

## **Financial Risk Assessment of Old Basing & Lychpit Parish Council for 2024/25**

**Prepared by Internal Auditor & Parish Clerk on 11<sup>th</sup> February 2025**

<b>No.</b>	<b>Internal Control Tests</b>	<b>Findings</b>
<b>1</b>	<b>Proper Bookkeeping</b>	
1.1	Is the cashbook maintained and up to date? Format used?	Computerised cashbook based on Sage 50 Accounts with full analysis codings for income and expenditure is maintained and is up to date.
1.2	Is the cashbook arithmetically correct?	A full Sage Trial Balance is exported into Excel and reconciled against Sage P&L exported and balanced monthly.
1.3	Is the cashbook regularly balanced?	The cashbook balance is reconciled to each bank account monthly, a full reconciliation of Sage compared to Bank Statements is performed and this is then signed off and minuted at Council meetings. Quarterly review of budget V's Actual expenditure is reported with notes on any variances to full Council.
<b>2a</b>	<b>Standing Orders and Financial Regulations</b>	
2.1	Has the Council formally adopted Standing Orders and Financial Regulations & dates approved?	The Standing Orders were reviewed and ratified by full Council at its meeting on 7 <sup>th</sup> May 2024 (Minute item 6.1). The Financial Regulations were reviewed and agreed by the Finance & Resources Committee at its meeting on 30 <sup>th</sup> July 2024 (Minute Item 11.1) and ratified by full Council at its meeting on 6 <sup>th</sup> August 2024 (Minute item 13.2).
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.
2.3	Have items or services above a de minimis amount been competitively purchased?	There is an emergency limit of £500 and larger contracts are subject to normal tendering arrangements.
<b>2b</b>	<b>Payments Controls</b>	
2.4	Are payments in the cash book supported by invoices, authorised and minutes?	All expenditure is supported by proper vouchers, checked for accuracy (including VAT) and cross-referenced by cheque number to the cashbook. All cheques (when issued) are signed by 2 Councillors who initial the cheque stubs. CIL/S106 expenditure is explicitly pre-approved at full council meetings. E-payments (bank transfers) are the preferred method of payment, and these are inputted by the Clerk and authorised by 2 Councillors prior to payment.

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		They are recorded on the Invoice Log which is presented to each full Council meeting and signed by the Clerk, Chair and Vice-Chair. To avoid use of personal cards a Council debit card is held by the Clerk with an agreed maximum spend at any one time of £1k.
2.5	Has VAT on payments been identified, recorded and claimed. Frequency and refunds into which A/c?	Quarterly VAT returns are checked and retained with VAT being reclaimed using the analysed Sage printout for the HMRC on-line facility. VAT accounts are reconciled in Sage quarterly to Trial Balance.
2.6	Is S137 expenditure separately recorded and within statutory limits?	S 137 payments (when utilised) are coded separately in the cashbook with details shown in year-end accounts. Payments were within limits for previous year.
<b>3</b>	<b>Risk Management Arrangements</b>	
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 full Council monthly unless the expenditure is within the committee's agreed budget. CIL/S106 expenditure is approved at Finance & Resources Committee or Full Parish Council meetings.
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 were reviewed and adopted by full Council at its meeting on 4 <sup>th</sup> March 2025 (Minute item 11.3). From April 2022 grounds maintenance was contracted out to Larkstel Ltd who carry out tree inspections, monthly MUGA and weekly play equipment inspections. An Annual Audit Contract (comprising quarterly inspections) with the Play Inspection Company is also in place and risks identified reviewed and dealt with as necessary. A Legionella Audit was carried out in August 2022 covering all Parish Council-owned/managed property (including the allotments). The Administration Officer carries out monthly legionella tests at the Pavilion and Lychpit Community Hall. Quarterly legionella tests & cleaning is carried out by Thames Valley Water Services.
3.3	Is insurance cover appropriate and adequate? Policy numbers & broker/company?	Insurance cover is arranged through Gallaghers and is held with Hiscox Insurance Co Ltd (Policy No. 8307882).

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	FG cover level correct?	Employee Dishonesty cover is held at £312,000; Public Liability cover is £10m. Cyber cover is with OSR (Policy No. 5315189). Following contracting-out grounds' maintenance, the tractor and other vehicles were sold to Larkstel Ltd and the Council's insurance of these vehicles cancelled. Cover is now the responsibility of Larkstel Ltd.
3.4	Are internal financial controls documented and reviewed regularly?	This Financial Risk Assessment was updated for the Council's financial systems' internal controls in 2024/25 and this is done annually.
<b>4</b>	<b>Budgetary Controls</b>	
4.1	Has the Council prepared an annual budget in support of its precept? Council Minute & date?	Annual budget is prepared each October/November and presented to Finance & Resources Committee for consideration. It is then ratified by full Council. The budget and precept for 2025/26 were agreed by the F&R Committee on 15 <sup>th</sup> October 2024 and ratified by full Council at its meeting on 7 <sup>th</sup> January 2025 (Minute Items 8.1 & 7.2). The precept was agreed at the full Council's meeting on 5 <sup>th</sup> November 2024 (Minute Item 6.4). The precept request totalling £265,071 was forwarded to the Borough Council on 29 <sup>th</sup> January 2025.
4.2	Is actual expenditure against the budget regularly reported to the Council & minuted?	The Finance Officer formally presents a quarterly budget update summary (with detailed income and expenditure) to both Finance & Resources Committee and full Council.
4.3	Are there any significant and unexplained variances on budget?	The Finance Officer will detail and explain to each quarterly meeting any major variances with any suggestions for transfer between budget heads.
<b>5</b>	<b>Income Controls</b>	
5.1	Is income properly recorded and promptly banked? Yearly review of scale of fees?	Receipts are issued for cash and allotment income (if requested) on a Council compliment slip. "EDGE" software is used to manage facilities hire and the allotment & cemetery. Invoices are produced and stored electronically and checked against bank statements. Ground Rent for each clubhouse is received from the tennis, cricket, bowls & archery clubs.

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		<p>Grounds Maintenance Charges in accordance with the Larkstel contract are paid by all except the tennis club (following the hand-over of court management to the club).</p> <p>Other receipts are from football, grants, bank interest, burial &amp; allotment fees and water charges for the Beddington Centre.</p> <p>Tariffs are reviewed annually as part of the budget-setting process and new charges implemented from 1 April (September for existing allotment holders).</p> <p>Cheques are paid into the Lloyds Account via the mobile banking app and invoices receipted in the usual way and checked against receipts on the bank statement.</p> <p>Payments for Lychpit Hall bookings are paid directly into the Barclays Community Account and deposit refunds from this account managed by the Assistant Clerk and signed off by the Clerk and 2 Councillors.</p> <p>All income received is entered into the appropriate bank account in Sage.</p>
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 correctly in the cashbook in Sage.
5.3	Are security controls over cash adequate and effective?	<p>A lockable cash tin for petty cash is used.</p> <p>The Pavilion offices are alarmed with passive infrared sensors linked to a security company for alarm callouts with CCTV coverage of the pavilion and workshop.</p>
<b>6</b>	<b>Petty Cash Procedures</b>	
6.1	Is all petty cash spent noted in book / sheets with proforma and/or voucher to support, especially those with VAT? Imprest basis used?	<p>A separate bank account (petty cash account) is used in Sage, all income and expenditure is recorded with receipts.</p> <p>There is no set imprest level but on average expenditure is less than £30 per month.</p>

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6.2	Is petty cash reported to each Council meeting?	Petty cash expenditure is formally reported monthly to full Council on the monthly Invoice Log (see 2.4).
6.3	Is petty cash reimbursement carried out regularly?	A petty cash cheque is cashed when needed to top up float (signed by two Councillors).
<b>7</b>	<b>Payroll Controls</b>	
7.1	Do staff salaries/wages paid agree with those approved & minuted by the Council & what is review frequency?	Office staff are on Local Government Pay Scales relevant to their positions. Litter Wardens are paid in accordance with the National Living Wage. Annual pay rises are signed off by full council. 2025 pay rises are being signed off at Full Council meeting on the 4 <sup>th</sup> March 2025.
7.2	Are other payments to the Clerk reasonable and approved by the Council?	There are few expenses paid, mainly mileage for the Parish Office staff, which are paid within monthly salary.
7.3	Have PAYE/NIC/Pensions been properly operated by Council as an employer? Payment frequencies/method?	The Staffology Payroll (cloud-based) system is used to calculate all salaries and wages including PAYE/NIC/Pension contributions. The Clerk prepares the monthly payroll run, which is then checked and signed off by the Finance Officer, Clerk and Chairman before payment is made. Payments are then made by credit transfer from the Lloyds E-payments account direct to staff. Monthly PAYE/NIC are paid by BACS to HMRC and monthly pension contributions paid to HCC LGPS, both from E-payments account.
<b>8</b>	<b>Assets Controls</b>	
8.1	Does Council keep an asset register of all assets owned including serial numbers? Annual physical check noted?	A full asset register is maintained showing location, cost, date purchased, photographs of main items of grounds maintenance equipment, date disposed of and insurance value. Serial numbers for all IT and office electrical items have now been added. The external equipment was already detailed and verified by the then Facilities Manager. This equipment is now the responsibility of Larkstel Ltd. (see 3.3).
8.2	Are the Asset/Investments registers up to date including disposals?	Asset Register is maintained on a regular basis for purchases and disposals. Insurance is updated at renewal unless large items require immediate cover.

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	Note all investments held with account numbers.	The council only has funds in bank accounts.
8.3	Do asset insurance valuations agree with those in the asset register?	Insurance valuations are prepared on an individual equipment basis and grouped into categories. The <u>purchase cost</u> of the equipment is included within the statement of accounts – and the AGAR - each year. An annual inventory check of assets is now conducted and the register signed/dated by the Clerk.
<b>9</b>	<b>Bank Reconciliation</b>	
9.1	Is there a bank reconciliation for each account held? Note each account with bank/branch and account no. If relevant, review Money Market transfers & documentation.	Yes for the Lloyds Current A/c (3079158), E-payments A/c (34763068), Business 30 Day A/c (07944228), Barclays Community A/c (63362728) and Unity Bank on 21/06/2023 – Account No. 20477493. Lloyds Term Deposit Account on 09/10/24 – Maturing on 10/04/25 – Account No. 03079158 - £102,835.80. Barclays Treasury Fixed Term Account on 20/11/2024 – Maturing on 20/11/2025 – Deal No. 76224200 - £100,000. The following new account was opened in 2024/25: Newbury Building Society – Account No. 7200091401.
9.2	Are bank reconciliations conducted on receipt of statements and with what frequency?	Yes, monthly bank reconciliations of the accounts are prepared when the bank statements are received or on-line statements produced.
9.3	Are there any unexplained balancing entries in any reconciliation?	There are no unexplained balancing entries. Signed/dated monthly reconciliations are held within the computer system with an annual print-out at year-end which is also signed and dated.
<b>10</b>	<b>Year-end Procedures</b>	
10.1	Are year-end final accounts prepared on a Receipts & Payments or Income & Expenditure basis?	Income & Expenditure basis since 1996.
10.2	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.
10.3	Is there an audit trail from underlying financial records to the accounts for both receipts & payments?	Trial Balance is used to prepare the quarterly accounts that are signed off by full Parish Council. A full trial balance is printed and agreed at year-end, grouping items for the statement of accounts.

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		Audit trail information is already detailed above – refer to 2.4 and 5.1.
10.4	Where appropriate, have debtors and creditors been properly recorded? Are year-end general and 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. General reserves – Earmarked Reserves. The “EDGE” software produces an “Unpaid Income” report thereby reducing the risk of bad debts or outstanding invoices.

Signed: .....**P REYNOLDS FMAAT...** Internal Auditor

Date: 4<sup>th</sup> March 2025



Signed: ..... RFO

Date: 4<sup>th</sup> March 2025

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Action Plan for Recommendations			
No.	Recommendations	Actioned by	Date
	All minor queries were resolved during the date visited and as no major queries were raised there are no formal recommendations for 2024/25.		

Signed: ..... **P REYNOLDS FMAAT**.... Internal Auditor

Date: 4<sup>th</sup> March 2025



Signed: ..... RFO

Date: 4<sup>th</sup> March 2025