Final draft risk assessment of financial systems and internal controls for Alton Town Council 2024/25 prepared by the Town Clerk and Assistant to the Town Clerk on 19th April 2024 and updated 2nd October 2024

No.	Internal Control Tests	Findings
1	**Proper Bookkeeping**	
1.1	Is the cashbook maintained and up to date? Format used?	The cashbook is maintained on the RBS Rialtas Omega system and was prepared up to 31st March 2024. It was up to date and accurate.
1.2	Is the cashbook arithmetically correct?	The cashbook is analysed into Budget head codes for both receipts and payments and these were agreed to End of Year Trial Balance totals for 2023/24 and were arithmetically correct.
1.3	Is the cashbook regularly balanced?	The Cashbook is posted daily with monthly bank reconciliations for the Current account. The Assistant to the Clerk, will sign the RBS cashbook bank reconciliation statement to confirm that a Bank Reconciliation has been carried out. The Mayor, in their role as Chair of Full Council signs & dates these Reconciliations on a monthly basis at Full Council meetings to confirm they are accurate as part of the governance and monitoring role.
2a	**Standing Orders and Financial Regulations**	
2.1	Has the Council formally adopted Standing orders and Financial regulations, & dates approved?	Financial Regulations have been reviewed and adopted by the Full Council on the 5th June 2024. Standing Orders were reviewed and approved by the Full Town Council on 10th July 2024 (Minute reference 36)
2.2	Has an RFO been appointed with specific duties noted in both contract & Financial Regulations?	The Town Clerk/RFO has a formal contract reflecting her position, the details of which were checked by South-East Employers for accuracy.
2.3 2.3a	Have items or services above a de minimis amount been competitively purchased? The Council use a preferred Supplier list for Contract under £25,000?	All items and services purchased should be in line with the current Financial Regulations. The Council operate a preferred Supplier List for selected contracts that are under £25,000 threshold and also uses the Hampshire County Council Civil Lots Framework for awards of contract where appropriate.

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2b	Payments Controls	
2.4	Are payments in the cashbook supported by invoices, authorised and minuted?	The Administration Officer at the Town Council is responsible for raising purchase orders. Purchase orders are completed and held on file. When the invoices/delivery notes are received these are checked by the Administration Officer for accuracy and sent to the Town Clerk or Deputy Town Clerk for approval/authorisation before being sent to the Assistant to the Clerk for payment. All contract information with Suppliers/Contractors Leases are held at the Town Council Offices and will be checked by the Assistant to the Clerk when invoices are received for payment. **Payments for Utilities**: All invoices are passed to the Assistant to the Clerk for checking and confirmation of contract information for water with proper invoices supporting all payments, which are cross-referenced by BACS details and date paid. A fortnightly payment run is processed to pay invoices after they have been approved by two Councillors. A schedule of payments over £500 is prepared by Assistant to the Clerk and presented to the Full Council monthly for information to meet the requirements of the transparency code. Currently 11 of the 13 Councillors are mandated as bank signatories and can authorise payments remotely to confirm the BACS schedules for payment are correct. Remote access is password protected for authorisation of BACS payments from the bank. Gas and electricity is now paid via Direct Debit as approved by Council.
2.5	Has VAT on payments been checked, recorded and reclaimed? Frequency, & refunds into which A/c?	Proper VAT invoices are provided, when relevant, with VAT checked and entered in VAT column in Cashbook. VAT elements for reimbursement are listed in the VAT control account and will be checked monthly by the Assistant to the Clerk. Reimbursement is made on a quarterly basis and paid direct into the Unity Current Account.

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2.6	Is S.137 expenditure separately recorded & in limit?	The Town Clerk will obtain Full Council approval for all grant payments. These are coded separately and shown in the cash book. Alton Town Council is subject to S137 limits as the Council does not hold General Power of Competence since 29th May 2024. There are approx. 15,448 (July 2024) electors in the Alton Town Council area.
3	**Risk Management Arrangements**	
3.1	Does a scan of the minutes identify any unusual financial activity, projects, events etc.?	All projects and events are risk assessed and expenditure minuted accordingly by Town Council. It was noted that the External Auditors requirements are that Formal Risk Assessments are carried out at least annually and are minuted.
3.2	Do the minutes record the Council carrying out any annual risk assessments? Play areas/skateparks regularity of checks & documentation?	Sawscapes carry out monthly inspections this includes all skateparks, play areas, the trim trail and the pump track. These inspections include minor repairs and minor maintenance as required. It is noted where repair work is required an inspection report is produced and a quotation is provided for the work to be carried out by the Inspection company which is approved under delegated authority by either the Head Groundsman or Deputy Town Clerk as required. One member of the Grounds team has a play inspection qualification and undertakes daily visual inspections. The annual play inspections are undertaken at various visits during by the Play Inspection Company – the latest being 24th-30th October 2023 All new play spaces undergo a RoSPA post installation inspection.

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3.3	Is insurance cover appropriate and adequate? Policy nos. & broker/company? Fidelity Guarantee cover level correct?	Standard local council policy held with Zurich Insurance policy dated 1 April 2024 covering to 31 March 2025. Fidelity Guarantee cover is £1,000,000 and Public Liability is £12m.
3.4	Are internal financial controls documented and reviewed regularly?	This initial risk assessment for financial systems' internal controls was prepared for 2024/25 and is updated annually – last update 19th April 2024 but with a mid term review undertaken 2nd October 2024.
3.5	Compliance is maintained with the Local Government Act 2015 (Transparency Code)	The Town Council has detailed the following on its website to comply with the requirements of the Transparency Code: The is a dedicated area of the website (Council Finance and Transparency Code Compliance) where information is recorded showing: • All payments over £500 paid to creditors and suppliers are recorded in minutes of the Full Council meeting and were up to date as at 5th June 2024 • The Town Council management structure is published on its website • All information relating to the Annual Return Process to the External Auditor is provided for the past 6 years from 2018 to 2024 • Internal Auditor reports are published from 2018 to 2024 • Risk Management reports are detailed to show the action to be taken to mitigate the threat of risks to the Town Council. • A list of all the Town Council Policies as at 1st April 2024. • Budget information is published to provide transparency of the financial management of the Town Council. • Details of procurement for the award of work where quotations or tenders are required has been recorded for goods and services with a net value of over £5000. • The Accountability and Governance Annual Return 2023/2024, and Conclusion of Audit notice from the External Auditor.

		• Agenda of Council and Committee meeting are published three clear days before each meeting • Council and Committee Minutes are published within one month of the meeting.
3.6	Risk Assessments and action plans have been completed to ensure that the Business of Council is continued during the Covid 19 pandemic. A business continuity plan has been produced to ensure that the Council can operate during unexpected or tragic circumstances.	A Covid 19 action plan was presented and approved by the Town Council at their meeting on the 29 April 2020. A covid-19 Risk assessment subsequently prepared and presented to council for approval in July 2020. This Risk Assessment & Action Plan is in abeyance. This has subsequently been reviewed and re-approved at the Town Council meeting on the 28 October 2020 (Minute 122) and 28 April 2021 (Minute 262). A Corporate Strategy was approved on 27 April 2022(Minute ref 337). This is due for review in 2024.
4	**Budgetary Controls**	
4.1	Has the Council prepared an annual budget in support of tis precept? Council minute & date?	The Town Clerk prepares the draft total budget for the Town Council following closedown in October which is prepared and discussed with relevant budget holders to ensure that the budget preparation and bids are accurate through the budget workshop session in December/January. It was last presented to the Full Town Council on 10th January 2024. East Hampshire District Council will be notified of precept requirements within 48 hours of the decision to approve. For 2024/25 the notification was sent on 12th January 2024.
4.2	Is actual expenditure against the budget regularly reported to the Council & minuted?	Budget to actual comparisons are reviewed by officers on a monthly basis and reported to the Full Council monthly. Appropriate action is taken by the Town Council if required.

4.3	Are there any significant and unexplained variances on budget?	A process is in place to carry out budget monitoring and to report significant variations to the Council. Any action required will be assessed by the Town Clerk and approval will be obtained from Full Council for any additional funds required or other action to be taken.
5	**Income Controls**	
5.1	Is income properly recorded and promptly banked?	Income sources from the Sports Pitches, Assembly Rooms, Pavilion, Clubs Rents, Domestic Rents for Dwellings, Allotments, Grant Payments, VAT refunds, Precept payments. Fees and Charges were agreed and approved by Full Council on 3rd April 2024 (Minute 126 refers). A comprehensive list of tenancies held by the Town Council has been reviewed by the Town Clerk to ensure all are appropriate and up to date. It is noted that both Citizens Advice East Hampshire and Foodbank are on statutory periodic leases, following the expiration of contractual tenancies; these remain as are pending their decision as to whether they still intend to move to the new Community Hub, although this has yet to be confirmed by EHDC (signatory to the S106 Agreement). **PWLB Loan May 2019**: The Town Council continue to use the PWLB of £205,000, borrowing term 30 years to pay for the purchase of the freehold property known as the former Bartlett and Butchers shop. Vicarage Hill, Alton for the provision of the community youth facility.

		Town Council Offices: The Assistant to the Clerk will complete a daily taking sheet which summaries the information from cash and cheques received by the Town Council and these are matched to invoices raised by the Town Council and or paid in against income codes in the financial system. Details of cash and cheques will be recorded onto daily takings sheets which will summarise the information. All cash and cheques are retained in the Finance Office safe which is locked and the key held by the Assistant to the Town Clerk. A Sum Up machine is used to process cash payments received in the Town Hall Offices and this is cleared and paid in the bank account through the Post Office on a monthly basis. It is confirmed with the Assistant to the Clerk that all cash received by the Town Council is taken to the Post Office at regular intervals and sent through Girobank to be deposited to the Unity Bank account.
5.2	Does the precept & Government Support Grant recorded in the cashbook agree to the District Councils' notification?	The first half Precept for 2024/25 was paid on 22nd April 2024 for £500,000 to paid direct into Unity Bank Current Account with the second tranche of £351,976.11 paid on 23rd September 2024.
5.3	Are security controls adequate and effective?	Cash received at the Town Council Offices is kept in the safe awaiting banking by the Assistant to the Town Clerk at regular intervals.

6	Petty Cash Procedures	
6.1	Is all petty cash spent noted in book /sheets with pro forma &/or voucher to support, esp. those with VAT? Imprest basis used?	The Town Council office holds a £300 cash withdrawal limit for petty cash. A Petty Cash book records the transactions and summarises the individual petty cash vouchers. The petty cash vouchers are numbered and held with receipts to agree the amount of petty cash reimbursed. All Petty cash vouchers are signed and authorised. The Petty Cash is reconciled monthly.
6.2	Is petty cash reported to each Council meeting?	Yes, monthly reports on expenditure prepared for Full Council for approval.

6.3	Is petty cash reimbursement carried out regularly?	See details in paragraph 6.1 and 6.2.
7	**Payroll Controls**	
7.1	Do staff salaries/wages paid agree with those approved by the Council & what is review frequency?	All permanent members of Town Council staff are paid on National Joint Council (NJC) for Local Government pay scales; permanent members of staff will be placed on a scale points within the appropriate Local Council scale banding.
		Any agreed percentage increases are paid in line with NJC Pay Award negotiations. The payroll function is carried out by Livepay who run the payroll on a monthly basis. The Assistant to the Clerk will submit details of the monthly pay information (including timesheet details and adjustments to pay which have been authorised for payment by two councillors by the 10th of each month. This is checked by the Deputy Town Clerk before it is released to the bank for payment.
7.2	Are other expenses to the Clerk/staff reasonable and approved by the Council?	The payment of mileage and reasonable subsistence will be paid where applicable for Town Council business (including training) in line with the NJC Local Government Green Book and these are submitted on claim forms and are not paid through the payroll system. They are authorised by the Town Clerk under delegated authority.
7.3	Have PAYE/NIC/ Pensions been properly operated by Council as an employer? Payment frequencies/method?	The Assistant to the Clerk will make monthly payments to HMRC for PAYE and NI Contributions where appropriate, she will also make payment to the Hampshire Pension Fund for those staff contributing to a Pension. Further deductions will be made for one member of staff paying Union subscriptions. These are then paid separately to those providers on a monthly basis by BACS as part of the monthly payment processing by the Assistant to the Clerk. The Town Council has ensured that the requirements for Pension Auto Enrolment have been considered to allow all eligible staff to "Opt in" to a recognised Pension scheme.

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8	**Assets Controls**	
8.1	Does Council keep an asset register of all assets owned incl. serial nos.? Annual physical check noted?	A set of Excel spreadsheets are used showing a variety of asset locations, serial number, cost and date purchased. An overall asset register accompanies these sheets with the insured value of assets noted in separate column on the Asset Register to inform the annual Insurance cover, renewal process.
8.2	Are the Asset/Investments registers up to date, incl. disposals? Note all Investments held with a/c nos.	Yes, the asset register does show all the current asset items and it is clear the last time that the register was last updated. The Asset register was presented and approved by Full Council on 7th February 2024
8.3	Do asset insurance valuations agree with those in the Asset Register?	Yes, Asset Register does currently show any insured values.
9	**Bank Reconciliation**	
9.1	Is there a Bank reconciliation for each account held? Note each A/c with bank/branch & a/c no. If relevant, review Money Market transfers & documentation.	Yes, Unity Bank Current Account Number 20302775. The Town Council also holds accounts with CCLA for deposits and the Property Fund. The funds held in each account are in line with the Town Council investment policy with the current account only holding three months operating budget.

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9.2	Are Bank reconciliations conducted on receipt of statements & with what frequency?	The current bank account is reconciled monthly which is sufficient to ensure that the bank account transactions are checked for accuracy.
9.3	Are there any unexplained balancing entries in any reconciliation?	No, there were no unexplained entries recorded in the cash book.
10	**Year-end Procedures**	
10.1	Are Year-end, final accounts prepared on a Receipts and Payments or Income and Expenditure basis?	Final Accounts are prepared on an Income & Expenditure basis.
10.2	Do the accounts agree with the cashbook codings?	Yes, RBS Rialtas Omega Final year-end Trial Balance to confirm that entries made in cashbook are accurate & agree to Bank account. End of year 2023/24 balances confirm that entries made in the cash book are accurate and agree to all bank accounts held by the Town Council.
10.3	Is there an audit trail from underlying financial records to the accounts, for both receipts & payments?	Yes, and audit trail exists for payment vouchers which is stamped with date received/ date paid/ coding/ method of payment with cross-referencing by cheque numbers or BACS number. For receipts a summary analysis spreadsheet is kept monthly which shows the date received/ cash or cheque payment/ the Town Council invoice number. Banking is shown with the Paying In Slip number and banking date.
10.4	Where appropriate, have debtors and creditors been properly recorded? Are the year-end, General and Earmarked reserves held at reasonable levels?	Debtors, creditors & accruals are all accounted for in the Balance Sheet, which denotes general and ear marked reserves held in accordance with the Town Council Reserves Strategy