

# Internal Audit

## CMK Town Council

### Year Ending 31 March 2025

#### Internal Auditor: Helen Mortimer

### Summary Checklist Report

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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 Milton Keynes Town Council Year Ending: 31 March 2025

<b>Name of Council</b>	<b>CMK Town Council</b>	<b>Name of Clerk to the Council</b>	<b>Paul Cranfield</b>
<b>No. of Councillors</b>	8 of 8	<b>Name of RFO (if different)</b>	""
<b>Quorum</b>	3	<b>Precept (For audit year)</b>	175181
<b>Electorate</b>	6000	<b>Audit date</b>	14.05.26
<b>Website</b>	cmktowncouncil.gov.uk	<b>Date signed off</b>	17.05.26

<b>Key Policies and Procedures Documentation Review</b>									
<b>Policy Details</b>				<b>Last Reviewed</b>					<b>Auditors Comments</b>
	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 25	Clerk	May 25	Town Council	As recommended	Yes	No	
B	Financial Regulations	May 25	Clerk	May 25	Town Council	Ditto	Yes	No	
C	Grants Policy	May 25	Clerk	May 25	Town Council	Ditto	Yes	No	
D	Risk Assessment of Internal Controls	May 25	Clerk	May 25	Town Council	Ditto	No	No	
E	Equality and Diversity Policy	May 25	Clerk	May 25	Town Council	Ditto	Yes	No	
F	Investment Policy	June 25	Clerk	May 25	Town Council	Ditto	Yes	No	
G	Reserves Policy	May 25	Clerk	May 25	Town Council	Ditto	No	No	
H	Complaints Policy	May 25	Clerk	May 25	Town Council	Ditto	Yes	No	
I	Freedom of Information	May 25	Clerk	May 25	Town Council	Ditto	Yes	No	
j	Social Media and Electronic Communication	May 25	Clerk	May 25	Town Council	Ditto	Yes	No	

Internal Audit Summary Checklist Report for Milton Keynes Town Council Year Ending: 31 March 2025

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	Yes, one councillor has been appointed, and has carried out reviews this year. Cllr Philip Murphy.
1.4	VAT evidence, recording and reclaimed?	Yes	The Council has reclaimed all VAT, last reclaimed 31.03.25 £458 paperwork completed. The Clerk submits regular claims.
1.5	Payments in the ledger supported by invoice, authorised and minuted?	Yes	Rialtas Alpha Software matched to minutes and online banking.
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 presented to full council on the agenda. Paid monthly on receipts and payments. All Standing order & direct Debits are presented at Annual Meeting.
1.7	Control measures specific to the risks of online bankings?	Yes	As detailed in the Financial Regulations, dual controlled.
1.8	Is S137 expenditure of direct benefit to the electorate?	Yes	All grants are discussed by the Council and monitored. £5000 budget.

Internal Audit Summary Checklist Report for Milton Keynes Town Council Year Ending: 31 March 2025

2. Due Process		Comments & Recommendation	
2.1	Standing Orders adopted since 2018?	Yes	Adopted in May 2024 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 2024 (Incorporating provisions for securing competition and regulating tender process) and reviewed in last financial year?	Yes	Adopted a new set in June 2024 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 June 2024
2.5	Are procedures for tender/quotes the same in SO and FR?	Yes	Both Standing Orders and Financial Regulations state the process.
2.6	Adequate internal controls for payments/documented/evidenced	Yes	Dual banking authorisation, schedule of payments sent to full council every month. Signed.
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. There are links in place on CMK Town Council 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.

Internal Audit Summary Checklist Report for Milton Keynes Town Council Year Ending: 31 March 2025

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, Agendas and minutes are displayed on the Council's website.
3.2	Is an annual risk assessment carried out?	Yes	Reviewed annually, last reviewed April 2025
3.3	Is insurance cover appropriate and adequate?	Yes	Insurance is held with Zurich and is reviewed annually
3.4	Does the council have public / employer/ hirers/fidelity/business interruption and cyber security liability insurance cover?	Yes/No	Yes, to first four, but no to the last two. Clerk is unsure whether the Town Council warrants the added insurance.
3.5	Evidence of annual Insurance review?	Yes	Reviewed in May at Annual meeting and renewed in July 2024
3.6	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.
3.7	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.
3.8	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.
3.9	Regular reporting and minuting of bank balances?	Yes	All five bank accounts are reported monthly to the Council.
3.10	Is an Investment Policy/strategy in accordance with the MHCLG guidance in plan?	Yes	In place since June 2023
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 four named signatories on the bank account in accordance with the Financial Regulations. Online banking has dual signatories.
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 April and May 2025 and agreed by full council.

Internal Audit Summary Checklist Report for Milton Keynes Town Council Year Ending: 31 March 2025

4. Budget		Comments & Recommendation	
4.1	The annual Budget prepared and adopted by Council?	Yes	The Clerk prepared the detailed Budget and it was signed at the January 2024 Budget meeting by the Council.
4.2	Has the Budget been discussed and adopted by Council?	Yes	It is adopted 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, Legal £50k and Landscaping £31k, Community facility £410k 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 vs budget.
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 on Agenda/ratified by Council.
4.8	Have any loans of long-term liabilities been assessed for affordability and relevant approvals obtained?	N/A	
4.9	Is the annual loan repayment and interest correctly recorded in the AGAR at sec 2 Box 5 and outstanding loan amount in Box 10 correct	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.
5.2	Tax code issued and in place?	Yes	Using an outside company for payroll, C Andrews
5.3.	PAYE / NI evidence?	Yes	C Andrews sends monthly reports to the Council detailing all deductions. Clerk makes necessary payments.
5.4	Has Council approved salaries paid?	Yes	The Council approves the salary payments monthly and approves any increases by prior agreement on a yearly basis.
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	Minimum wage paid for staff?	Yes	Clerks' wages exceed the minimum wage and living wage. In addition, he is on the Bucks County Council spinal code.
5.8	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	Does the asset register compare with the insurance schedule?	Yes	Reviewed annually
6.5	Inspected for risk and up to date inspections records exist?	Yes	Records kept and updated.
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	Yes, all records updated

Internal Audit Summary Checklist Report for Milton Keynes Town Council Year Ending: 31 March 2025

7. Banking and Reconciliation		Comments & Recommendation	
7.1	Is there a bank reconciliation for each account?	Yes	All five 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 Public Sector Community Account, and the Cambridge Public Sector account.
7.3	Any unexplained balancing entries in any reconciliation?	N/a	All accounts are balanced every month.
7.4	Is the bank mandate up to date and approved by members?	Yes	Reviewed yearly at the AGM in May, four signatures were held. Online banking, two signatures, Clerk and P Murphy.
7.5	Has the authority approved the setting up of any new bank accounts and/or pooling/sweeping of funds?	Yes	Approved in July 2024, new Cambridge Building Society Public Sector Fund £200k. 1 year fixed rate.
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 31.03.25 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 June meeting for signing in accordance with the required submission dates.

Internal Audit Summary Checklist Report for Milton Keynes Town Council Year Ending: 31 March 2025

9. Exempt Authorities				Comments & Recommendation
9.1	Did previous years receipts and expenditure each total less than £25,000	Yes	No	N/A
9.2	Was the correct Exemption certificate prepared and minuted with deadlines	Yes	No	N/A
9.3	Was the exemption Certificate and other required information, published on Authorities website and noticeboard?	Yes	No	N/A

10. Transparency				Code (applicable for mandatory for councils under £25k turnover)
10.1	All items of expenditure above £100 published by 1 <sup>st</sup> July?	Yes	No	
10.2	End of year accounts published by 1 July?	Yes	No	
10.3	Annual Governance Statement published by 1 July?	Yes	No	
10.4	Internal Audit report published by 1 July?	Yes	No	
10.5	Councillor responsibilities published by 1 July?	Yes	No	
10.6	Asset register published by 1 July?	Yes	No	
10.7	Agendas and meeting papers published with three working days?	Yes	No	
10.8	(Draft) Minutes published within one month of meeting?	Yes	No	
10.9	Web site exists and is regularly updated?	Yes	No	

Internal Audit Summary Checklist Report for Milton Keynes Town Council Year Ending: 31 March 2025

11. Miscellaneous		Comments & Recommendation	
11.1	Evidence that internal and external audit reports received & actioned?	Yes	Very clear evidence on the amount of precept requested, also the amount of reserves was increased to match the budget.
11.2	Is eligibility for the General Power of Competence properly evidenced?	N/A	N/a
11.3	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.
11.4	Was the Annual Parish Council meeting held within the required timescales?	Yes	The Town Councils Annual meeting held in May.
11.5	Equal Opportunities policy exists?	Yes	Adopted May 2017

12. Trust funds, Inc Charities, where Council is the sole managing trustee		Comments & Recommendation	
12.1	Charities, reported and accounted separately?	N/a	
12.2	Have the Charity accounts been separately audited?	N/a	
12.3	Are the meetings and accounts recorded separately?	N/a	
12.4	Is the Council listed as a sole trustee on Charity Commission website?	N/a	
12.5	If required by the Independent Examiners report – is the level and activity of the charity reviewed.	N/a	

13. Burial Authorities		Comments & Recommendation	
13.1	All money received corresponds with the number of burials/cremations recorded and memorial permits issued?	N/A	

Internal Audit Summary Checklist Report for Milton Keynes Town Council Year Ending: 31 March 2025

13.2	Are fees levied in accordance with the Council's approved scale of fees and charges?	N/A	
13.3	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	
13.4	Do all Internment of ashes have a certificate of cremation?	N/A	
13.5	Have all necessary permits, permissions and transfer of Exclusive Burial Right (EBR) been completed correctly, documented and approved?	N/A	
<b>14. Income controls and debt collection</b>		<b>Comments &amp; Recommendation</b>	
14.1	Is Income properly recorded and prompted banked?	yes	
14.2	Does the precept recorded agree to the Council Tax authority's notification?	Yes	Yes, reviewed and verified. Recorded 27/1/23 sent to MK Council.
14.3	Are security controls over cash adequate and effective?	N/a	
14.4	Are debt monitoring arrangements in place?	N/a	

<b>15. Petty Cash</b>		<b>Comments &amp; Recommendation</b>	
15.1	Is all petty cash spent recorded and supported by VAT receipts where applicable?	N/a	
15.2	Is petty cash expenditure reported to Council?	N/a	
15.3	Control systems in place?	N/a	

Internal Audit Summary Checklist Report for Milton Keynes Town Council Year Ending: 31 March 2025

16. Email, Websites, IT and Data Protection		Comments & Recommendation	
16.1	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
16.2	Are all electronic files backed up?	Yes	Yes, the Council uses Google docs.
16.3	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.
16.4	Is an IT, Social Media Policy in place?	Yes	Reviewed yearly in May 2024.
16.5	Is the Council's website accessible?	Yes	Maintained 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
4.3	<p>Although the Clerk &amp; Council reviewed their reserves and increased them last year, their budget has risen substantially this year, therefore I suggest again that the Council look at reviewing this again to cover.</p> <p>Small advisory to the clerk to increase this to £45000.00 min as their budget is now £100k.</p>	<p>Advised Paul via email. £173k 2025/26 budget</p>

Internal Audit Summary Checklist Report for Milton Keynes Town Council Year Ending: 31 March 2025

Annual Return		Year Ending 31.03.24	Year Ending 31.03.25
1	Balances brought forward	610105	772341
2	+ Annual Precept	218238	175181
3	+ Total other receipts	18116	22985
4	- Staff Costs	27449	29772
5	- Loan Interest / Capital repayments	0	0
6	- Total other payments	46669	49669
7	Balances carried forward	772341	891066
8	Total cash and investments	772341	891066
9	Total fixed assets and long-term assets	4280	4155
10	Total borrowings	0	0
11	Section 4 Annual return figures completed and cross-referenced?	Yes	Yes
Exercise of Public Rights – Previous year		Comments & Recommendation	
Were the following published on the Council's website?			
1	All sections of the AGAR	Yes	06/06/25 24/06/24 This years will be signed off in June 2025
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 17/06/24 – 26/07/24
4	A notice of the conclusion of the external auditors' review of the AGAR with relevant accompanying information	Yes	PKF Littlejohn LLP 02.09.24
5	Internal Auditors Report	Yes	22.04.24

<b>Transaction Spot Checks</b>					
Check No.	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Transaction Type	Invoice	Invoice	Invoice		
Supplier/Customer	MK Marking	Royal British Legion	BALC		
Invoice No.	104691	12001935169	5484		
Invoice Date	26.08.24	17.09.24	03.06.24		
Goods/Service Supplied	Signs	Poppy Wreath	Online Councillor Course		
Item/Budget Heading	Grants	Sundries	CCL Training Budget		
Ref/Cheque No.	Online	Online	Cheque 1509		
Payment minute ref	24/116	24/103	24/073		
Payment Value	£1584.48	£40	£90		
Timely Payment	Yes	Yes	Yes		
VAT recorded	Yes	Yes	n/a		
S137 or power recorded					
Asset reg.					
Pass					

<b>Comments</b>
<p>Overall, the internal audit for CMK Town Council is: VERY GOOD</p> <p>There was one 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>
<b>Acknowledgements</b>
<p>I want to thank the Clerk for having all documents ready for the audit, and I greatly appreciated his time and effort.</p>

Internal Audit Summary Checklist Report for Milton Keynes Town Council Year Ending: 31 March 2025

Notes for External Auditor, if any.
No petty cash was held. No cemeteries or burials No charities.

Internal audit carried out by:	Signed	Print:
Annual Audit	<i>H S Mortimer</i>	Helen S Mortimer
<b>Dated.</b>	17.05.25	

For Internal auditor's use, only	
<b>Annual Internal Audit Report form completed and signed.</b>	<b>17.05.25</b>
<b>Internal Audit report sent to Council.</b>	<b>17.05.25</b>