

Final audit report & Risk Assessment of Financial systems internal controls for South Wonston Parish Council 2022/23
prepared by the Internal Auditor & RFO on 19/03/23.

| | Internal Control Tests | Findings |
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| 1 | Proper Bookkeeping | |
| 1.1 | Is the cashbook maintained and up to date? Format used? | All Cashbooks are maintained on RBS Omega software, Cashbook 8 Co-op Current Account, Cashbook 10 Lloyds Treasurers Account up to date and accurate. |
| 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 monthly by Clerk/RFO and confirmed by full Bank reconciliations. The Council Chairman signs and dates these reconciliations, usually following the Parish Council meeting, to confirm the Councillors monitoring role. The monthly reconciliation sums are minuted at each Parish Council. |
| 2a | Standing Orders and Financial Regulations | |
| 2.1 | Has the Council formally adopted Standing orders and Financial regulations, & dates approved? | Standing orders were reviewed May 2022, 22/027 Financial Regulations were reviewed May 2022, 22/027 |
| 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. |
| 2.3 | Have items or services above a de minimis amount been competitively purchased? | The Clerk has delegated power up to £500. For a value over £100 and up to £3000 the Clerk shall strive to obtain an estimate. For a value over £3000 and up to £60000 three quotations should be obtained. Formal tenders from three suppliers are then required for any projects undertaken over £60,000. |
| 2b | Payments Controls | |
| 2.4 | Are payments in the cashbook supported by invoices, authorised and minuted? | Invoices support all payments, which cross reference with the transaction schedule and approved at the Parish Council meeting. All payments are made electronically. Each invoice/remittance advice will be checked and signed by a minimum of one councillor and the Clerk and/or two Councillors from those mandated to sign. Cheque payments will continue to be used when appropriate, whereby the mandated signatories will sign cheques and initial cheque stubs. |
| 2.5 | Has VAT on payments been checked, recorded and reclaimed? Frequency, & refunds into which A/c? | VAT reclaims are made via the Rialtas finance software system as part of making tax digital. Repayments made direct into the Co-op Current Account. |

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| 2.6 | Is S.137 expenditure separately recorded & in limit? | S.137 payments are coded separately in cashbook 8 showing the cost coding within approved limits. The current number of parishioners on the electoral register for 2022/23 is 2165 and with a 0% increase in precept equates to a tax band D decreased to 84.23. Overall this equates to a (3.8%) decrease in council tax funding for South Wonston. |
| 2.7 | Credit Card | The Parish Council operates a Barclays Business Flex Card. Clerk requests purchase of spend items with the Chairman / Vice Chair beforehand and ensures each individual item is signed off and match with the statement. A separate section of the transaction report records each credit card purchase and totals to the statement which is approved at the council meeting. |
| 3 | Risk Management Arrangements | |
| 3.1 | Does a scan of the minutes identify any unusual financial activity, projects, events etc.? | All budgeted events and expenditure has been recorded in the minutes and transaction report. There is also risk assessments <i>Audit Note: As a reminder when projects and/or events are undertaken by the Parish Council these should be formally risk assessed to ensure that risks are minimised and the terms and conditions of the Parish Council Insurance cover remain valid. All risk assessment should be itemised and reported to the Parish Council. The risk assessments should be noted and minuted by Council.</i> |
| 3.2 | Do the minutes record the Council carrying out any annual risk assessments? Play areas/BMX/Skate Parks regularity of checks & documentation? | Play areas and the Skate Park are annually checked through the arrangements entered into with Winchester City Council. The last inspection was in Jan 2023 organised by WCC. Quarterly inspections have been agreed with AVA Recreation. Weekly inspections are done by the Handyman of the Play areas, Skate Park, Pavilion and outdoor gym equipment and bus shelters who will complete an inspection checklist. This is signed and dated to confirm the inspection details and any action required is recorded on a task schedule. <i>Audit Note: This will greatly assist with any litigation claims brought against the Parish Council.</i> |
| 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 Hiscox, Policy number 1891376. 1. Name of policyholder South Wonston Parish Council 2. Date of commencement of insurance policy 1st October 2022 3. Date of expiry of insurance policy 30th September 2023. Fidelity guarantee cover is set at £150,000 and the Public Liability Cover is £10m. |

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| 3.4 | Are internal financial controls documented and reviewed regularly? | This initial risk assessment for financial systems internal controls was prepared for 2015/16 and has been annually reviewed each March going forward. A Risk Management Schedule was approved and adopted in May 2017 and is next due to be reviewed in April 2023. |
| 4 | Budgetary Controls | |
| 4.1 | Has the Council prepared an annual budget in support of its precept? Council minute & date? | The Parish Clerk prepares the draft budget for Council in December; ratified and minuted in January. Winchester City Council was notified of the precept for the forth coming year by the end of January. The Council approved 2023/2024 precept at the January 2023 meeting, minute 23/109. Winchester City Council notified of the precept required on 18th January 2023. |
| 4.2 | Is actual expenditure against the budget regularly reported to the Council & minuted? | Budget to actual comparisons were reviewed for the half year to 30 th November 2022. Following this a Revised Budget was presented to the Parish Council at the same meeting in November 2022. This information was obtained by using the RBS Omega Management report to gather the information and then preparing a spreadsheet which was used to show the information into budget headings to review the committed and actual expenditure plus the likely outturn figures for the financial year. Further reporting to the Parish Council will be presented for the forecast outturn position at year end. The budget management report and spreadsheet is presented to Council. |
| 4.3 | Are there any significant and unexplained variances on budget? | None, as virements will be discussed and actions minuted at Parish Council meetings. |
| 5 | Income Controls | |
| 5.1 | Is income properly recorded and promptly banked? | Income sources received for hire of the Pavilion and sports pitches, precept, inclusion and grants are recorded and banked promptly. Monthly invoicing to hirers/clubs is in place with a good system for chasing bad debts. Banking is all paid into Lloyds Bank account, using a bank paying in book or paid electronically. Details of bookings are shown on a booking form and the on-line Hallmaster Booking System. Payment is requested immediately for all private hires. Reconciliation of the monthly statement and regular hirer invoices are issued promptly with a 14 day payment level. The electronic diary system has helped organise booking, raising invoices, chasing unpaid invoices and helps with the cash flow. |
| 5.2 | Does the precept recorded in the cashbook agree to | The Precept received in April and September from Winchester City Council is |

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| | the DC's notification? Yearly review of scale of fees? | paid direct into Co-op bank current account. |
| 5.3 | Are security controls over cash adequate and effective? | Cash is accepted and banked promptly and recorded on a paying in slip and cross referenced to Invoices |
| 6 | Payroll Controls | |
| 6.1 | Do staff salaries/wages paid agree with those approved by the Council & what is review frequency? | <p>The Parish Clerk has been employed since 23 November 2015 and is paid for 25 hours per week. She was employed on SCP31 but the scale points have since been reviewed NALC to SCP25 due to the living wage superseding the lower scales. She is currently paid on the National (Local Council) Pay Scale point LC2, point 28, with agreement to annually increase by 1 incremental point until SCP31 is reached again. Her salary will be reviewed annually in line with the NALC pay negotiations.</p> <p>The Parish also employs a Handyman for 10-15 hours per week and a part time Early Morning Caretaker for 16 hours per week. The Handyman and Caretaker wages are subject to local annual review by the Parish Council. The Handyman and Caretaker are paid on an hourly rate basis at the National Minimum Wage.</p> |
| 6.2 | Are other expenses to the Clerk/staff reasonable and approved by the Council? | Other expenses claimed are cleaning materials and travel costs when needed. An expenses claim form is used to record the items for reimbursement. It is signed, dated and submitted with appropriate receipts. The claim form is then 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 and from the wages of the Handyman and Early Morning Caretaker for National Insurance and Income Tax. This is sent to HMRC on a monthly basis. Approval was given to the Parish Council at their meeting on the 11 January 2016 (min ref 15/210) for the Parish Clerk to join the Local Government Pension Scheme. Monthly deductions are taken from her salary and sent to Hampshire County Council. |
| 7 | Assets Controls | |
| 7.1 | Council keeps an asset register of all assets owned and reviews the accuracy annually | An Excel spreadsheet shows assets location, cost and date purchased, and the insured value. Annual physical check of assets is conducted by the Handyman and Clerk. |
| 7.2 | Are the Asset/Investments registers up to date, incl. disposals? Note all Investments held with a/c nos. | Asset register is up to date and new assets added when purchased. In line with the new audit requirement this document is approved at the March 2023 Parish Council meeting. |

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| 7.3 | Do asset insurance valuations agree with those in the asset register? | Asset insurance valuations are checked each year with the asset register. The Asset register has two columns and will show the insured cost and the purchase cost of each item. This is checked with the insurance schedule and the insurance broker |
| 8 | Bank Reconciliation | |
| 8.1 | Is there Bank reconciliation for each account held? Note each A/c with bank/branch & a/c no. If relevant, review Money Market transfers & documentation. | Yes - there is reconciliation for each account. Co-op Bank Community Direct Plus Account, and Lloyds Treasurers Account. |
| 8.2 | Are Bank reconciliations conducted on receipt of statements & with what frequency? | Yes – Monthly bank reconciliations are carried out. These monthly reconciliations are on-going and reported to each meeting of the Parish Council. |
| 8.3 | Are there any unexplained balancing entries in any reconciliation? | No - and all Direct Debits were noted in cashbook. |
| 9 | Year-end Procedures | |
| 9.1 | Are Year-end, final accounts prepared on a Receipts and Payments or Income and Expenditure basis? | Income & Expenditure basis. |
| 9.2 | Do the accounts agree with the cashbook codings? | The use RBS Omega Final year-end accounts to confirm that entries made in cashbook are accurate and agree with the Bank accounts held. |
| 9.3 | Is there an audit trail from underlying financial records to the accounts, for both receipts & payments? | Both Income and Expenditure are all shown on a transaction report which is presented each month at the Parish Council meeting. Following the meeting the Chairman signs each invoice against the document and income showing on the bank statement is cross referenced with the invoice raised from the Hallmaster (online booking system) |
| 9.4 | Where appropriate, have debtors and creditors been properly recorded? Are the year-end, General and Earmarked reserves held at reasonable levels? | Debtors, creditors & accruals were accounted for in the Balance Sheet for 21/22 . Reserves held at year-end 2021/22 were satisfactory in line with the Reserves Policy which was last reviewed in December 2022. A project list is approved in April and posted on website. It is then regularly reviewed, updated during the year and allows projects to be developed and approved in line with Standing Orders and Financial Regulations. |

Signed Tim Light FMAAT _____

Date 19/03/2023 _____

Internal Auditor

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Signed _____ Rachael Jones _____ 

Date 20/3/2023 _____

Clerk/RFO

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Signed Tim Light FMAAT



Date 19/03/2023

Internal Auditor