

FINANCIAL RISK REGISTER/INTERNAL FINANCIAL CONTROLS POLICY

Approved 10.04.2026

Review date: 10.04.2028

Internal financial controls policy

The Parish Council is committed to maintaining high standards of financial control and transparency to ensure the effective stewardship of public funds. All Councillors and staff must adhere to this policy, which will be regularly reviewed and updated as necessary.

The purpose of this policy is to set out the internal financial controls for the Parish Council to ensure that:

- The Council's assets and resources are properly safeguarded.
- Financial transactions are accurately recorded.
- The financial operations of the Council are conducted in accordance with relevant laws, regulations, and best practices.
- The Council's financial affairs are subject to appropriate oversight and auditing.

The Parish Council follows the following Internal controls:

- Governance by Standing Orders, and Financial Regulations.
- Invoices checked by Clerk to confirm goods/services have been provided.
- Ensuring all expenditure is within the Council's powers and approved i.e. resolutions passed and minuted in Council minutes.
- Reporting of Income and expenditure at Full Council meetings.
- Bank reconciliation undertaken monthly by Clerk.
- Review of bank reconciliations and appropriate bank statements, and check of cheques/online payments issued to bank statements undertaken at Full Council meetings and reports signed by the Chair.
- Statement of monthly expenditure supplied to Council at Full Council meeting. Controls taken include Invoices provided for all cheques/payments.
- All cheques signed by two councillors.
- Cheque stubs initialled by two councillors.
- Resolution passed by council to make payments.
- VAT recorded separately in cashbook and reclaimed every quarter.
- PAYE recorded in cashbook and paid monthly.
- Annual review of adequacy of Internal controls in May when all other policies are reviewed.
- An internal auditor will be appointed annually to review the financial records, identify potential risks, and assess whether the Council's financial controls are being adhered to.
- The Council will prepare an annual budget that reflects anticipated income and expenditure, ensuring sufficient resources for the delivery of services and projects.
- The budget must be approved by the full Parish Council before the start of each financial year.
- The Clerk/RFO will regularly monitor actual expenditure against the budget and report any significant variances to the Council.
- Access to the Council's financial records should be limited to authorized individuals only. Confidentiality must be maintained at all times.
- The Council will maintain an up-to-date register of all assets and ensure they are properly insured.
- All financial transactions should have a clear audit trail, with all receipts, payments, and invoices fully documented.

Fraud Prevention and Detection:

- The Council is committed to preventing fraud, theft, and misuse of funds. Any suspected fraud or irregularities should be reported immediately to the Council, and appropriate action will be taken.

- The Council will ensure that there is a process in place for employees or members of the public to raise concerns about financial misconduct or irregularities.

Training and Awareness:

- All members and staff involved in financial management will receive training to ensure they understand their roles and responsibilities regarding financial controls.
- This policy will be reviewed annually by the Council to ensure it remains fit for purpose and in line with best practice.

Risk Register

POTENTIAL RISK	IMPACT	MITIGATION
Failure to keep proper accounting records in accordance with statutory requirements.	Irrecoverable loss of funds. Reputational damage. Failure of audit. Fines. Failure to adhere to the Local Audit and Accountability Act 2014.	Council adopt Financial Regulations and adhere at all times. Internal audit yearly. RFO to keep correct records and Council to monitor.
Failure to complete annual return on time.	Negative auditor report. Loss of public confidence.	RFO to comply with deadlines. Council to ensure AGAR is signed and sent to External Auditor within time limit.
Failure to adhere to contracting procedures.	Loss of funds. Poor service. Higher costs.	Adhere to Financial Regulations. Clerk to be trained.
Loss of data.	Service interruption. Financial loss. GDPR breach.	Use secure storage means.
Failure to maintain asset register.	Under insured. Poor auditor report. Lack of control.	Council review yearly as a minimum.
Fraud.	Loss of reputation. Litigation.	Conduct internal audit. Regular financial reporting to Council including bank statements and cashbook. Robust systems in place to include bank reconciliations.
Excessive/low reserves.	Unable to maintain operations. Poor public perception. Poor auditor report.	Follow published guidelines. Review at budget setting.
Incorrect payments made or duplicated.	Loss of funds. Reputational damage.	At least two Councillors sign cheques. Schedule of payments presented for approval at Council meetings.
Failure to reclaim VAT.	Loss of revenue.	Clerk to regularly review vat to be reclaimed. Internal auditor checks.
Exceeding budgets.	Risk of being unable to complete other projects. Wasted resources.	Budget monitoring to be performed at regular intervals and reviewed by Council. Use reserves.
Failure to calculate adequate budget.	Lack of funds to complete projects/commitments.	Use sound financial planning process including previous two years revenue and expenditure.

		Begin calculation early/consider over several meetings.
Inadequate insurance.	Loss of revenue/being able to claim for incidents. Cost of replacement from reserves. Lack of public liability insurance/employer liability insurance or Fidelity insurance.	Ensure asset register is up to date when renewing insurance. Council to review yearly.
Income tax/national insurance not paid correctly.	Potential fine.	Register with HMRC. Clerk to ensure calculations are done via Basic Paye Tools.
Damage to assets.	Loss of public confidence. Loss of assets.	Perform regular maintenance checks and record. Budget for maintenance costs.
Regulations not followed.	Council could be acting ultra-vires.	Adoption of Standing orders and Financial Regulations and review at least yearly. Clerk to ensure regulations are followed.
Year-end accounting procedures not completed.	Financial penalties. Administrative charges. Increased scrutiny.	Council to appoint internal auditor.
Spending not completed within available powers.	Acting ultra-vires/unlawful decisions. Legal action. Financial penalties. Contracts voided.	Clerk to ensure all spend is made within current legislation.
Improper use of funds granted to external bodies.	Loss of funds. Acting ultra-vires.	Ensure grant funding policy is followed and applicants complete a grant request form reviewed and approved by Council.
Legal liability to third parties.	Insurance not adequate to cover liability.	Employers and Public Liability insurance in place. Council review adequacy of cover yearly.
Goods not supplied/invoices incorrect or unpaid.	Potential legal action to recover money if in dispute.	Council to adhere to Financial Regulations. Clerk to report debt at next available meeting.
Failure to comply with Data Protection Regulations.	Substantial fine. Reputational damage. Lawsuits/legal action.	Clerk/RFO to receive adequate training. Council to adopt a Data Protection policy and adhere to. Councillors trained.