POLICY AND PROCEDURE: To evaluate the effectiveness of the system of internal controls

Purpose

Melbourn Parish Council is required to make proper arrangements for safeguarding the public money and resources in its charge. It is responsible for ensuring that its affairs are managed in accordance with appropriate standards of financial conduct and that arrangements exist to prevent and detect fraud and corruption (internal controls). The purpose of internal controls is to manage risk by reducing it to a manageable level. MPC undertakes to review those arrangements at least once every financial year, or after any significant change in circumstances, to ensure that they are working in an adequate and effective way. By undertaking this review, MPC has assurance when answering assertion 2 on the Annual Governance Statement – "we maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness."

The review exercise will be carried out by the FGGC with reference to the RFO, Parish Clerk and the internal and external audit reports. The outcome will be reported to MPC and any weaknesses and areas for improvement acted upon.

Regulatory Framework and Governance

	Achieved Y/N	Comments
MPC has adopted NALC Standing Orders and these are regularly reviewed	Y	Latest version. Approved 19 May 2025 PC014/2526a)
MPC has adopted NALC Financial Regulations and these are regularly reviewed	Y	Latest version. Approved 30 July 2025 PC060/2526c)
The RFO is tasked with proper administration of MPC's financial affairs including implementing appropriate internal controls	Y	As stated within the job description
Internal Audit reports are seen by the Parish Council	Y	Received by Council 30 July 2025 PC060/2526a)
External Audit report is seen by the Parish Council	Y	Received by Council 29 September 2025 PC081/2526a)

Annual Review of Effectiveness

Internal Control Process/Objective	Evidence that controls are adequate/effective	Action Needed Y/N	Comments
Expenditure Approval/Ordering Orders are made by appropriately delegated persons. Expenditure has been budgeted/appropriately approved.	Orders are made by the Clerk/Deputy Clerk. Expenditure approvals are as per Financial Regs. Checks against budget are made by RFO and presented to Council and	N	

Value for money is obtained from suppliers through quote and tender procedures.	relevant committees monthly. Approvals presented and voted by Council monthly. SOs set out tender / quote process.		
Payment controls Payments made are for goods/services that have been received/carried out and are supported by invoices. Payments are made to the correct payee for the correct amount. Physical controls exist over access to bank accounts. Cheques and bank transfers are signed off by two member signatories. Changes to bank payment details are appropriately approved.	Invoices for work done/goods received passed from Clerk/Deputy Clerk to RFO. Invoices checked by RFO prior to payment. Invoice ‘stamp’ system used. Bank signatories check payees/payment amounts to approvals list. Bank accounts are password protected. Bank payments require 2 member signatories. Changes to payee details require 2 signatory approval.	N	
Prepaid Debit Cards Prepaid card expenditure is properly controlled, used for council purposes and reported to MPC.	Prepaid cards no longer used.	Y	Recoup small balance from SOLDO and continue with credit card use as agreed.
Payroll and Employment Payments are made to legitimate employees for pre-approved salary amounts. Changes to salaries and terms of employment are properly approved. MPC has complied with its duties under employment legislation and has met its pension obligations.	Payroll budget agreed by HR Panel & MPC approves precept budget. Gross salary calculations are checked to budget by signatories. Changes to salaries/employment agreed by HR/MPC. HR panel reviews employment legislation. RFO administers pension fund.	N	
Taxes – PAYE/NI & VAT Correct deductions are made for employee taxes and paid to HMRC on time. VAT is correctly accounted for and reclaimed regularly.	SAGE payroll software is used for deductions and uploaded to HMRC monthly. VAT is reclaimed quarterly.	N	
Income collection Income is invoiced, collected promptly and debtors are managed. Receipts are properly recorded. **Writing off of bad debts is appropriately authorised.**	Invoices raised by Finance Assistant and receipts monitored by RFO. Receipts reviewed and recorded by RFO. Separation of duties. No bad debts to date 2025/26.	Y N	Need for card reader being monitored – 25/26 allotment renewals so far have been all cheque or BACS.

Cash & banking Safe and efficient arrangements are in place for collection and banking of cash receipts.	Sequentially numbered receipts issued by Office and reconciled by RFO prior to banking. Unbanked cash locked away & insured.	Y	Endeavour to not receive cash. Any taken follows receipts procedure.
Bank Accounts MPC has approved every bank mandate. There is a list of approved signatories for every bank account.	Yes. MPC approved bank signatories 22/07/24.	Y	Signatories list created and monitored.
Cash balances/investments Cash needs are monitored. Surplus cash balances invested appropriately. Measures are taken to reduce exposure to bank failure.	RFO monitors cash balances. Investment Strategy in place – ONGOING review.	N	
Bank reconciliations All bank accounts are regularly reconciled. Bank reconciliations are checked.	Policy in place. Bank recs carried out monthly & reviewed by a designated Cllr. Checks reported at MPC meetings.	Y	Consider presenting bank recs at meeting to reduce requirement of Cllr to visit office at other times?
Assets MPC knows what assets it has, makes appropriate safeguarding arrangements and ensures they are adequately maintained and insured. Appropriate procedures are followed for asset disposal and use of resulting capital receipt	Asset register in place, regularly updated and reviewed annually by FGGC. Maintenance committee ensure assets are maintained. Insurance is reviewed by MPC annually.	Y	Asset Register being transferred to Rialtas in time for 2026/27.
Insurance MPC is satisfied that it's insurance cover is sufficient for its assets and risks.	Policy is a specialist Parish Council policy and is reviewed annually by MPC. Long Term Agreement last renewed 04/10/24.	Y	Review of reinstatement costs of assets completed – effects on premium to be reported.
Budget setting Robust process for budget setting. MPC has adequate funds to cover its spending plans.	Budget is a multi-stage process and reviewed by FGGC prior to being adopted by MPC. Spending plans are affordable.	N	
Budget monitoring MPC receives regular budget reports and explanations for budget variances.	Finance reports are made to MPC and Maintenance monthly including explanations of variances.	N	

Reserves General Reserve is at an appropriate level. Ring-fenced reserves are for genuine purposes and are reviewed by MPC.	Reserve policy in place to aim to bring General Reserve to 6 months expenditure (currently 6.6mnths). Reserves reviewed annually by MPC. Asset Management Reserve Policy in place.	N	Current general reserves stand at 6.6mnths.
Risk Assessments Risk assessments are produced, regularly reviewed and focus on the safety of the authority's assets.	Risk assessments are a standing item on MPC agendas and included in the Policy Review Schedule. Maintenance Committee carry out risk reviews and take actions	N	
Loans and Long-Term Liabilities MPC is satisfied that loans have the proper approval and that repayments can be afforded.	MPC has three PWLB loans which have been properly approved. Repayments are included in precept budget and are affordable.	N	
Internal Audit Recommendations made by the Internal Auditor are acted on.	Reports shared with MPC and actions taken as required. Review of Effectiveness of Internal Audit review carried out.	N	Last review completed 22 October 2025.

Internal Controls are considered Adequate & Effective: Yes

Review carried out by: Abi Williams (Clerk) and Shelley Coulman (RFO)

Date of Review: 29 October 2025

Date of Review by F&GG Committee: 4 November 2025

Date reported to MPC: 26 November 2025

Document Approval:

(Chair to Melbourn Parish Council)

Date of Parish Council meeting: 11 January 2021

Review Policy: Every 12 months