

Risk Assessment of Financial System's internal Controls for NETHER WALLOP PARISH COUNCIL 2020-21

Prepared by the Responsible Financial Officer on 03 February 2021.

Internal Control Tests	Result	How this is proved
1 Proper Bookkeeping		
1.1 Is the cashbook maintained and up to date?	✓	Bank reconciliation is completed as of this date.
1.2 Is a reputable Accounting Package used?	✓	RBS - Alpha - Displayed on laptop and back ups saved to Cloud for 3rd Party review.
1.3 Is the cashbook regularly balanced	✓	Bank reconciliation provided for Councillor review at monthly meetings and upon request.
2a Standing Orders and Financial Regulations		
2.1 Has the Council formally adopted Standing Orders and Financial Regulations, & dates approved?	✓	11 May 2020 - MINUTE NO. 4891 and 4893.
2.2 Has an RFO been appointed with specific duties noted in both contract and Fin. Regs.?	✓	Yes, additional to Proper Officer responsibilities.
2.3 Have items or services above a de minimis amount been competitively purchased?	✓	Yes, as necessary
2b Payments Controls		
2.4 Are payments in the Cash book supported by invoices, authorised and minuted?	✓	These are authorised either by: 1 delegation of certain types of invoices to the RFO, or 2 by Council in payment schedules. All are minuted.
2.5 Has VAT on payment been checked, recorded and reclaimed? Frequency, & refunds into which A/c?	✓	All VAT calculations are checked automatically by the accounting package upon entry and recorded ready for the quarterly VAT return. All refunds are currently received into the UNITY TRUST current account.
2.6 Is S.137 expenditure separately recorded and within the limit?	✓	See cost code 4240 on the budget report.
3 Risk Management arrangements		
3.1 Does a scan of the minutes identify any unusual financial activity, projects, events etc.	✓	All events are agreed and minuted at Council meetings. Applications for grants are recorded in the minutes and cashbook.
3.2 Do the minutes record the Council carrying out any annual risk assessments? Play areas/skate ramps, regularity of checks & documentation?	✓	The clerk maintains a separate record of inspections and assessments which includes those made weekly by dedicated volunteers and the bi-annual play equipment safety check by a qualified inspector. Observations are acted up and drawn to Councillor's attention's as necessary.
3.3 Is insurance cover appropriate and adequate? Policy no.s and broker/company? FG cover level correct?	✓	Policy no. RGBDX6962034 with AXA via Came & Co. Public Liability & Employer liability cover = £10 million. F/G cover = £ 150k

3.4	Are internal financial controls documented and reviewed regularly?	✓	Regular checks by any councillors and signature by the chairman on bank reconciliation.
4	Budgetary Controls		
4.1	Has the Council prepared an annual budget in support of its precept? Council minute & Date?	✓	January 2021 minute 5392 + 5394 (budget was part of the agenda papers.)
4.2	Is actual expenditure against the budget regularly reported to the Council & minuted?	✓	Monthly on the budget report.
4.3	Have any significant budget variances been explained ?	✓	All variances are explained.
5	Income Controls		
5.1	Is income properly recorded and promptly banked?	✓	Income is now mainly by BACS transfer. Any cheques are banked promptly and noted in the paying in books.
5.2	Does the precept recorded in the cash book agree to the Borough Council's notification? Yearly review of scale of fees?	✓	Cash book precept equals the BC notification. All fees are reviewed on expiry of contract and before signature of a new contracts. This is also handled in the 11 May 2020 meeting. Minute no.s 4878-4886.
5.3	Are security controls over cash adequate and effective?	n/a	No Petty Cash is held.
6	Petty Cash Procedures		
6.1	Is all petty cash spent noted in book / sheets with proforma &/or voucher to support, esp. those with VAT?	n/a	No Petty Cash is held.
6.2	Is petty cash reported to each Council meeting?	n/a	N/A
6.3	Is petty cash reimbursement carried out regularly?	n/a	N/A
7	Payroll controls		
7.1	Do staff salaries / wages paid agree with those approved by the Council and what is the review frequency?	✓	Salary is as per national scale. Incremental increases are paid in accordance with contractual terms.
7.2	Are other expenses incurred by the Clerk reasonable and approved by the Council?	✓	Monthly approval, however a fixed amount is given per contract.
7.3	Have PAYE/NIC/Pensions been properly operated by Council as an employer? Payment frequencies/method?	✓	All PAYE & NIC are deducted monthly based on HMRC PAYE Basic tools calculations. Salary and amounts due to HMRC are paid monthly.
8	Assets controls		
8.1	Does Council keep an asset register of all assets owned including serial no.s? Annual physical check noted?	✓	Annual physical check is made before the annual meeting and insurance records are updated.
8.2	Are the Asset/Investment registers up to date including disposals? Note all investments held with A/C no.s.	✓	Asset registers are up to date. No investments are held. All reserves are in Unity Trust Bank
8.3	Do asset insurance valuations agree with those in the asset register?	✗	Some low value assets are not insured.
9	Bank reconciliation		
9.1	Is there a bank reconciliation for each account held? Note each A/C with bank/branch & account no.	✓	this year we closed Natwest - Sort code: 54-41-19 A/C: 78585007 Unity Trust Bank - Sort code: 60-83-01 A/C: 20410997

9.2	Are bank reconciliations conducted regularly & with what frequency.	✓	Bank reconciliations are conducted at a minimum once a month, but often more frequently throughout the month.
9.3	Have any balancing entries been explained?	✓	none have been necessary.
10	Year End procedures		
10.1	Are year-end final accounts prepared on a Receipts and Payments or Income and Expenditure basis?	n/a	Income & Expenditure basis.
10.2	Do the accounts agree with the cashbook codings?	✓	This is automatically provided by the accounting package.
10.3	Is there an audit trail from underlying financial records to the accounts for both receipts & payments?	✓	Via the cheque book stubs, and the electronic payment records. Natwest and Unity Trust Bank internet transfer records and the Paying in book.
10.4	Where appropriate, have debtors and creditors been properly recorded? Are the year-end general and earmarked reserves held at reasonable levels?	✓	Debtors and creditors are noted. Reserve levels are reasonable and it is suggested to move funds to EMR for future projects.

Signed G Foster



Proper Officer and RFO.

03-Feb-21