this and future funds.	Investment policy.
2.7	Minor comment. Member declaration of interest. A best practice, would be to have the member declarations of interest either as a PDF on the TC website or a link to MK Council website, enabling the public full access.	

Annual Return		Year Ending 31.03.22	Year Ending 31.03.23
1	Balances brought forward	395,555	486099
2	+ Annual Precept	152,700	182918
3	+ Total other receipts	1,383	6929
4	- Staff Costs	24,235	25758
5	- Loan Interest / Capital repayments	0	0
6	- Total other payments	39,304	40083
7	Balances carried forward	486,099	610105
8	Total cash and investments	486,099	610105
9	Total fixed assets and long-term assets	4,356	4033
10	Total borrowings	0	0
11	Section 4 Annual return figures completed and cross-referenced?	Yes	Yes

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Exercise of Public Rights – Previous year			Comments & Recommendation		
Were the following published on the Council's website?					
1	All sections of the AGAR	Yes	05.05.22 minutes 22/049		
2	A declaration that the status of the statement of accounts was unaudited	Yes	Declaration included in the statement setting out how public rights can be exercised.		
3	A statement setting out details of how public rights can be exercised	Yes	Displayed 13.06.22 to 22.07.22		
4	A notice of the conclusion of the external auditors' review of the AGAR with relevant accompanying information	Yes	PKF Littlejohn LLP 28.07.22		
5	Internal Auditors Report	Yes	21.04.22		
Transaction Spot Checks					
Check No.	1	2	3	4	5
Transaction Type					
Supplier/Customer	Jon Muncaster	Warners	Citizen Advice	BMKALC	
Invoice No.	CMKTC/22/018	16260	Grant Application	Councillor Training	
Invoice Date	05.22	10.01.23	06.12.2022	02.03.23	
Goods/Service Supplied	Planning Services	Dog Bins	Grant	Cllr Training	
Item/Budget Heading	Planning	Dog Bins	Grants	Cllr Training	
Ref/Cheque No.	1356	1411	1421	01422	
Order Minute Ref.	22/058	23/014	23/033	23/043	
Delivery evidence					
Payment minute ref	22/058	23/014	23/043	23/043	
Payment Value	1000.00	76.44	2000.00	45	
Timely Payment	Yes	Yes	Yes	Yes	
VAT recorded	n/a	12.74	n/a	n/a	
S137 or power recorded			S137		
Asset reg.					
Pass					

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Comments
<p>Overall, the internal audit for CMK Town Council is: VERY GOOD</p> <p>There are a couple of minor adjustments/notes that the Clerk will look into. Based on this audit, I have concluded that the Town Council has maintained an effective internal process regarding the financial and internal controls. Therefore, I have completed and signed the "Annual Internal Audit Report" in this year's AGAR, concluding that the Town Council has met a good standard.</p>
Acknowledgements
I want to thank the Clerk for having all documents ready for the audit, and I greatly appreciated his time and effort.
Notes for External Auditor, if any.
<p>No petty cash was held. No cemeteries or burials No charities.</p>

Internal audit carried out by:	Signed	Print:
Annual Audit	<i>H S Mortimer</i>	Helen S Mortimer
Dated.	19.04.23	

For Internal auditor's use, only	
Annual Internal Audit Report form completed and signed.	22.04.23
Internal Audit report sent to Council.	23.04.23