

TOWN AND PARISH COUNCIL INTERNAL AUDIT TESTING

MORTON-ON-SWALE PARISH COUNCIL

INTERNAL AUDIT REPORT

CLERK: MANDY LAMBERT

REVIEWED: 10th APRIL 2025

RFO: ROGER DALE

YEAR ENDING: 31ST MARCH 2025

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
PROPER BOOKKEEPING	Is the cashbook maintained and up to date?	Yes – on an Excel spreadsheet.	
	Is the cashbook arithmetically correct?	Yes –spreadsheet has automated totalling.	
	Is the cashbook regularly balanced?	Yes	
A) STANDING ORDERS AND FINANCIAL REGULATIONS ADOPTED AND APPLIED; AND B) PAYMENTS CONTROLS	Has the council formally adopted standing orders and financial regulations?	Standing Orders and Financial Regulations were re-adopted at the May 2024 meeting. These are available on the Council’s website but were not recorded in the minutes of the meeting.	

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	Has a Responsible financial officer been appointed with specific duties?	Roger Dale was appointed RFO during 2017/18 and has a job description and a designated Line Manager. The Clerk, Amanda Lambert, was has a job description.	
	Have items or services above the de minimus amount been competitively purchased?	Limits of £25k for tenders and £3k for quotations. Evidence seen in minutes if quotations being sought for play equipment and insurance premiums.	
	Are payments in the cashbook supported by invoices, authorised and minuted?	Yes – for the sample of transactions seen.	
	Has VAT on payments been identified, recorded and reclaimed?	Yes. Claims are submitted twice yearly..	
	Is s137 expenditure separately recorded and within statutory limits?	Not applicable	
RISK MANAGEMENT ARRANGEMENTS	Does a review of the minutes identify any unusual financial activity?	No	

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	Do minutes record the council carrying out an annual risk assessment?	The Council has a Risk Assessment that was revised in June 2019. A RoSPA inspection of playground equipment by Streetscape performed during the year. Quarterly inspections by Caledonia Play.	
	Is insurance cover appropriate and adequate?	Insurance is through Aviva for the year to 30 th June 2025; cover includes public & products liability £10m, money £250k, employers liability £10m, assets including £183k play equipment, Legal expenses £250k, officials indemnity £500k, liable & slander £250k.	
	Are internal financial controls documented and regularly reviewed?	These are detailed in the risk assessment mentioned above.	
	(Burial Authorities only) Is the Council aware of the Ministry of Justice guidance on "Managing the Safety of Burial Ground Memorials"	Not applicable	
BUDGETARY CONTROLS	Has the council prepared an annual budget in support of its precept?	Yes – reviewed at 26 th November 2024 meeting. Decided to increase precept to £13,000 for 2025/26 (an increase of £2,000) although this was minuted as £11,000. Working papers seen.	Since the precept agreed has been minuted incorrectly for two years running more care should be taken in recording decisions made.

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
	Is actual expenditure against the budget regularly reported to the council?	Yes – at every council meeting.	
	Are there any significant unexplained variances from budget?	No.	
INCOME CONTROLS	Is income properly recorded and promptly banked?	Most payments are received by bank transfer but any cheques and cash are promptly banked. Some expenses for Friends events has been paid for from cash takings.	
	Does the precept recorded agree to the Council Tax authority's notification?	Yes – remittance advices seen.	
	Are security controls over cash and near-cash adequate and effective?	Yes	
PETTY CASH PROCEDURES	Is all petty cash spent recorded and supported by VAT invoices/receipts?	No petty cash is held now.	
	Is petty cash expenditure reported to each council meeting?	Not applicable	

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	Is petty cash reimbursement carried out regularly?	Not applicable	
PAYROLL CONTROLS	Do all employees have contracts of employment with clear terms and conditions?	The Clerk and RFO have contracts of employment.	
	Do salaries paid agree with those approved by the council?	Increased in line with NJC scales	
	Are other payments to employees reasonable and approved by the council?	No other expenses	
	Have PAYE/NIC been properly operated by the council as an employer?	PAYE and NIC are now operated in line with HMRC requirements. T P Jones produces payslips and other documentation.	
ASSET CONTROLS	Does the council maintain a register of all material assets owned or in its care?	A comprehensive register of assets has been drawn up.	

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	Are the assets and Investments registers up to date?	Yes. Includes new bench and litter bins.	
	Do asset insurance valuations agree with those in the asset register?	Insurance cover is in place and the amounts appear to be adequate.	
BANK RECONCILIATION	Is there a bank reconciliation for each account?	Yes	
	Is a bank reconciliation carried out regularly and in a timely fashion?	Yes – on receipt of statements	
	Are there any unexplained balancing entries in any reconciliation?	No	
	Is the value of investments held summarised on the reconciliation?	Yes	
YEAR-END PROCEDURES	Are year end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?	Yes – Receipts and Payments	

INTERNAL CONTROL	SUGGESTED TESTING	FINDINGS	RECOMMENDATIONS
	Do accounts agree with the cashbook?	Yes	
	Is there an audit trail from underlying financial records to the accounts?	Yes	
	Where appropriate, have debtors and creditors been properly recorded?	Not applicable	
OTHER ISSUES	Is the Council registered with the Information Commissioner?	Yes – registration no ZA466861 expiring 16 October 2025	
	What arrangements does the Council have for the back up of computer files?	Finance files are backed up on both the Clerk's cloud and RFO's One Drive.	
	Does the Council have responsibility for any Trust Funds? If so, are they independently examined?	No. However, the Friends of Morton on Swale are hoping to be set up as a registered charity and the Council has set up a ring-fenced account for monies collected by the charity until it sets up its own management arrangements.	
	Has the Council made arrangements to comply with the Transparency Code for smaller authorities?	Not applicable, but published on website.	

