

Final Financial Risk Assessment for Chandlers Ford Parish Council 2023/24.

Prepared by Parish Clerk on 30 October 2023

No.	Internal Control Tests	Findings
1	Proper Bookkeeping	
1.1	Is the cashbook maintained and up to date? Format used?	Computerised cashbook based on Sage Instant Accounts with full analysis codings for income and expenditure is maintained and is up to date. Move to Scribe April 2023
1.2	Is the cashbook arithmetically correct?	A full Sage reconciliation is used and is accurate and up to date. Move to Scribe April 2023
1.3	Is the cashbook regularly balanced?	The cashbook balance is reconciled to each bank account monthly and used to inform the Parish Council. Quarterly review of budget to actual, with notes on any variances, is reported to Policy and Finance Committee.
2a	Standing Orders and Financial Regulations	
2.1	Has the Council formally adopted Standing Orders and Financial Regulations, and dates approved?	Standing Orders and Financial Regulations taken to the full Parish Council in January 2023 for ratification and readoption. Currently being reviewed again October 2023 in line with NALC model 2022.
2.2	Has an RFO been appointed with specific duties noted in both contract and Financial Regulations?	The Clerk is the RFO and the specific duties and levels of responsibility are included within the Financial Regulations. Replacement Deputy Finance Officer (DFO) appointed Sept 2023
2.3	Have items or services above a de minimis amount been competitively purchased?	Under Financial Regulation 4.5 the Clerk may authorise expenditure up to £750. There is an emergency limit of £500 for the Facilities Manager and the Contracts Officer to enable essential purchases and all large contracts are subject to normal tendering arrangements. The Financial Regulations 4.1 include updated levels for contract and tendering arrangements.
2b	Payments Controls	
2.4	Are payments in the cashbook supported by invoices, authorised and minuted?	All expenditure is supported by invoices, which are checked for accuracy (including VAT) and fully cross-referenced by cheque number to the cashbook. Any 2 Councillors, that are authorised signatories, are required by Financial Regulations (the RFO can also act as a cheque signatory) to sign each cheque. Each invoice and cheque has to be checked by the Member signing that the payee and amount tally. Each invoice for goods/services must be checked against the signed Purchase Order, usually signed by the Clerk, that the payee and amount is the same on both the cheque or BACS payment and PO (this does not apply for utilities). Each invoice and cheque stub (if applicable) should be initialled by the signatory as required by Financial Regulations and to form an audit trail for the Internal Auditors. Direct Debit notifications are initialled by the signatory to demonstrate that they have been duly authorised. Direct Debits are utilised for regular payments including utilities, telephone services, fuel card and software subscription (SAGE and Sportsbooker). A list of payments made is produced as part of the briefing note for the relevant committee/Parish Council meetings. N.B. As expenditure for goods/services is made on the issue of a Purchase Order, such purchases

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		are usually made after committee authorisation or under Financial Regulation 4.1. Relevant Committee's Chair and Clerk authorisation up to £2,500 or as a result of being a specific budget item.
2.5	Has VAT on payments been identified, recorded and reclaimed? Frequency, and refunds into which A/c?	Proper VAT vouchers are retained, and VAT is reclaimed quarterly using the analysed Sage printout for the HMRC online facility. Now being processed via Scribe.
2.6	Is S137 expenditure separately recorded and within statutory limits?	The Parish Council has the Power of Competence and therefore is not subject to requirements under S137 expenditure. Checked with Internal Auditor and Arnold Baker Local Council Administration 13 th Edition. General Power of Competency runs until first Annual Parish Meeting following parish election.
3	Risk Management Arrangements	
3.1	Does a scan of the Minutes 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 Parish Council monthly unless the expenditure is within the committee's budget.
3.2	Do the Minutes record the Council carrying out any annual risk assessments? Play areas/BMX/Skateparks regularity of checks & documentation?	All risk areas will be reviewed and recommendation will be made to adopt the revised Risk Assessment for 2023/2024 by the full Parish Council in January 2024. An annual inspection of play equipment is conducted by an independent RoSPA trained inspector. Weekly inspections on Play areas are carried out by Eastleigh Borough Council (under Contract) and an inspection report is completed. Annual reviews of Grounds equipment and tree inspections are performed. Facilities Manager keeps log sheets of findings, which are signed/dated to enhance internal control.
3.3	Is insurance cover appropriate and adequate? Policy nos. & broker/company? FG cover level correct?	Insurance cover is held with Zurich Municipal on a standard Local Council policy basis. Fidelity guarantee cover is held at £500,000. Public Liability cover is £12m.
3.4	Are internal financial controls documented and reviewed regularly?	This risk assessment was updated for 2022/23 for the Council's financial systems' internal controls and is done annually.
3.5	Budget requirements take into account the potential loss of income. A scheme of delegation has been introduced to ensure continuity of services.	The Clerk/RFO had produced a cashflow forecast (for the above meeting) adjusting the agreed budget and moving proposed capital expenditure sums to support operational/salaries costs. This demonstrated that adequate funds existed if facilities were closed for the year. Cashflow forecasts were updated throughout the year to inform Members of the council's financial position in setting the precept for 2023/24. The scheme of delegation was reviewed and the Clerk's authorisation for expenditure up to £750 was noted along with the authority of Clerk and Chairman to authorise up to £2.5k. Continuity of services was achieved by transferring capital expenditure sums across to revenue

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	A business continuity plan has been produced to ensure that the Council can operate during unexpected or tragic circumstances.	expenditure/staffing. As a large council (18 elected Members) and 5 committees (with Chairs and Vice Chairs) and 4 signatories, the Council had adequate resources to manage most situations (all of those foreseeable). Operating systems are cloud based which enables remote working.
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 and presented to the Finance Committee for consideration. It is then ratified at Full Council. For the 2022/23 financial year this was detailed at the 24 January 2022 Council meeting along with the precept.
4.2	Is actual expenditure against the budget regularly reported to the Council & minuted?	The Parish Clerk formally presents a quarterly budget update summary (with detailed Income and Expenditure) to both Finance Committee and Full Council for perusal.
4.3	Are there any significant and unexplained variances on budget?	The Parish Clerk will detail and explain any major variances, with any suggestions for 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. Invoices for lettings are raised monthly for both the Pavilion and room hire and sport pitch activities. 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. Clubs' lettings income is received for tennis, football and cricket. Other receipts come from grants, bank interest. Allotment Tariffs were reviewed by the Asset Management Committee on 6 December 2021 with increases applied across a two year period. Final rate increase applied October 2023. Fryern Pavilion hire charges and football pitch charges were reviewed December 2022, with the Sportshall charges reviewed November 2023. The Council use online (Stripe), BACS payments and PDQ card machines at Fryern Pavilion and Hiltingbury Sportshall.
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 is used. This tin is then kept within a locked fireproof, safe in the Parish Office. The Pavilion has security roller shutters covering all access points and that are fully secured at night. The front door has a further electrically controlled solenoid security bolt that operates out-of-hours.
6	Payroll Controls	
6.1	Do staff salaries/wages paid agree with those approved & minuted by the Council & what is review frequency?	J Humphries Associates invoice the Parish Council for processing the payroll services including the deductions for the NEST pension contributions. All staff paid on normal Local Council scales for Local Government. Also, Local Government Scale regulations cover all pay scales. The other staff being paid on an agreed hourly rate, which is confirmed by the Parish Council, in line with NALC payscales.

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		However, annual pay awards agreed under the national wage negotiations for Local Councils will continue to be paid (i.e. cost of living) where appropriate. These percentage increases are noted and confirmed in the full Parish Council Minutes.
6.2	Are other payments to the Clerk reasonable and approved by the Council?	There are few expenses paid, any overtime by Clerk is approved by Chair of Council in advance.
6.3	Have PAYE/NIC/Pensions been properly operated by Council as an employer? Payment frequencies/method?	The Parish Clerk will inform J Humphries Associates of variations to pay before any monthly payroll run. Payments then made by BACS from the Current Account direct to staff. PAYE/National Insurance Contributions will be paid by Direct Debit to HMRC.
7	Assets Controls	
7.1	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, date bought, date disposed and insurance value. Serial numbers have now been added for all IT and office electrical items. The external equipment was already detailed and is verified annually by Facilities Manager.
7.2	Are the Asset/Investments Registers up to date including disposals? Note all Investments held with a/c numbers.	Asset Register is maintained on a regular basis for purchases and disposals. Insurance updated at renewal unless large items require immediate cover.
7.3	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, and the Assets Register is signed and dated by Clerk.
8	Bank Reconciliation	
8.1	Is there a Bank reconciliation for each account held? Note each A/c with bank/branch & a/c no. If relevant, review Money Market transfers & documentation.	Barclays Community Account No 13282457 and Eastleigh Borough Council Temporary Investment Deposit Account. Unity Trust Instant Access Savings Accounts used for Reserves with a moving to Unity Trust for the current account. Reconciliations for all accounts take place monthly.
8.2	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.
8.3	Are there any unexplained balancing entries in any reconciliation?	Signed/dated, monthly reconciliations are held within the computer system, with an annual printout at year-end, which is also signed and dated.
9	Year-end Procedures	
9.1	Are Year-end, final accounts prepared on a Receipts and Payments or Income and Expenditure basis?	Income and expenditure basis.
9.2	Do the accounts agree with the cashbook codings?	Yes, the Final accounts can be fully agreed with the analysed cashbook and Trial Balance confirming balances held.
9.3	Is there an audit trail from underlying financial records to the accounts, for both receipts & payments?	A full trial balance is printed and agreed at year-end, grouping items for the statement of accounts.

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9.4	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 as at 31/3/2023. General Reserves £156,611 Earmarked Reserves 66,000 (Asset Improvement) £ 14,832 (Election)

Signed ___H Blaker_____ RFO

Date ___25 March 2024_____

Action Plan for Recommendations			
No.	Recommendations	Actioned by	Date
	No formal recommendations are made for the 2023/2024.		

Signed ___H Blaker_____

Date ___25 March 2024_____

RFO