**EWHURST PARISH COUNCIL: Financial Risk Assessment**

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| **No** | **Internal Control Tests** | **Findings** |
| 1 | Proper Book-keeping |  |
| 1.1 | Is the cashbook maintained and up to date? | Cashbook, run through Rialtas Business Systems, with full analysis codings for income and expenditure, is regularly maintained and up to date. |
| 1.2 | Is the cashbook arithmetically correct | Bank reconciliations are carried out each month and prove the correctness of the cashbook |
| 1.3 | Is the cashbook regularly balanced | The cashbook is reconciled to each bank account monthly and minuted at Parish Council meetings. Spend against budget is reviewed at each meeting. |
| 2a | Standing Orders and Financial Regulations |  |
| 2.1 | Has the Council formally adopted Standing Orders and Financial Regulations, and minuted the dates approved | Standing Orders and Financial Regulations are reviewed, updated if necessary, and approved at the Council’s Annual Meeting in May of each year. |
| 2.2 | Has an RFO been appointed with specific duties noted in both contract and Financial Regulations | Yes, an RFO has been appointed, with specific duties recorded in contract and in Financial Regulations. |
| 2.3 | Have items of services above the de minimum amount been competitively purchased | Larger contracts are subject to normal tendering arrangements. |
| 2b | Payment controls |  |
| 2.4 | Are payments supported by invoices, authorised and minuted | All expenditure is supported by vouchers, which are checked for accuracy by the RFO. All payments are authorised by the Chairman, Vice Chairman and Finance Committee member and presented to Council each month for ratification. Electronic payments are input by the Clerk and RFO. |
| 2.5 | Has VAT payments been identified, recorded and reclaimed | VAT vouchers are retained and VAT reclaimed on a quarterly basis, using the HMRC online facility. |
| 2.6 | Is S106 expenditure separately recorded and within statutory limits | S106 payments are coded separately in the cashbook. |
| 3. | Risk Management arrangements |  |
| 3.1 | Internal auditor scans minutes to identify any unusual financial, project or event activity | All unusual activity, whether financial or otherwise, is documented and described in Parish Council minutes and is available to the internal auditor |
| 3.2 | Do the minutes record annual risk assessments | Risk assessments are carried out on a regular basis and recorded. Annual playground risk assessments are conducted by the Play Inspection Company Ltd and are recorded. |
| 3.3 | Is Insurance cover appropriate and adequate | Insurance cover is held with Ecclesiastical and is reviewed on an annual basis. Cover is appropriate to the size of the Council. |
| 3.4 | Are internal financial controls documented and reviewed | They are reviewed on an annual basis |
| 4. | Budgetary controls |  |
| 4.1 | Has the Council prepared an annual budget in support of its precept | The annual budget is prepared in November of each year for discussion at the informal December council meeting and ratified at Full Council in January, before the precept request is sent to the Borough Council. |
| 4.2 | Is expenditure against budget regularly reported to the council and minuted | A report of expenditure against budget is presented to Full Council is presented each month and minuted. |
| 4.3 | Are there any significant and unexplained variances on budget | The RFO will explain any major variances, and recommend transfer between budget headings if appropriate |
| 5. | Income controls |  |
| 5.1 | Is income properly recorded and promptly banked  Yearly review of scale of fees | All income is recorded and promptly banked. Fees for allotments, cemetery and hall hire are reviewed annually. |
| 5.2 | Does the precept recorded in the cashbook agree to the Borough Council’s notification | The BC’s notification is held on file, the precept income noted in the cashbook. |
| 5.3 | Are security controls over cash adequate | The Parish Council holds no cash. |
| 6. | Petty Cash procedures |  |
| 6.1 | Is petty cash spend recorded and reported | The Parish Council holds no petty cash. All expenditure is reclaimed on production of production of receipts |
| 7. | Payroll controls |  |
| 7.1 | Do staff salaries agree with those approved by Council | Staff salaries are agreed and minuted. Currently the Council employs a Clerk. |
| 7.2 | Are other payments to the Clerk reasonable and approved by the Council | The Clerk’s expenses for items purchased for the Council are minuted and approved. |
| 7.3 | Has PAYE/NIC been properly operated by the Council as an employer | The Council uses HMRC payroll tools to operate PAYE/NIC, receives payslips itemising payments due and makes the appropriate payments to the Clerk and HMRC |
| 8 | Assets controls |  |
| 8.1 | Does the Council keep an asset register of all assets owned and their value | A full asset register is maintained showing location, cost, date bought, date disposed of. |
| 8.2 | Is the asset register up to date | It is reviewed on an annual basis |
| 8.3 | Do asset insurance valuations agree with those in the asset register | The register is compared with the insurance inventory on an annual basis |
| 9. | Bank reconciliation |  |
| 9.1 | Is there a bank reconciliation for each account held | Yes, carried out each month by the RFO |
| 9.2 | Are bank reconciliations conducted on receipt of statements | They are conducted on a monthly basis |
| 9.3 | Are there any unexplained balancing entries in any reconciliation | no |
| 10 | Year End Procedures |  |
| 10.1 | Are year end accounts produced on receipts and payments or income and expenditure basis | Income and expenditure basis |
| 10.2 | Do accounts agree with the cashbook codings | Yes, final accounts agree with the analysed cashbook and trial balance |
| 10.3 | Is there an audit trail from underlying and financial records to the accounts | A full trial balance is agreed at year end, together with the full list of codings. |
| 10.4 | Are debtors and creditors properly recorded. Are year end general and earmarked reserves held at reasonable levels | Full summary of debtors and creditors is prepared with the trial balance figures.  All reserves are documented and managed. |
| 11 | Review |  |
| 11. | Is there an established process for the review of this document | This financial risk assessment is reviewed on an annual basis, at the Annual Council Meeting. |