

Risk Assessment of Financial System's Internal Controls for KING'S SOMBORNE PARISH COUNCIL 2022-23

Prepared by the Responsible Financial Officer and verified by the Internal Auditor on 25 November 2022. Approved by Council 12/12/2022 minute ref: 22/164/FC

Internal Control Tests		Result	How this is proved
1	Proper Bookkeeping		
1.1	Is the cashbook maintained and up to date?	✓	Bank reconciliation displayed at date of visit.
1.2	Is a reputable Accounting Package used?	✓	RBS - Alpha - Displayed on laptop and back ups saved to Cloud for Auditor's 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?	✓	Standing Orders - May 2019 - Minutes: 70-76. To be reviewed in 2022/23. Financial Regulations - January 2021 - minutes: 545. To be reviewed in 2022/23.
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 by: 1: Delegation of invoices for authorised expenditure to the RFO, and ratified by Council in payment schedules 2: Emergency procedure to be used if RFO unavailable. 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 correct month VAT reclaim. The Returns have been changed from quarterly to monthly. All refunds are currently received into the Unity Trust current account.
2.6	Is S.137 expenditure separately recorded and within the limit?	✓	The Council has the Power of Competence, so s137 does not apply. However, the Council keeps a notional budget for the purpose of grants - cost code 100-4300 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?	✓	Client Ref. no. 1586776 with Hiscox via Gallagher. Public Liability & Employer liability cover = £10 million. Fidelity Guarantee cover = £ 150,000 Cover in place until 30th September 2023.
3.4	Are internal financial controls documented and reviewed regularly?	✓	Regular checks and signature by a councillor on bank reconciliation.
3.5	A business continuity plan has been produced to ensure that the Council can operate during unexpected or tragic circumstances.	✗	This is work in progress during 2022/23
4	Budgetary Controls		
4.1	Has the Council prepared an annual budget in support of its precept? Council minute & Date?	✓	2022/23 Budget and Precept agreed December 2021 minutes: 21/188/FC. 2023/24 Budget and Precept being discussed at December 2022 meeting.
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?	✓	Cemetery income is mainly via BACS transfer into the accounts, but 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?	✓	All fees are reviewed on expiry of contract and before signature of a new contracts. This is also handled in the May meeting. The Precept is received from TVBC in April and September each year.
5.3	Are security controls over cash adequate and effective?	n/a	No Cash is handled.
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 Cash is handled.
6.2	Is petty cash reported to each Council meeting?	n/a	No Cash is handled.
6.3	Is petty cash reimbursement carried out regularly?	n/a	No Cash is handled.
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
7.3	Have PAYE/NIC/Pensions been properly operated by Council as an employer? Payment frequencies/method?	✓	PAYE, NIC and Pension have been properly paid on a month by month basis.
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 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 the 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.	✓	Unity Trust Bank - Online - Sort code: 60-83-01 A/C: 20416917
9.2	Are bank reconciliations conducted regularly & with what frequency.	✓	Bank reconciliations are conducted monthly upon entering income and expenditure in the accounting system. Online banking, balances are reviewed after any payments are made.
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?	✓	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?	✓	Electronic payments mainly via BACS. Occasional cheque payments. 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 on the lower side of reasonable.

Signed T Light
Internal Auditor

Date: 25 November 2022

Signed E Manship
Proper Officer and RFO.

Date: 25 November 2022