



SOUTHMINSTER PARISH COUNCIL

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Process for Budgeting, Precept and Audit.

(including the scope of the Internal Audit)

Monthly Review

Two Councillor's to review accounts prior to monthly meeting and report to full council at monthly meetings.

September.

The budgeting and precept process is initiated in September with the Clerk preparing a pre-preliminary Budget and Precept proposal.

Clerk to contact Members for proposals for Precept Project suggestions.

November.

Pre Budget/Precept Meeting:

- Members and the clerk discuss the previous year's expenditure and the future year's needs and requirements and set a preliminary budget.
- From this meeting the Clerk to investigate any unknown expenditure (quotes for work etc.).

Performance, Governance and Audit Committee Meeting:

- The preliminary proposal is presented for scrutiny before being recommended to the Full Council
- To agree scope of Audit for recommendation to Council.

November Parish Council Meeting:

- The preliminary proposal is presented to the Full Council for information and discussions.
- From this meeting the Clerk revises and/or finalizes the proposal in preparation for final approval in December.

December.

December Parish Council Meeting:

- Final Budget and Precept proposal is presented to the Full Council for approval.

January.

The approved Precept is presented to Maldon District Council.

January Parish Council Meeting:

- Agree and minute the appointment or reappointment of the Internal Auditor.
- Agree and minute the scope of the Internal Audit.

April.

Clerk to organize Internal Audit.

Clerk to prepare External Audit/Governance Statement.

May.

Complete Internal Audit.

Audit Committee Meeting:

-Internal and External Audit documentation presented to the Audit Committee for scrutiny before being recommended to the Full Council

May Parish Council Meeting:

- Agree End of Year Accounts.
- Agree End of Year Bank Reconciliation Statement
- Agree Internal Audit
- Agree External Audit/Governance Statement.

Submit External Audit documentation before the due date.

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Adopted on:

Parish Council meeting held on 8th February 2010 (minute 09/158)

Revised on:

20th July 2015 (minute 15/055)

Extensive timing revision to fit with precept submission to Maldon District Council.

Added requirements of Internal and External Audit.

Added the scope of the Internal Audit.

Revised on

18th July 2019 (minute 19/225)

Added Monthly review.

Reviewed 14th December 2020 pcm 20/216

Reviewed 19th July 2021 (pcm 21/128)

Reviewed 29th March 2023 (pcm 23/087)

Amended 18th March 2024 (pcm 24/069)

Scope of the Internal Audit

Proper bookkeeping

1. Is the cashbook maintained and up to date?
2. Is the cashbook arithmetic correct?
3. Is the cashbook regularly balanced?

Standing Orders & Financial Regulations adopted and applied and payment Controls

1. Has the council formally adopted standing orders and financial regulations?
2. Has the Responsible Financial officer been appointed with specific duties?
3. Have items or services above the de minimus amount been competitively purchased?
4. Are payments in the cashbook supported by invoices, authorised and minuted?
5. Has VAT on payments been identified, recorded and reclaimed?
6. Is s137 expenditure separately recorded and within statutory limits?

Risk Management Arrangements

1. Does a review of the minutes identify any unusual financial activity?
2. Do the minutes record the council carrying out an annual risk assessment?
3. Is insurance cover appropriate and adequate?
4. Are internal financial controls documented and regularly reviewed?

Budgetary Controls

1. Has the council prepared an annual budget in support of its precept?
2. Is actual expenditure against budget regularly reported to the council?
3. Are there any significant unexplained variances from budget?

Income Controls

1. Is the income properly recorded and promptly banked?
2. Does the precept recorded agree to the council tax authority's notification?
3. Are security controls over cash and near cash adequate and effective?

Petty Cash Procedures

1. Is all petty cash spent recorded and supported by VAT receipts/invoices?
2. Is petty cash expenditure reported to each council meeting?
3. Is petty cash reimbursement carried out regularly?

Payroll Controls

1. Do all employees have contracts of employment with clear terms and conditions?

2. Do salaries paid agree with those approved by the council?
3. Are other payments to employees reasonable and approved by the council?
4. Have PAYE/NIC been properly operated by the council as an employer?

Assets Controls

1. Does the council maintain a register of all material assets owned or in its care?
2. Are the assets and investment registers up to date?
3. Do asset insurance valuations agree with those in the asset register?

Bank Reconciliation

1. Is there a bank reconciliation for each account?
2. Is bank reconciliation carried out regularly and in a timely fashion?
3. Are there any unexplained balancing entries in any reconciliation?
4. Is the value of the investments held summarised on the reconciliation?

Year-end procedures

1. Are year-end accounts prepared on the correct accounting basis?
2. Do accounts agree with the cashbook?
3. Is there an audit trail from underlying financial records to the accounts?
4. Where appropriate have debtors and creditors been properly recorded?

Recommendations

1. Provide any comments or recommendations.