

COPYTHORNE PARISH COUNCIL MEETING – TUESDAY JANUARY 9TH 2024

ITEM 12. To receive and approve the Council's Internal Risk Assessment for 2023/24

Our Financial Regulations state the following:-

1.2 The council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.

1.5 At least once a year, prior to approving the Annual Governance Statement, the council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.

2.4 The council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose.

2.5 The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices.

In June 2019, our Internal Auditor (Tim Light, FMAAT, of Lightatouch) produced a template for the Risk assessment of financial systems' internal controls for Copythorne Parish Council. The template has - as in the last few years - been used by me as the basis for the Council's Internal Risk Assessment for 2023/24 which is attached for approval.

Once approved, the document will be checked and confirmed by the Council's appointed Internal Auditor (Tim Light, FMAAT) as part of the Interim internal audit due to take place on January 12th 2024.

RECOMMENDATION

That Council formally approves the Risk Assessment of financial systems' internal controls for Copythorne Parish Council 2023/24 dated December 31st 2023.

DAVID RIGBY

Clerk & Responsible Financial Officer

December 31st 2023

Risk assessment of financial systems' internal controls for Copythorne Parish Council 2023/24
prepared by the Parish Clerk/RFO on December 31st 2023

No.	Internal Control Tests	Findings
1	Proper Bookkeeping	
1.1	Is the Cash Book maintained and up to date? Format used?	The Cash Book is maintained on an Excel Spreadsheet format and includes budget information incorporating all accounts held which is up to date and accurate. It is updated by the RFO at the end of every month.
1.2	Is the Cash Book arithmetically correct?	The Cash Book is analysed into Budget heading codes for both receipts and payments and these were arithmetically correct.
1.3	Is the Cash Book regularly balanced?	The Cash Book continues to be balanced monthly the by Parish Clerk/RFO and confirmed by full Bank Reconciliations. These are presented to and approved by Council on a monthly basis to confirm they are accurate, and that a monitoring role is undertaken.
2a	Standing Orders and Financial Regulations	
2.1	Has the Council formally adopted Standing Orders and Financial Regulations, & dates approved?	The Parish Clerk has reviewed the Financial Regulations used by the Parish Council and they follow the model Financial Regulations set out in August 2019 guidance produced by NALC. A minor change to Standing Orders was approved on May 16 th 2023. Both documents were re-adopted at the Parish Council Meeting on May 16 th 2023 (minute 96/23).
2.2	Has an RFO been appointed with specific duties noted in both contract & Fin./Regs?	The Parish Clerk is the Responsible Finance Officer (RFO) and the duties are detailed in both his Contract of Employment and Council Financial Regulations.
2.3	Have items or services above a de minimis amount been competitively purchased?	The Parish Clerk has a £500 power for emergency needs. Where possible the Parish Clerk will obtain three quotes from Suppliers/Contractors for items over £500 and below £5000. Where the value is below £500 the Parish Clerk will strive to obtain three value for money estimates. A £25,000 level applies for obtaining three tenders for project work as set out in the Financial Regulations.

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2b	Payments Controls	
2.4	Are payments in the Cash Book supported by invoices, authorised and minuted?	Proper invoices support all payments, and will be processed by either Electronic Payment, BACS payment or by cheque showing the processing details or cheque number and date paid. Monthly payment schedules are prepared by the Parish Clerk for approval at the Parish Council meeting. Once approved details are noted or appended to the minutes for the meeting and updated on the Parish Council website. Currently six of the seven Councillors are mandated to sign cheques and approve on-line payments.
2.5	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 VAT column in Cash Book. VAT Claims are submitted to HMRC twice yearly. The last reimbursement claim of £67.58 for the period January 1 st 2023 to March 31 st 2023 was submitted on December 19 th 2023. A claim of £854.12 for the period April 1 st 2023 to December 31 st 2023 is due to be submitted in early January 2024.
2.6	Is S.137 expenditure separately recorded & in limit?	A total of £500 of Section 137 payments were made in 2022/2023. So far in 2023/24 no payments have been made from an allocated budget of £500. The amount allowed per elector for 2023/24 is £9.93. (Circa £22k based on 2,225 electors)
3	Risk Management Arrangements	
3.1	Does a scan of the minutes identify any unusual financial activity, projects, events etc.?	No. All financial activities, projects, events, etc undertaken are those expected of a small Parish Council and are all reported within the minutes.
3.2	Do the Minutes record the Council carrying out any annual risk assessments? Play areas/BMX/skateparks regularity of checks & documentation?	Yes, the latest annual risk assessment for the Playground was conducted by Nick Adams (external RPII inspector) on September 29 th 2023 and was recorded in the Clerks Report to the October 10 th 2023 meeting (Minute 170/23).

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3.3	Is insurance cover appropriate and adequate? Policy nos. & broker/company? Fidelity Guarantee cover level correct?	Standard local council policy underwritten by Aviva Insurance Ltd (arranged by BHIB) policy number LCO02526 from June 9 th 2023 to June 8 th 2024. Employers and Public Liability both £10m and Fidelity Guarantee cover £150,000.
3.4	Are internal financial controls documented and reviewed regularly?	This initial risk assessment for financial systems' internal controls was prepared by the Internal Auditor in 2016/17 and is updated annually.
3.5	Have Risk Assessments and action plans been completed to ensure that the Business of Council is continued during the COVID-19 pandemic? Has a business continuity plan been produced to ensure that the Council can operate during unexpected or tragic circumstances?	Yes, regular reviews of a Risk Assessment in respect of holding Council meetings safely have taken place. No COVID restrictions are currently in place. A monthly licence for Zoom (virtual meeting software) is held to allow Parish Council Advisory Committee meetings to be held electronically. A Business Continuity Plan was drawn up by the Clerk and approved by all council members on March 24 th 2020. This plan was updated on April 2 nd 2020 to allow the use of Internet Banking for payments. The Business Continuity Plan (which includes a scheme of delegation) was reviewed and approved at the Council meeting on May 16 th 2022 (minute 95/23). A copy is on Council's website (in the Transparency section)
4	Governance	
4.1	Has the Parish Council taken steps to ensure the implementation of the General Data Protection Regulation (GDPR)	The Parish Council have taken steps to ensure that the implementation of GDPR has been embedded in the practice of the Parish Council. A transparency "drop down" tab is held on the website to clearly shown that the Parish Council are compliant with the requirements of the regulations. The Clerk/RFO and all councillors have dedicated individual e-mail addresses (xx@copythorne.org.uk)
4a	Budgetary Controls	

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4.2	Has the Council prepared an annual budget in support of its precept? Council Minute & date?	The Parish Clerk/RFO prepares the draft budget for the Parish Council each November/December which is ratified and minuted. New Forest District Council is then notified of precept requirements in January. The Council approved the 2023/24 budget of £25,779 on December 13 th 2022 (minute 211/22) and the precept of £25,779 at its meeting on January 10 th 2023 (Minute reference 17/23).
4.3	Is actual expenditure against the budget regularly reported to the Council & minuted?	The Parish Clerk/RFO provides Council with a quarterly report for information and appropriate action is taken by the Parish Council if required. Any action taken will be minuted by the Parish Council.
4.4	Are there any significant and unexplained variances on budget?	The Parish Clerk will report significant variations to the Parish Council. Any action required will be approved by the Parish Council.

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5	Income Controls	
5.1	Is income properly recorded and promptly banked?	Income sources received from Grants payments, Lengthsman scheme, VAT refunds and Precept payments. The Parish Clerk will bank any cheques received at Lloyds Bank to pay into the bank income received by the Parish Council. A receipt of the deposit slip is held by the Parish Clerk.
5.2	Does the precept recorded in the Cash Book agree to the DC's notification?	Yes. 2023/24 Precept received in April 2023 and September 2023 (in two equal instalments) and paid direct into Lloyds Current Account No 4xxxxx60.
5.3	Are security controls over cash adequate and effective?	Cash is rarely received but would be recorded and banked as soon as possible.
6	Payroll Controls	
6.1	Do staff salaries/wages paid agree with those approved by the Council & what is review frequency?	The payroll provision is outsourced to Easy Accountants where sufficient payroll information or documentation to ensure PAYE & National Insurance and Pension Contributions are calculated correctly and submitted to HMRC on a regular basis. The Parish Clerk has been employed by the Parish Council since 1 April 2019 and is employed for 15 hours per week. The Parish Clerk is currently paid pro rata on a set pay point of SCP 20.
6.2	Are other expenses to the Clerk/staff reasonable and approved by the Council?	Claims for car mileage is set at £0.45p per mile as per HMRC rates. Car mileage is paid to Parish Clerk when appropriate and administrative expenses are paid for Parish Council administration whilst working from home. Expenses are listed on payment schedules for approval at Council meetings.
6.3	Have PAYE/NIC/ Pensions been properly operated by Council as an employer? Payment frequencies/method?	Payment of PAYE and National Insurance Contributions are made on a monthly basis (when due). Currently, at his choice the Parish Clerk is not a member of a dedicated Pension Scheme.
7	Assets Controls	
7.1	Does Council keep an Asset Register of all assets owned incl. serial nos.? Annual physical check noted?	A list of the Assets for the Parish Council is recorded on an Excel Spreadsheet. This shows the location, serial number and date purchased should be added to

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		the assets register where appropriate. The insured value of assets is now recorded in a separate column to enable proper reconsideration during the annual Insurance cover, renewal process.
7.2	Are the Asset/Investments registers up to date, incl. disposals? Note all Investments held with a/c nos.	Yes, the Asset Register shows all the current asset items and was up to date as at December 31 st 2023.
7.3	Do asset insurance valuations agree with those in the asset register?	Yes.
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.	Yes, Lloyds Bank Current Account No 4xxxxx60 and Lloyds Bank Saving Account No 5xxxxx68.
8.2	Are Bank reconciliations carried out on receipt of statements & with what frequency?	All bank accounts are reconciled monthly. A member of the Council (on a rotational basis) will sign off the bank reconciliations on a monthly basis.
8.3	Are there any unexplained balancing entries in any reconciliation?	No, all entries were recorded correctly in the Cash Book.
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. The Cash Book is extracted and circulated quarterly to Parish Councillors as part of the budget reporting and published on the website to conform to the Transparency Code Regulations 2015.
9.2	Do the accounts agree with the Cash Book codings?	Yes, 2023/24 balances as at December 31 st 2023 confirm that entries made in the cash book 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?	Yes, the Parish Clerk is using a system where cross-referencing by cheque number or online payment number is used.
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/Creditors information shown for the financial year 2023/24, as accounts done on a receipt & payments basis. General Reserves (contingency) total £9767.53 and there are £24120.04 Earmarked Reserves as at December 31 st 2023 (all Reserves are held in the Lloyds Bank Savings Account detailed at 8.1).

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Signed

David Rigby, Clerk/RFO

Date.....

Signed

Tim Light, FMAAT, Internal Auditor

Date.....