

Draft Audit report & Risk Assessment of Financial systems' internal controls for Tichborne Parish Council.
Prepared by the Responsible Finance Officer on 05/10/2018.

No.	Internal Control Tests	Findings
1	Proper Bookkeeping	
1.1	Is the cashbook maintained and up to date? Format used?	The Cashbook is maintained on an Excel Spreadsheet and is to be prepared up to 31 st March 2019.
1.2	Is the cashbook arithmetically correct?	Cashbook is analysed into cost centre headings with full cross casting to confirm overall totals.
1.3	Is the cashbook regularly balanced?	The Clerk confirmed that the Cashbook is prepared at the end of each financial year when it is balanced by cross casting and confirmed by full bank reconciliation. Balances are reported to each Parish Council meeting.
2a	Standing Orders and Financial Regulations	
2.1	Has the Council formally adopted Standing orders and Financial regulations & dates approved?	Financial Regulations were last reviewed and adopted at the meeting of the 20 th May 2013 [minute 14/7]. Model Standing Orders have been reviewed and were adopted by the Parish Council at the meeting of the 22 nd July 2014 [minute 15/21] and further amended at the meeting of the 10 th March 2015 [minute 15/71] to allow meetings to be recorded.
2.2	Has an RFO been appointed with specific duties noted in both his contract & Financial regulations?	The Clerk is the RFO and the duties are detailed in the Financial Regulations revised in 2010. The Clerk has a formal contract of Employment and Statement of Particulars and these were signed on the 13 th March 2012.
2.3	Have items or services above a de minimis amount been competitively purchased?	At its meeting of the 23 rd June 2016 it was resolved that no de minimis level should be set for expenditure of items or services purchased by the Parish Council [minute 16/26(d)]. However, normal levels of competitive tendering still apply where three quotations will be required and this would be approved by the Full Council.
2.4	The General Data Protection Regulations (GDPR)	Following on from the GDPR coming into force the Parish Council publishes a privacy notice on its website and has undertaken a Data Audit to identify where all data is held and for how long.
2b	Payments Controls	
2.5	Are payments in the cashbook supported by invoices, authorised and minuted?	Proper invoices support all payments, which are cross referenced by cheque no. and then Financial Regulations cover various levels for tenders etc. A payment schedule is prepared each month by the Clerk/RFO and submitted to the Parish Council, where it is approved and minuted. Two councillors (from the total of

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		approved signatories) then sign cheques for payment.
2.6	Has VAT on payments been checked, recorded and reclaimed? Frequency & refunds into which A/c?	Proper VAT invoices are provided when relevant, with VAT checked and entered in separate coding column within Cashbook. VAT is reconciled monthly and recorded on a separate excel spreadsheet. A VAT claim was submitted on 10 th April 2018 to claim outstanding VAT since January 2017. This claim was for a total of £10.00. We await receipt of the payment.
2.7	Is Section 137 expenditure separately recorded & in limit?	A single Section 137 payment was recorded in the 2017-18 financial year to the St Andrew's Church PCC for an overall total of £250.00. The set limit for 2018-19, if applied, is Number of Parishioners at 31 st March 2018 (185) x Section 137 rate for 2018-19 (£7.86 per elector) = Total limit £1,454.10
3	Risk Management Arrangements	
3.1	Does a scan of the minutes identify any unusual financial activity, projects, events etc.?	Any financial aspects for special projects & events are discussed by Council, and minuted stating financial implications involved.
3.2	Do the minutes record the Council carrying out any annual risk assessments? Play areas/BMX/skateparks regularity of checks & documentation?	The Parish Council has few assets and even undertakes even fewer activities that require a risk assessment. A full review of the Council's insurance policy was undertaken at the meeting of the 28 th March 2017 [minute 17/69(d)]
3.3	Is insurance cover appropriate and adequate? Policy nos. & broker/company? FG Cover level correct?	Insurance is now held with Zurich Municipal Insurance Co Ltd policy number YLL-2720447473 dated 1 st June 2018 covering the standard local Council aspects, renewable each June. The level of fidelity guarantee cover held is now £25,000. Robust and economic cover is now applied for the Council.
3.4	Are internal financial controls documented and reviewed regularly?	A financial risk assessment for financial systems' internal controls was first prepared for 2013-14 as this document and it is continuing to be updated annually.
4	Budgetary Controls	
4.1	Has the Council prepared an annual budget in support of its precept? Council minute & date?	The Full Council prepare a budget based upon the Parish Council requirements each November. Full Council ratifies this in December and then Winchester City Council is notified of precept required each January. The process for 2018-19 was completed at the meeting of the 9 th January 2018 [minute 18/58(b) & (c)]
4.2	Is actual expenditure against the budget regularly reported to the Council & minuted?	Actual expenditure is monitored and reported by the clerk on a monthly basis. Appropriate action is taken by the Parish Council if required.
4.3	Are there any significant and unexplained variances on budget?	A process is in place to report significant variations whereby the Clerk will inform the Council of large variances. Any action required will be approved by

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		Full Council.
5	Income Controls	
5.1	Is income properly recorded and promptly banked?	Although limited, any income received is recorded, banked promptly by Clerk/RFO into Lloyds Bank Treasurers account 01868394 and the details are entered into cashbook to a relevant code.
5.2	Does the precept recorded in the cashbook agree to the DC's notification? Yearly review of scale of fees?	Precept received in April and September from Winchester City Council and paid direct into Lloyds Bank Treasurers Account 01868394 remittance advice received to confirm transfer amount.
5.3	Are security controls over cash adequate and effective?	Very infrequent cash received but banked immediately if received.
6	Payroll Controls	
6.1	Does the staff salaries/wages paid agree with those approved by the Council & what is review frequency?	The Clerk is currently paid on Local Council Scale SCP 20 (pro-rotta) as agreed and minuted by the Parish Council on 23 rd May 2017 [minute 18/5(d)]. The NJC pay scales used were those from 2016-18 where the rate of pay per hour was £10.10p from 1 st April 2017.
6.2	Are other expenses to the Clerk/staff reasonable and approved by the Council?	Casual user mileage @ 45p per mile is paid to the Clerk for travelling to meetings and training courses.
6.3	Have PAYE/NIC/ Pensions been properly operated by Council as an employer? Payment frequencies/method?	The Parish Council uses the services of a Payroll Bureau for calculating the monthly salary to the Parish Clerk and for ensuring that Income Tax and National Insurance is deducted and paid over to HMRC on a regular basis.
7	Assets Controls	
7.1	Does Council keep an asset register of all assets owned incl. serial nos.? Annual physical check noted?	The Clerk holds an asset register on computer, analysed into types and locations. The insurance value of the total assets (all risks) is £10,000
7.2	Are the Asset/Investments registers up to date, incl. disposals? Note all Investments held with a/c nos.	The Asset Register contains detailed descriptions of each item but does not show when the last physical check was carried out.
7.3	Do asset insurance valuations agree with those in the asset register?	The asset register valuation is currently confirmed with the Zurich Municipal Insurance Company to ensure that all items carry the correct valuation and this has been applied to the insurance policy.
8	Bank Reconciliation	
8.1	Is a bank reconciliation for each account held? Note each account with bank/branch & a/c no.	Yes. Treasurers Account 01868394 held at Lloyds Bank PLC.
8.2	Are Bank reconciliations conducted on receipt of	All accounts are reconciled to cashbook on a quarterly basis when the bank

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	statements & with what frequency?	statements received.
8.3	Are there any unexplained balancing entries in any reconciliation?	No, all bank interest/charges, direct debits and standing orders were entered in Cashbook as per bank statements.
9	Year-end Procedures	
9.1	Are Year-end, final accounts prepared on a Receipts and Payments or Income and Expenditure basis?	Receipts and Payments basis.
9.2	Do the accounts agree with the cashbook codings?	Yes: Final end of year accounts confirm that entries made in the cashbook are accurate and agree to all bank accounts held by the Parish Council.
9.3	Is there an audit trail from underlying financial records to the accounts, for both receipts & payments?	Full cross referencing of cheque payments using cheque numbers, and bankings using paying in slip numbers into the cashbook and coding analysis occurs.
9.4	Where appropriate, have debtors and creditors been properly recorded? Are the year-end, General and Earmarked reserves held at reasonable levels?	No debtors and creditors information shown for financial year 2017-18 as this is done on an receipts and payments accounts basis

Signed *Brendan Gibbs*

Date 5th October 2018

RFO Tichborne Parish Council.