

Penton Mewsey Parish Council

Financial Risk Assessment 2026/27

Prepared in accordance with NALC Model Financial Regulations (2025) and the Practitioners' Guide 2025 (AGAR Proper Practices)

This assessment has been prepared for adoption by Penton Mewsey Parish Council and reflects the financial governance expectations set out in the latest NALC Model Financial Regulations and the Practitioners' Guide 2025.

Document Status: Draft for Adoption

Review Frequency: Annually and upon any significant change to financial arrangements

Next Review Date: July 2027

Financial Risk Assessment Register

Area	Risk Identified	Risk Level	Existing Controls	Further Action Required
Business Continuity	Clerk/RFO unable to perform duties through illness, resignation or emergency	Medium	Council records maintained electronically with backups. Access arrangements held by Chairman.	Establish documented business continuity procedure.
Budget & Precept	Insufficient or excessive precept raised	Medium	Annual budget preparation, budget monitoring reports presented to Council, precept approved by resolution.	Annual reserves review and 3-year financial forecast.
Precept Payment	Local authority fails to pay precept	Low	Clerk/RFO monitors receipts and confirms payment to Council.	Continue monitoring.
Financial Regulations	Failure to comply with adopted regulations	Medium	NALC Financial Regulations adopted and reviewed annually.	Annual member training.
Financial Records	Inaccurate accounting records	Medium	Accounting software/cashbook maintained; records retained for audit purposes.	Quarterly internal financial checks.

Banking & Reconciliations	Errors, omissions or fraud	Medium	Monthly bank reconciliations; bank statements reviewed and reported to Council.	Formal member verification recorded in minutes.
Electronic Payments	Unauthorised or incorrect BACS payments	High	Dual authorisation, approval by Council resolution, payee verification through banking controls.	Review online banking access annually.
Cash Handling	Theft or loss of cash	Low	Council avoids cash transactions wherever possible.	Continue current practice.
Income	Income not collected or recorded	Medium	All income receipted, banked promptly and recorded.	Annual review of fees and charges.
Grants Received	Breach of grant conditions	Medium	Grant conditions reviewed and monitored.	Maintain grant file.
Grants Awarded	Improper use of public funds	Medium	Grant policy and Council approval process.	Obtain end-of-project reports where appropriate.
Procurement	Failure to obtain best value or comply with regulations	Medium	Spending approvals follow Financial Regulations and budget allocations.	Periodic procurement review.
Payroll	Incorrect salary, tax, pension or allowance payments	Medium	Clerk/RFO payroll is processed through HMRC PAYE, with salary, tax, National Insurance, pension and allowances checked against approved rates and Council resolutions.	Annual payroll audit.
VAT Recovery	Failure to reclaim VAT correctly	Low	VAT records maintained and periodic claims submitted.	Annual review of reclaim process.
Reserves	Inadequate reserves to manage unforeseen expenditure	Medium	General and earmarked reserves reviewed annually.	Adopt formal reserves policy.
Investments & Deposits	Loss of funds or poor returns	Low	Funds placed only with approved low-risk institutions.	Review interest rates annually.
Assets	Loss, damage or inadequate asset register	Medium	Asset register maintained and reviewed annually.	Physical verification of assets each year.

Insurance	Insufficient insurance cover	Medium	Annual insurance review and fidelity guarantee included.	Confirm cover values annually.
Audit & Governance	Failure to meet AGAR requirements	Medium	Internal audit, annual governance review and external audit compliance.	Annual training on AGAR requirements.
Cyber Security	Loss of financial data or fraudulent access	High	Password protection, secure banking, cloud backup.	Introduce cyber security policy and multi-factor authentication.
Fraud & Dishonesty	Misappropriation of funds	High	Segregation of duties, approval of payments, bank reconciliation, fidelity insurance.	Annual fraud risk review.
Members' Interests	Financial decisions influenced by conflicts of interest	Medium	Declaration of interests at meetings and register maintained.	Ongoing monitoring.

Key Financial Controls

The Council should ensure that:

1. Financial Regulations and Standing Orders are reviewed annually.
2. Monthly bank reconciliations are presented to Council.
3. All payments are approved by Council and subject to dual authorisation.
4. Budget monitoring reports are reviewed at each meeting.
5. Internal audit recommendations are implemented.
6. Adequate general and earmarked reserves are maintained.
7. Insurance cover includes fidelity guarantee and cyber protection where available.
8. The Asset Register is reviewed annually.
9. AGAR requirements are completed in accordance with the Practitioners' Guide.

Recommendation for Adoption

Resolved: That Penton Mewsey Parish Council adopts the Financial Risk Assessment for the financial year 2026/27 and notes that it will be reviewed annually, or sooner should significant changes occur to the Council's financial management arrangements.

Adopted by: Penton Mewsey Parish Council

Date: __18th August 2026 Min ref- 0826/12_____

Chairman's Signature: __J Venn_____

Clerk/RFO Signature: _____