WASHINGTON PARISH COUNCIL

**Financial Risk Assessment May 2024**

***To ensure no potential non-compliance with laws, regulations and codes of practice.***

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| **Topic / Area** | **Risk Details** | **Control Measures** | **Comments** |
| **Internal Audit** | To reduce the risk of embezzlement, fraud etc. | The Internal Auditor currently visits annually to review the various accounting procedures including:   * Agreeing the reconciliation of the cash book balance with the bank account and ensuring that the accounts are reconciled regularly. * Checking the validity of payments * Testing a sample of credits received for validity and proper processing, * Checking vat payments and claims * Agreeing employers’ returns to HMRC * Checking for adequate insurance and risk management * Reviewing the compilation of the budget and determination of precept. * Checking the Asset Register * Reviewing and agreeing entries in section 1 of the council’s annual audit return * A nominated Councillor will carry out internal control tests on a quarterly basis |  |
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| **External Audit** | To comply with the law.  To account for public funds. | * Completion of end of year audit return * Completing end of year financial processes and balancing accounts. * Presenting end of year summary to the Parish Council for review * Publishing end of year summary. |  |
| **Payments and Receipts** | To reduce the risk of embezzlement, fraud etc.  To account for public funds. | * All payments presented to the council for approval at the Parish Council meeting and expenditure amount recorded in minutes * Cheques, stubs and invoices to be signed by 2 councillors * Bank Reconciliations presented at Parish Council meeting monthly and statement and reconciliation signed by two councillors * S137 / Grant expenditure to be recorded separately |  |
| **Standing Orders and Financial Regulations** | To ensure compliance with the law  To ensure still relevant and sufficient safeguards in place. | * Standing orders and Financial Regulations presented to the council for review annually. * Amendments made as and when law changes. |  |
| **Insurance & Risk Management** | To protect public funds  To protect assets  Compliance with the law | * Asset register kept up to date with any items purchase / disposed of to ensure sufficient cover * Regular review of insurance cover by Parish Council * Statutory cover in place ie. Public liability, Employers liability * Annual risk assessments financial and non-financial completed and reviewed by Parish Council and Internal Auditor |  |

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| **Budget Procedures** | To ensure sufficient budgetary controls | * Budget adopted by Full Council each year in order that the precept may be set. * Regular reviews of budget and performance against budget at Committee and Full Council meetings. * Any revised budgets recorded correctly. |  |
| **Salaries** | To ensure compliance with the law  To ensure necessary NI and PAYE contributions are paid | * Staff salaries reviewed in line with budgeting process and agreed by Full Council. * HMRC Basic Paye tools used to calculate correct NI and PAYE payments. * Yearend employers’ returns completed in line with HMRC deadlines * Salary cheques signed by 2 Councillors * Expenses payments approved at monthly full council meetings and cheques signed by two councillors * Clerks salary approved by full council |  |

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| **Topic Area** | **Risk Details** | **Control Measures** | **Comments** |
| **VAT** | To ensure compliance with HMRC rules  To ensure correct amounts are reclaimed | * All invoices for payment checked for correct level of VAT * All VAT elements recorded separately on electronic finance system * VAT returns completed at least annually and checked   by Internal Auditor. |  |

Adopted: **May 2015**

Last Reviewed and Agreed: **May 2024Minutes Reference: APCM/26/12**

Next Review: **May 2025**