

Clifton Parish Council Financial Risk Assessment 2026/27

Item	Risk Identified	H/ M/ L	Management of Risk	Financial Regulation	ACTION
Purchase Orders and Payments	Goods, services and works acquired on behalf of the Council. • Goods not supplied to Council. • Invoice incorrectly recorded or calculated. • Accuracy of cheque ie. Amount or payee.	M L L	Follow up on order/services. Check calculations on invoices by RFO. Initial stub by signatories	5 and 6	Clerk to approval check Member verify Approval check by member
Annual Budget	Preparation, consideration and formal agreement for precept: • Not submitted • Payment not received by local authority • Adequacy of precept Adequacy of reserves for general and earmarked items.	L L M L	To be monitored throughout year Minute of resolution, RFO to follow up Confirm receipt, to be minuted Regular review of budgeted to actual for income and expenditure throughout the year Consider with budget setting and review of final accounts	4	As/when required As/when received To review regularly by RFO throughout the year and as/when by Council RFO provide information and plan
Payroll	Payment of wages and salaries to Council employee: • Wrong salary/hours/rate paid • Failure to deduct, correct tax and NI contributions, failure to comply with current legislation • Self-employed status	L L L	Employee to submit timesheet, hours, rate and calculation to be checked. Check PAYE calculations if appropriate Evidence of agreed self-employed status from Inland Revenue	11	Member of verify and all members to receive a copy. Member to verify Council to be in receipt of letter and to be kept on file. At present the Council has no self-employed staff.
Asset Control	Record of Council's Assets and investments: • Loss, damage disposal etc • Risk or damage ie. Third party or individuals • Failure to maintain or review could result in undervaluing ie. Insurance. Consider adequacy of insurance including Public Liability.	M M M	To be reviewed annually and as per purchase or disposal of any assets.	16	Review Asset Register and insurance policy annually, and as/when required.

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Bank Reconciliation	Record of the Council's transactions in respect of payments and receipts. To be monitored and carried out regularly. Failure to undertake reconciliation could result in loss of income, inappropriate payments or misappropriation of funds.	M M	To be monitored and carried out regularly	6, 7 and 8	Members to receive copies and verify, also review Financial Regulations annually.
Year-end Accounts	Statement of financial activity of the Council for each year. Failure to provide an accurate statement of the Council's financial transactions for each year	L L	To be monitored when year-end accounts presented	3	To be completed by RFO/Clerk, checked and verified by members at Full Council.
Insurance	Insurance cover provided for Council's financial and other activities. Inadequate cover could lead to financial loss and legal claims against the Council. Any new activity/asset to be considered in relation to insurance as and when necessary	M M	To be monitored and reviewed at budget meeting or as and when necessary ie. purchase/disposal of asset	17	Review Insurance Schedule annually, or as/when required.
Financial Records	Record of Council's financial transactions: - Inadequate records. - Failure to ensure safekeeping and updating of records	L L	RFO/Clerk to review regularly and internal audit and controls in place.	3	To be considered and checked by Full Council at meetings.
Internal Audit	Review of systems and controls implemented by Council: - Effectiveness - Failure to secure independent internal audit and record audit results	L L	Audit plan in place	3	An appropriate independent individual to carry out audit, regular review of process
VAT	Accurate recording and accounting of VAT and reclamation: - VAT analysis - Charged on purchase - Reclamation within time limits Cash book lists, returns to be submitted annually	M L M	Consideration of failure to comply with legislation, all items listed separately in cash book, consider all items as cash book lists, returns to be submitted annually.		RFO verify RFO verify RFO verify
Grants Awarded	Grants awarded to external organisations: - No power to pay or evidence or agreement of Council to pay. - Conditions agreed	M L	Consideration of Council powers. Council minute stating agreement and resolution.		Member verify RFO/Clerk

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			Agree and document any reasonable conditions		
Grants Received	Grants received from external organisations - Claim Procedure - Receipt of grant when due	M M	To maintain thorough monitoring. Clerk/RFO monitor as required Clerk/RFO monitor as required		Ongoing as required Ongoing as required
Staff	- Loss of personnel - Fraud by staff	L L	Risk monitored as appropriate. Appropriate cover of insurance to be in place, fidelity guarantee		Member review Full Council to review annually or as/when required.
Legal Powers	Council awareness of statutory powers Illegal activity or payment	M	Clerk/RFO regular contact with external advisory organisations ie. BATPC, NALC etc	All regulations	Ongoing
Minutes	Accuracy and legality of minutes of meetings	L	Circulated to all members and reviewed at following meeting.		Ongoing.
Members Interests	Conflict of interest Register of Members Interests	M L	Declarations recorded in minutes and addressed as appropriate. Register maintained		Ongoing as/when required, recorded by Clerk Members update Monitoring Officer as/when required.
External Audit	Completion and compliance of Annual Governance and Accountability Return Failure to comply with statutory requirements for completion and publication of Audit within the statutory timescales Council to produce documentation as and when required for external purposes Completion of the Audit Commission process	M L L L	Section 1 and 2 more detailed inspection by Council to be reflected in meeting minutes. For public inspection date compliance to be monitored by Clerk. Council to monitor external audit communications and submission of documents External auditors to undertake their statutory duty	3	Agenda item planned for June meeting. Agenda item planned for June meeting. Member verification. Compliance as/when required.
Engaging Services of External Contractors	HMRC - PAYE/NI liability for Office Holder position - Engagement of contractor services <u>National Association of Local Councils</u> - Engagement of contractor services - Office Holder		Understanding role in relation to HMRC and NALC requirements. Review of contract for services.		Review appropriately with meeting minute record

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	<u>Other consideration</u> • Contractor insurance/liability				
Role of RFO if carried out by (unpaid) Councillor	Unsuitable appointment of individual who lacks integrity and/or competency	L	Suitability of individual considered prior to appointment, appropriate training or support offered if necessary RFO duties defined in Roles and Responsibilities document.		Review Financial Regulations and Standing Orders
	Fraud by RFO Officer	L	Clear segregation of duties set out in Standing Orders, two signatories for all financial transactions.		Ensure adequate insurance cover.
	Potential bias of RFO during discussions of financial matters	M	RFO abstains from voting where appropriate to ensure impartiality RFO Office Holder role defined into Standing Orders.		
			Clerk works alongside RFO to ensure impartiality.		
			Monthly review and monitoring of financial transactions by Full Council.		
			Other internal controls in place, such as audit scrutiny.		

Reviewed and Adopted: 14th May 2026

Signed: Clerk/RFO

Signed: Chair of Council

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REVIEW OF INTERNAL AUDIT PROCEDURES.

The review should consider:

Whether the scope of an audit plan is adequate, and the Audit Plan Terms of Reference have been approved by the Finance Committee/Full Council.

Whether the internal auditor is sufficiently independent.

Whether the internal auditor is sufficiently knowledgeable about Parish Council finance systems.

Whether Councillors understand their responsibility to review financial controls.

Whether audit planning and reporting are adequate.

Whether the audit plan takes account of risk and has been approved by Finance Committee/Full Council.

CLIFTON PARISH COUNCIL – AUDIT PLAN TERMS OF REFERENCE.

1. Budget/Precept is set with due regard to Risk Assessment Plan and future developments in Clifton.
2. Financial controls include every Parish Council meeting a financial report circulated, use of correct powers to make payments, proper reclaim of VAT.
3. Annual review of grant expenditure/payments.
4. Adequate insurance cover is provided for all activities and equipment of Parish Council responsibility.
5. Annual internal audit is carried out by an individual who is independent of Clifton Parish Council but familiar with parish council procedures and in line with requirements as set out by the Audit Commission. The individual to be varied from time to time, internal auditor appointed for 2025 is Lizzie Barnicoat.
6. Recommendations of internal and external auditors are considered by Council.
7. Internal audit system to be reviewed annually.
8. Resources are made available for internal audit.

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CLIFTON PARISH COUNCIL – AUDIT PLAN 2026/27

1. Through review of Council expenditures to enable the setting of the precept.
2. Clerk to continue to produce transaction statements every Parish Council meeting, indicating section 137 payments in Council minutes and reclaiming VAT annually.
3. Council to review public liability, assets, libel and slander, Clerk's fidelity and personal accident insurance annually prior to renewal of insurance premium.
4. Annual internal audit to be carried out by an individual who is independent of Clifton Parish Council and familiar with the workings of a Parish Council.
5. Recommendations of internal and external auditors to be considered by Council when received.
6. Internal audit system to be reviewed annually.
7. £750 allocated for internal and external audit fees.