

Astley Parish Council Internal Control and Financial Risk Assessment 2025- 2026

- Precept: £2,200
- Assets: 4 grit bins, 2 dog bins, 1 laptop, one basic phone
- One part-time employee (Clerk)
- Banking by cheque only

Financial Risk Assessment

Scope

This document sets out the financial risk management and internal controls adopted by the Council to safeguard public funds, ensure proper administration, and comply with statutory requirements.

The Council recognises its duty to maintain adequate internal controls proportionate to its size and activity.

(Prepared in accordance with AGAR governance requirements and proper practices)

Risk Area	Risk Identified	Potential Impact	Existing Controls	Risk Level (L/M/H)	Additional Controls / Review Actions
Precept Income	Incorrect precept demand submitted to billing authority	Under/over funding	Precept approved by full council and minuted;	Low	Annual budget setting review; retain copy of

Risk Area	Risk Identified	Potential Impact	Existing Controls	Risk Level (L/M/H)	Additional Controls / Review Actions
			demand signed by Chair and Clerk		signed precept request
Other Income	Income not received, recorded or banked	Loss of funds; inaccurate accounts	All income recorded in cashbook; cheques payable to council only	Low	Issue receipts for any cash; bank promptly
Banking Arrangements	Cheques misused or fraudulently issued	Financial loss	Two authorised signatories required; no blank cheques pre-signed; cheque stubs completed	Medium	Periodic review of signatories; reconcile cheque numbers quarterly
Bank Reconciliation	Errors or omissions in cashbook	Misstatement of accounts	Bank reconciliation completed quarterly by Clerk and reviewed by councillor	Medium	Evidence review by signature/date on reconciliation
Payments	Unauthorised or incorrect payments	Financial loss; audit failure	All payments approved by full council and minuted; cheque payments supported by invoices	Low	Payment schedule presented at each meeting

Risk Area	Risk Identified	Potential Impact	Existing Controls	Risk Level (L/M/H)	Additional Controls / Review Actions
Salaries (clerk)	Incorrect salary/tax calculations	HMRC penalties; reputational damage	Salary based on approved contract and NALC scale	Medium	Annual payroll review; confirm compliance with HMRC requirements
Asset Management	Loss or damage to grit bins, dog bins, laptop, phone	Replacement cost; insurance issues	Asset register maintained and reviewed annually; laptop password protected	Medium	Annual physical inspection
Insurance	Inadequate insurance cover	Financial exposure	Annual insurance review by council; assets and employer liability insured	Medium	Confirm level of cover matches asset register annually
Reserves	Insufficient general reserve	Inability to meet unexpected costs	Budget monitoring during year; small general reserve maintained	Medium	Target reserve level reviewed during budget setting; aim for 50% precept as reserve
Financial Records	Incomplete or inaccurate accounting records	AGAR qualification	Electronic spreadsheet maintained; records retained for audit	Low	Periodic internal audit check

Risk Area	Risk Identified	Potential Impact	Existing Controls	Risk Level (L/M/H)	Additional Controls / Review Actions
Internal Audit	Lack of independent review	Governance failure	Independent internal auditor appointed annually	Low	Written internal audit report presented to council
Transparency	Failure to publish required documents	Breach of Accounts & Audit Regulations	AGAR documents published on website/noticeboard	Medium	Annual compliance checklist (new policies to be adopted)
Cheque-only Banking	Limited financial oversight tools (no online monitoring)	Delayed detection of errors	Regular bank statements reviewed at meetings;	Medium	Consider moving to dual-authorisation online banking in future
Business Continuity	Clerk unavailable	Disruption to financial management	Key documents stored securely; Chair has access to essential records	Medium	Basic continuity plan documented

Risk Area	Risk Identified	Potential Impact	Existing Controls	Risk Level (L/M/H)	Additional Controls / Review Actions
Governance & oversight	Lack of scrutiny due to small council size	Governance failure	Finance reports presented at meetings; separation of duties where possible	Medium	Periodic review (annually for some policies) and Audit review

Overall Risk Assessment Summary

Given the council's:

- Very small precept (£2,200)
- Minimal assets
- Limited transaction volume
- Two-signature cheque controls
- Full council approval of payments

Overall financial risk exposure is LOW to MEDIUM, provided existing controls are consistently applied and evidenced in minutes.

Review of Effectiveness

The Council will review this document annually and prior to approving the Annual Governance Statement.

Approval

Adopted by resolution of the Council on:

Date: _____

Minute Reference: _____

Signed:

Chair _____

Clerk/RFO _____
