

## Financial Risk Assessment for Liss Parish Council

No.	Internal Control Tests	Findings
<b>1</b>	<b>Proper Bookkeeping</b>	
1.1	Is the cashbook maintained and up to date? Format used?	Computerised cashbook based on Spreadsheet with full analysis coding's for income and expenditure is maintained and is up to date.
1.2	Is the cashbook arithmetically correct?	The correctness of the cash book is proven by regular bank reconciliations.
1.3	Is the cashbook regularly balanced?	The cashbook balance is reconciled to each bank account monthly, and minuted at Council meetings. Quarterly review of budget to actual, with notes on any variances, is reported to the Council's Finance Committee.
<b>2a</b>	<b>Standing Orders and Financial Regulations</b>	
2.1	Has the Council formally adopted standing orders and financial regulations, & dates approved?	Standing Orders were updated and ratified by the full Parish Council on the 21 <sup>st</sup> October 2019. Financial Regulations were reviewed to address new (July 2019) NALC Model Regulations by delegated Committee in 2019/20. Approval by full Council pending.
2.2	Has an RFO been appointed with specific duties noted in both contract & Fin. Regs?	Yes an RFO has been appointed and the RFO and the specific duties and levels of responsibility are included within the Financial Regulations.
2.3	Have items or services above a de minimis amount been competitively purchased?	There is an emergency limit of £2,000 and the large contracts are subject to normal tendering arrangements.
<b>2b</b>	<b>Payments Controls</b>	
2.4	Are payments in the cashbook supported by invoices, authorised and minuted?	All expenditure is supported by proper vouchers, which are checked for accuracy (including VAT) and fully cross-referenced by voucher number to the cashbook. All cheques are signed by any two Councillors (from a total of four) who sign the payment requisitions and one officer. E Payments are used where appropriate to make payment and these are input by the RFO and invoices verified by the Parish Clerk where applicable and authorised by 2 councillors prior to payment. They are then signed off by the Clerk, and an Invoice Log is presented to each Parish Council meeting.
2.5	Has VAT on payments been identified, recorded and reclaimed? Frequency, & refunds into which A/c?	Proper VAT vouchers are retained, and VAT is reclaimed before year end as a minimum using the HMRC online facility.

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2.6	Is s137 expenditure separately recorded and within statutory limits?	Section 137 payments (when utilised) are coded separately in the cashbook, with details shown in Year-end accounts, & were within limits for previous year.
<b>3</b>	<b>Risk Management Arrangements</b>	
3.1	Internal auditor scans the minutes to identify any unusual financial activity, projects, event etc.?	The minutes of the various committees will recommend action regarding income and expenditure, and these will then be confirmed by the Full Council monthly unless the expenditure is within the committee's agreed budget.
3.2	Do the minutes record the Council carrying out any annual risk assessments? Play areas/BMX/Skateparks regularity of checks & documentation?	Facilities Committee notes reports of: the annual and quarterly inspection's which are conducted by The Play Inspection Company Ltd; weekly inspections on Play areas carried out by the Council's grounds staff and reported to the Parish Office; Annual reviews of Grounds equipment and tree inspections.
3.3	Is insurance cover appropriate and adequate? Policy nos. & broker/company? FG cover level correct?	Insurance cover is held with Zurich (policy no YYL272006-9713 on a standard Local Council policy basis. Policy until 06/06/2020 under LTE until 7.6.2021. Fidelity guarantee cover is held at £100,000. Public Liability cover is £10m.
3.4	Are internal financial controls documented and reviewed regularly?	This risk assessment was updated for 2019/20 for the Council's financial systems' internal controls and is done annually.
<b>4</b>	<b>Budgetary Controls</b>	
4.1	Has the Council prepared an annual budget in support of its precept? Council minute & date?	Annual budget is prepared each October/November and presented to the Finance Committee for consideration. It is then ratified at Full Council. For the 2020/21 financial year this was detailed at the 20 January 2020 Council meeting along with the precept (minute reference 12/20).
4.2	Is actual expenditure against the budget regularly reported to the Council & minuted?	The RFO formally presents a quarterly budget update summary (with detailed Income and Expenditure) to both Finance Committee and Full Council for perusal.
4.3	Are there any significant and unexplained variances on budget?	The RFO will detail and explain any major variances, with any suggestions for transfer between budget heads, to each quarterly meeting.
<b>5</b>	<b>Income Controls</b>	
5.1	Is income properly recorded and promptly banked? Yearly review of scale of fees?	Receipts are issued for all cash income and for all rental and allotment income when requested. Invoices for lettings are raised monthly. When invoices are paid the invoice is moved into the paid file, and any unpaid invoices are then chased for payment.

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		Income is cross-referenced by invoice number in the ledger. Other receipts come from grants, bank interest, allotment fees.
5.2	Does the precept recorded in the cashbook agree to the DC's notification?	The two precept receipts for April and October are noted in the cashbook and any documentation for the Council Tax Support grant held on file.
5.3	Are security controls over cash adequate and effective?	A lockable cash tin for petty cash is used. This tin is then kept within a locked cabinet in the Parish Office. The whole Parish Office is alarmed with passive, infrared sensors, which are linked to a security company for alarm call outs. In addition, there is CCTV coverage for the playing field and workshop areas.
<b>6</b>	<b>Petty Cash Procedures</b>	
6.1	Is all petty cash spent noted in book / sheets with pro forma &/or voucher to support, esp. those with VAT? Imprest basis used?	A separate petty cash account is recorded within the accounting system and sequentially numbered vouchers support all expenditure. The imprest level is set at £150.
6.2	Is petty cash reported to each Council meeting?	Petty cash expenditure is formally reported monthly to Full Council, in the RFO's report.
6.3	Is petty cash reimbursement carried out regularly?	A petty cash cheque is cashed when needed, to top up float.
<b>7</b>	<b>Payroll Controls</b>	
7.1	Do staff salaries/wages paid agree with those approved & minuted by the Council & what is review frequency?	A full review of both Grounds & Facilities and Office Staff has been completed and all staff are now on Local Government Pay Scales relevant to their positions. Annual review prior to budget setting process to be implemented.
7.2	Are other payments to the Clerk reasonable and approved by the Council?	There are few receipted expenses paid, mainly mileage for Clerk, RFO separately to the monthly salary payment.
7.3	Have PAYE/NIC/Pensions been properly operated by Council as an employer? Payment frequencies/method?	The RFO uses Sage payroll tools to calculate all salaries and wages including PAYE/NIC/Pension Contributions. The RFO prepare the monthly payroll run, signing the documentation. Payments then made by credit transfer from the Current Account direct to staff. PAYE/NIC/Pension Contributions paid by BACS to HMRC by cheque payment.
<b>8</b>	<b>Assets Controls</b>	
8.1	Does Council keep an asset register of all assets owned incl. Serial nos.? Annual physical check noted?	A full asset register is maintained showing location, cost, date bought, date disposed and insurance value. Serial nos. have now been added for all IT & office electrical items.

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8.2	Are the Asset/Investments registers up to date incl. disposals? Note all Investments held with a/c nos.	Asset register is maintained on a regular basis for purchases and disposals. Insurance updated at renewal unless large items require immediate cover.
8.3	Do asset insurance valuations agree with those in the asset register?	Insurance valuations are prepared on an individual equipment basis and grouped for inclusion within the statement of accounts each year. An annual inventory check of assets is now conducted & the register signed /dated by Clerk.
<b>9</b>	<b>Bank Reconciliation</b>	
9.1	Is there a Bank reconciliation for each account held?.	Yes – These are carried out by the RFO for each bank account held and amounts cross-checked by the Chairman of the Finance Committee.
9.2	Are Bank reconciliations conducted on receipt of statements & with what frequency?	Yes, monthly bank reconciliations of the accounts are prepared when the bank statements are received, or online statements produced.
9.3	Are there any unexplained balancing entries in any reconciliation?	No. Signed/dated, monthly reconciliations are held within the computer system, with an annual printout at year-end, which is also signed and dated.
<b>10</b>	<b>Year-end Procedures</b>	
10.1	Are Year-end, final accounts prepared on a Receipts and Payments or Income and Expenditure basis?	Income and expenditure basis.
10.2	Do the accounts agree with the cashbook codings?	Yes, the Final accounts can be fully agreed with the analysed cashbook and Trial Balance confirming balances held.
10.3	Is there an audit trail from underlying financial records to the accounts, for both receipts & payments?	A full trial balance is printed and agreed at year-end, grouping items for the statement of accounts. Audit trail information already detailed above, refer to 2.4 and 5.1.
10.4	Where appropriate, have debtors and creditors been properly recorded? Are year-end, General & Earmarked reserves held at reasonable levels?	Full summary analysis of debtors and creditors is prepared with the trial balance figures, with attached outstanding invoices held with Year-end documentation. General Reserves – Earmarked Reserves <i>(Audit note: The Parish Council should continue to use the executive checklist for its Year-end procedures to enhance its monitoring role and to confirm that all the internal control framework is fit for purpose. (Reference: NALC Governance and Accountability for Smaller Authorities in England)</i>

## **Financial Risk Assessment for Liss Parish Council**

11.	Review	
11.1	Is there an established process for the review of this document	Review of the Financial Risk Assessment is specified as an annual responsibility under the Terms of Reference for the Finance Committee which then makes recommendations for approval to full Council.

Prepared by Internal Auditor and Responsible Financial Officer, March 2020.

Approved by Council on 16<sup>th</sup> March 2020.