

Financial Risk Assessment for Liss Parish Council 2023

No.	Internal Control Tests	Findings
1	Proper Bookkeeping	
1.1	Is the cashbook maintained and up to date? Format used?	Rialtas Omega accounting software is used for cashbook entries. The correct coding is applied for income and expenditure 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.
2a	Standing Orders and Financial Regulations	
2.1	Has the Council formally adopted standing orders and financial regulations, & dates approved?	Standing Orders were updated and ratified by full Council on the 21 st October 2019. Financial Regulations were reviewed to address new (July 2019) NALC Model Regulations and were approved by Council on the 5 th May 2021. Both Standing Orders and Financial Regulations will be reviewed in 2023.
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.
2b	Payments Controls	
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. Electronic payments by bank transfer are generally used to make payment. The details are checked and authorised by two councillors who are members of the Finance Committee and one officer. These electronic payments are then checked and released by an officer (usually the Clerk). Any cheques are signed by any two Councillors who are members of the Finance Committee who sign the payment requisitions and one officer. The Assistant Clerk is in the process of being added to authorise payments in the case of officer absence.

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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 quarterly using the HMRC online facility.
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. No Section 137 payments were made in the financial year 2022/23.
3	Risk Management Arrangements	
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. Covid-19 risk assessments for Village Hall, Pavilion and Office staff.
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 7.6.2023. Fidelity guarantee cover is held at £100,000. Public Liability cover is £10m. The insurance cover is subject to constant review as and when required and is then reviewed and approved by Finance Committee and Council annually.
3.4	Are internal financial controls documented and reviewed regularly?	This financial risk assessment is updated annually.
4	Budgetary Controls	
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. This annual budget is then ratified at Full Council. For the 2023/24 financial year this was detailed at the 19 December 2022 Council meeting along with the precept (minute reference 304/22).
4.2	Is actual expenditure against the budget regularly reported to the Council, examined for consistency & minuted?	The RFO formally presents a quarterly budget update summary (with detailed Income and Expenditure) to both Finance Committee and Full Council for scrutiny.
4.3	Are there any significant and unexplained variances on	The RFO will detail and explain any major variances, with any suggestions for

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	budget?	transfer between budget heads, to each quarterly meeting.
5	Income Controls	
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. 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. Payment is encouraged primarily by bank transfer and cash receipt are minimal signage states that no cash is kept on the premises. 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.
6	Petty Cash Procedures	Petty cash is no longer used.
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?	/
6.2	Is petty cash reported to each Council meeting?	/
6.3	Is petty cash reimbursement carried out regularly?	/
7	Payroll Controls	
7.1	Do staff salaries/wages paid agree with those approved & minuted by the Council & what is review frequency?	All staff are 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 officers reasonable and approved by the Council?	There are few receipted expenses paid to officers separately to the monthly salary payment. These are subject to the payment authorisation process outlined at 2.4.

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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 bank transfer from the Current Account direct to staff. PAYE/NIC/Pension Contributions paid by BACS to HMRC by bank transfer.
8	Assets Controls	
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, the year of purchase and insurance value.
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 regularly as items are purchased and at renewal as at 3.3.
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.
9	Bank Reconciliation	
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 Chair 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.
10	Year-end Procedures	
10.1	Are Year-end, final accounts prepared on a Receipts and Payments or Income and Expenditure basis?	Receipts and payments basis.
10.2	Do the accounts agree with the cashbook codings?	The Final accounts are agreed by the Internal Auditor 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?	An income and expenditure report is agreed by Finance Committee and year end, at year-end, grouping items for the statement of accounts. Audit trail

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		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 and Earmarked Reserves are reviewed regularly by Finance Committee.
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

Revised by Responsible Financial Officer and Clerk, December 2020, & March 2021 and January 2023

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