

Audit report & Risk Assessment of Financial systems' internal controls for Crawley PC
prepared by the RFO and approved by internal auditor

No.	Internal Control Tests	Findings
1	Proper Bookkeeping	
1.1	Is the cashbook maintained and up to date? Format used?	Cashbook is maintained and up to date. An electronic cash book system is used and before the end of each year the councillor responsible for budget and finance checks the entries against his income/expenditure spreadsheet against invoices received.
1.2	Is the cashbook arithmetically correct?	All cashbooks are analysed into Budget head codes for both receipts/payments and these were arithmetically correct.
1.3	Is the cashbook regularly balanced?	All cashbooks are balanced Bi-monthly by Clerk/RFO and confirmed by full Bank reconciliations which form part of the minutes and are signed by the chair at the meeting.
2a	Standing Orders and Financial Regulations	
2.1	Has the Council formally adopted Standing orders and Financial regulations, & dates approved?	19 July 2022 – Review of governing documents (21/22-33) NALC's revised Model Standing Orders 2018 had been adopted by the Parish Council in May 2018 (ref 18/19 14) and no changes were proposed NALC's Model Financial Regulations were adopted in July 2016 and amended in July 2017. The process for online banking appears as an appendix.
2.2	Has an RFO been appointed with specific duties noted in both contract & Fin./Regs?	The clerk is the RFO and the duties are detailed in Financial Regulations. It is noted that although the Clerk has a formal contract these duties are not specified in detail in the contract.
2.3	Have items or services above a de minimis amount been competitively purchased?	Where the value of work is below £3,000 and above £100 the Parish Council should " <i>strive to obtain 3 estimates</i> ". In some circumstances, it is appropriate to utilise a known expert who has completed work for the Parish Council previously.
2b	Payments Controls	
2.4	Are payments in the cashbook supported by invoices, authorised and minuted?	Proper invoices support all payments, which are cross-referenced by payment voucher number. A bi-monthly receipt/payment schedule is prepared by Parish Clerk for Council. This is approved, and are appended to the Council Minutes as a spreadsheet. At the March 2019 meeting internet banking was approved (ref 18/19 85c) together with relevant procedures and this was implemented by April 2019.
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 the cash book. VAT currently is claimed once a year, and paid direct into the Co-op Current Account.
2.6	Is S.137 expenditure separately recorded & in limit?	S.137 payments are coded separately in the cashbook showing the cost coding within approved limits.
3	Risk Management Arrangements	
3.1	Does a scan of the minutes identify any unusual	No unusual financial activity, projects or events took place during 2021/22

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	financial activity, projects, events etc.?	
3.2	Do the minutes record the Council carrying out any annual risk assessments? Play areas/BMX/skateparks regularity of checks & documentation?	Play areas are annually checked by RPII inspector. Regular inspections are completed by the councillor in charge of play areas, burial ground, churchyard, war memorial, pond and cricket pavilion and any works required minuted as appropriate
3.3	Is insurance cover appropriate and adequate? Policy nos. & broker/company? FG cover level correct?	A Standard Local Council Insurance policy is held with Ecclesiastical Insurance, policy number L0119736 covering up to 27 September 2022.
3.4	Are internal financial controls documented and reviewed regularly?	This initial risk assessment for financial systems internal controls was prepared for 2013/14. This will be updated annually.
4	Budgetary Controls	
4.1	Has the Council prepared an annual budget in support of its precept? Council minute & date?	The councillor responsible for budget and finance prepares the draft budget for Council each November and this ratified and minuted in January. Winchester City Council is then notified of precept. The Council approved 2023/24 precept at its meeting on 16 January 2022 (ref 22/23 79d)
4.2	Is actual expenditure against the budget regularly reported to the Council & minuted?	Budget to actual comparisons are reviewed Bi monthly by the clerk and councillor responsible for finance and budget control. These are presented to each council meeting and attached as an annex to the minutes.
4.3	Are there any significant and unexplained variances on budget?	No, none for 2022/23
5	Income Controls	
5.1	Is income properly recorded and promptly banked?	Income sources received for hire of the Pavilion, for burial ground fees and charges, precept, and grants are recorded in the cash book and banked promptly.
5.2	Does the precept recorded in the cashbook agree to the DC's notification? Yearly review of scale of fees?	The Precept is received in April and September from Winchester City Council and paid direct into Co-op bank current account no 65334546
5.3	Are security controls over cash adequate and effective?	No cash is accepted or kept by the Parish Council
6	Payroll Controls	
6.1	Do staff salaries/wages paid agree with those approved by the Council & what is review frequency?	The Parish Clerk is employed and paid 5.5 hours per week, flexible. She is paid on the National Joint Council for Local Government Services Pay Scale point 22 (from April 2022)
6.2	Are other expenses to the Clerk/staff reasonable and approved by the Council?	The Parish Clerk receives a monthly accommodation allowance and a broadband allowance, paid monthly, and reviewed annually. This is a set fee to cover the use of her home as a workplace. Other expenses claimed are telephone, stationery and travel costs when needed. Items for reimbursement are submitted along with appropriate receipts/invoices. Claims are checked and authorised by the Parish Council for payment.
6.3	Have PAYE/NIC/ Pensions been properly operated by Council as an employer? Payment frequencies/method?	Monthly deductions are taken from the salary of the Parish Clerk for National Insurance and Income Tax and sent to HMRC on a monthly basis. A payroll provider, Diane Malley, calculates

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		relevant payments. The Parish Clerk is not in a pension scheme with the council.
7	Assets Controls	
7.1	Does Council keep an asset register of all assets owned incl. serial nos.? Annual physical check noted?	An Excel spreadsheet shows assets location, serial no., cost and date purchased, and the insured value. The Risk assessments in place cover any items owned by the council.
7.2	Are the Asset/Investments registers up to date, incl. disposals? Note all Investments held with a/c nos.	Yes, asset register was up to date and new assets added when purchased.
7.3	Do asset insurance valuations agree with those in the asset register?	The Asset register has two columns and will show the insured cost and the fixed cost of each item.
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, for all bank accounts held by the Parish Council: Co-Op Community Direct Plus account 65334546 00 Co-Op Business Select Instant Access Account 65334546 50
8.2	Are Bank reconciliations conducted on receipt of statements & with what frequency?	Yes, they are completed bi-monthly in preparation for the bi-monthly meeting
8.3	Are there any unexplained balancing entries in any reconciliation?	No
9	Year-end Procedures	
9.1	Are Year-end, final accounts prepared on a Receipts and Payments or Income and Expenditure basis?	Receipt and Payments basis.
9.2	Do the accounts agree with the cashbook codings?	Yes
9.3	Is there an audit trail from underlying financial records to the accounts, for both receipts & payments?	Yes, cross-referencing by payment voucher numbers, invoices & dates paid. Income cross-referenced receipt voucher numbers.
9.4	Where appropriate, have debtors and creditors been properly recorded? Are the year-end, General and Earmarked reserves held at reasonable levels?	Reserves held at year-end 2022/23 were satisfactory.

Reviewed with highlighted updates 18 September 2023 23/24 42

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Signed _____ Internal Auditor Date _____

Signed _____ *RFO* Date _____