

RISK ASSESSMENT FINANCIAL MANAGEMENT TO ENSURE NO POTENTIAL NON-COMPLIANCE WITH LAWS REGULATIONS AND CODES OF PRACTICE

Coldwaltham Parish Council

1. Internal Audit

The Internal Auditor to visit annually in order to ensure that the various accounting procedures are being adhered to. Following the visit the Responsible Financial Officer must advise the Council of the outcome.

- a) Ensure the cashbook is written up to date. Look at chequebook to see the number of the last drawn cheque, and that there are no pre-signed blank cheques.
- b) Ensure that the cashbook is totaled and balanced periodically during the year. Test arithmetic. Check monthly balancing to coincide with bank statements.
- c) Inspect reconciliation and test arithmetic. Check whether all unrepresented cheques are cleared from the previous reconciliation

Reason: To reduce risk of embezzlement, fraud etc.

2. Standing Orders and Financial Regulations

To review Standing Orders and Financial Regulations regularly, in order to ensure that they remain relevant to the work of the Council.

Reason: To ensure still relevant and sufficient safeguards in place.

3. Expenditure and Payments

The Clerk. Following resolution of the council should authorize supply of goods and services and competitive prices to be sought in accordance with the Financial Regulations.

Before payments of invoices are made the arithmetic should be checked and all invoices should be properly addressed to the Parish Council.

Two councilors must sign all cheques and they must sign the accompanying invoice. (The bank currently requires: The Chairman, Clerk and one other councilor to sign cheques as per their Bank Mandate.)

The Clerk can authorize payments to suppliers up to £50 without prior approval from full Council and, after verbal agreement from at least 3 Councilors, up to £250 in the case of emergency or where there is a danger to public safety. All other cheques need prior council approval.

Expenditure under “Local Government Act 1972. S 137” must be recorded in a separate column in the cashbook and the use of this power should be recorded in the minutes.

The Parish Council does not hold any petty cash. Wherever possible, stationery to be purchased with receipts and the clerk reimbursed accordingly.

Reason: To ensure public money not being misused.

4. Insurance

Ensure that all purchases of new equipment are referred to the insurers in order to get cover for these.

The Council or the relevant committee shall review insurance annually to ensure that the sums insured are index-linked where appropriate and adequate, especially Public Liability.

Certificates of Insurance to be kept for 40 years.

Reason: In case Public Liability claims come in and to comply with the law.

5. Budget Procedures

Ensure adoption of a budget each year in order that the Council may set its Precept and this should be properly minuted.

Quarterly to monitor the expenditure against budget by Council.

Any items of expenditure not within the original budget should be referred to the Council for approval.

Reason: To ensure sufficient budgetary controls.

6. Income

Review charges annually. Ensure that all charges are made for services provided. Cash and cheques received should be given a written receipt and placed in a safe place and banked as soon as possible. When ever possible a copy of each cheque received kept on file. The reason for this is to ensure that all monies are properly banked. These payments should be entered into the receipts and payments book and monthly checked with the bank statement. All cash on the premises should be adequately secured.

Reason: To ensure money is not stolen.

7. Salaries and Wages

All payments of employees' salaries should be authorized during the Budget process and all necessary P.A.Y.E. and N.I.C., deductions taken and conveyed to the Inland Revenue, including the annual return. No payment to staff should be made without the deduction of tax, without the agreement of the Inland Revenue.

Reason: Otherwise the Council could be liable for payment of such tax not deducted.

8. Asset Register

The register should be written up at least annually with details of acquisitions and disposals.

Reason: To ensure the Council is fully aware of their financial position.

9. Annual Statement

Year-End accounts to be prepared annually for audit.

Reason: To comply with law.

10. V.A.T.

All incoming invoices should be checked to ensure that the correct V.A.T. has been charged. V.A.T. claims for repayment should be made annually. Currently under the threshold, HMCE own rules allow for small claimants to claim annually.

Reason: To ensure monies due to the Council are reclaimed regularly.