



## Compton and Shawford Parish Council

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### COUNCIL'S REVIEW OF THE EFFECTIVENESS OF ITS SYSTEM OF INTERNAL CONTROL

At least once a year, prior to approving the annual return, the council shall conduct a review of the effectiveness of its system of internal control, in accordance with Financial Regulation 1.4.

Internal Control	Suggested Testing	Checked
<b>Bookkeeping</b>	Is the cashbook maintained and up to date? Is the cashbook arithmetic correct?  Is the cashbook balanced regularly?	Yes, checked monthly Yes - spreadsheet formula should ensure correctness; figures are totalled across and down so any errors should be readily visible. Yes, monthly
<b>a) Standing orders and financial regulations adopted and applied</b> <b>b) Payments controls</b>	Has the council formally adopted standing orders and financial regulations?  Has a responsible financial officer been appointed with specific duties? Have items of or services above the <u>de minimis</u> amount been competitively purchased? Are payments in the cashbook supported by invoices, authorised and minuted? Has VAT on payments been identified, recorded and reclaimed? Is Section 137 expenditure separately recorded and within statutory limits?	Yes -publicly available at <a href="http://compton.parish.hants.gov.uk/parish-council/governance-documents/">http://compton.parish.hants.gov.uk/parish-council/governance-documents/</a> Yes - the clerk Yes  Yes - checked, and minuted at each PC meeting Yes - quarterly VAT returns Yes, when applicable

## Compton & Shawford Parish Council Internal Audit

Internal Control	Suggested Testing	Checked
<b>Risk management arrangements</b>	<p>Does a review of the minutes identify any unusual financial activity? Do minutes record the council carrying out an annual risk assessment? Is insurance cover appropriate and adequate?</p> <p>Are internal financial controls documented and regularly reviewed?</p>	<p>No Yes, every March Last major asset revaluation 25 September 2009. Assets added as necessary, policy is indexed (3% this year). Current insurance values shown on the Asset Register, which is updated annually in March. Yes, within Financial Regulations, last reviewed November 2013</p>
<b>Budgetary controls</b>	<p>Has the council prepared an annual budget in support of its precept? Is actual expenditure against the budget regularly reported to the council? Are there any significant unexplained variances from budget?</p>	<p>Yes - for approval at January PC meeting Yes, at each PC meeting No</p>
<b>Income controls</b>	<p>Is income properly recorded and promptly banked? Does the precept recorded agree to Winchester City Council's notification? Are security controls over cash and near-cash adequate and effective?</p>	<p>Yes Yes Cash is not held. On line banking: the clerk is only authorised to transfer up to £10,000 from the deposit to the current account. He does not have access to funds on 12 months deposit.</p>
<b>Payroll controls</b>	<p>Does the clerk have a contract of employment with clear terms and conditions? Does the salary paid agree with that approved by the council? Are other payments to the clerk reasonable and approved by the council? Have PAYE/NIC been properly operated by the council as an employer?</p>	<p>Yes - approved and signed at the November 2008 PC meeting. Note that the PC's Risk Management Guidelines require the contract to be reviewed annually. Yes Yes Yes</p>

Compton & Shawford Parish Council Internal Audit

Internal Control	Suggested Testing	Checked
<b>Assets control</b>	Does the council maintain a register of all material assets owned or in its care? Is the asset register up to date? Do asset insurance valuations agree with those in the asset register?	Yes Yes, and reviewed annually: see minutes of PC meeting held 5 March 2014 Yes - revised November 2014
<b>Bank reconciliation</b>	Is a bank reconciliation carried out regularly and in a timely fashion? Are there any unexplained balancing entries in any reconciliation? Is the value of investments held summarised on the reconciliation?	Yes No Yes
<b>Year-end procedures</b>	Are the accounts prepared on the correct accounting basis (receipts and payments)? Do accounts agree with the cashbook? Is there an audit trail from underlying financial records to the accounts? Where appropriate, have debtors and creditors been properly recorded?	Yes Yes Yes Yes

Angela Jeffrey  
Finance and Administration Convenor  
Compton & Shawford Parish Council  
Date 1 December 2014