

PUTLEY PARISH COUNCIL - FINANCIALS

Risk Assessment, Procedure, and Controls

The purpose of this document is three-fold:

1. To assess the risks of abuse of Public funds through the mismanagement of the funds held and managed by PPC on behalf of the Parish
2. To define the procedure in place to manage the funds and reconcile against the monthly bank statement
3. To define the controls in place to mitigate the risks and ensure the Annual Accounts can be audited without issues

This document will be signed and dated by the Chairman, the RFO, and the FM.

At each Annual PPC meeting, this document will be reviewed by the Council. If any changes need to take place for the following year, the document will be updated and signed and dated again by the Chairman, the RFO and the FM. The footer of this document should also be updated as a version and date control.

1) Risks

The following risks have been identified:

- i. Unauthorised payments by cheque, direct debit, standing order, bank transfer, cash withdrawal or any other means of access to the funds
- ii. Unauthorised amendments to cheques
- iii. Mistaken acceptance of unauthorised cheques or amended cheques by the Bank
- iv. Unpresented receipts, especially of cash receipts
- v. In cases where a reasonably sizeable cost of a piece of work/maintenance/development is to be funded out of Parish funds, risk of lack of value by inviting a single tender.

2) Procedure

The following procedure is currently in place for keeping the accounts or cash book, and ensuring value for money when inviting tenders for projects:

- a) A computer-based spreadsheet is in operation in place of a paper-based cash book.
- b) The Responsible Financial Officer (RFO) for the Council (currently the Clerk) enters bank transactions throughout the month, including payments by cheque or direct debit, and receipts.
- c) The bank sends the bank statement to the Financial Monitor (FM - currently a Parish Councillor) at the end of the month.
- d) The FM reviews the statement, looking for unexpected payments and receipts compared with the approved transactions listed in the Minutes for previous Putley Parish Council (PPC) meetings. Any discrepancies are discussed with the RFO, and if unresolved are presented at the next PPC meeting.
- e) Assuming no discrepancies, the RFO reconciles the transactions on the spreadsheet to the transactions on the bank statement, and applies the closing balance on the bank statement to the spreadsheet, which calculates and highlights any closing balance discrepancies.
- f) There will usually be some transactions left on the spreadsheet, which have not yet been reconciled against the bank statement. These will be payments which have not yet been presented to the Bank, and/or receipts which have either not yet been presented at the Bank or have missed the statement cut-off date. These transactions will not be included in the calculation of any reconciliation against the bank statement.
- g) Once the RFO has updated the spreadsheet and completed reconciliation against the bank statement, the spreadsheet will be issued by e-mail to all Councillors prior to the next meeting for review as an agenda item at the meeting. For those Councillors not on e-mail, a printed copy will be available upon request. The RFO will also present the bank statement at the meeting for all Councillors to review against the spreadsheet they've received if required.
- h) At the end of the year, the spreadsheet will be updated and signed off by the PPC Chairman and the RFO, and presented to the Internal Auditor along with all bank statements for that year, all minutes, and the Annual Return for the Auditor to sign off and make comment against.
- i) Once audited, the Annual Return will be updated and issued to the External Auditors along with the Bank Reconciliation spreadsheet.
- j) Whenever there is deemed to be a sizeable piece of work to be undertaken or capital investment made, such as may be of a cost of over £250, effort will be made to invite tenders from 3 different companies to ensure a fair chance is gained of value for money.
- k) Capital investment and other sizeable costs up to £250 may not require multiple tenders as long as due process is still followed regarding value for money and visibility and Parish Council approval.

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3) Controls

There are a number of controls currently in place.

In summary, these are:

- i. All cheques issued require 2 of a possible 4 authorised signatories.
- ii. Invoices backing up those cheques that require invoices should also be signed by the 2 signatories who sign the cheques related to those invoices.
- iii. A Financial Monitor (FM) has been appointed by the PPC to act as independent reviewer of the accounts.
- iv. The FM receives the bank statement and ensures that the only transactions appearing on the statement are those previously minuted and signed off at previous PPC meetings.
- v. The Responsible Financial Officer (RFO) maintains a transactional spreadsheet, which reconciles against the bank statement.
- vi. The RFO presents the accounts spreadsheet and bank statement at PPC meetings.
- vii. The Internal Auditor has visibility of the same information for the Annual Return, and also signs off and comments against that information.
- viii. The External Auditor has visibility of the figures on the Annual Return and the Bank reconciliation, and signs off and comments against that information.
- ix. The procedure is reviewed annually by the PPC at the Annual meeting, and may be amended as a result with version and date controls.
- x. Any tenders submitted for work or capital investment will be presented to the Council at the next convenient meeting before any quote is accepted.

This document has been adopted as the process to be followed by Putley Parish Council at the Annual Putley Parish Council meeting held on 20th May 2015 agenda item 13e.

Signed Chairman:

Date:

Signed RFO:
(Parish Clerk)

Date:

Signed FM:

Date: