

## Winterborne St Martin Parish Council

Financial Risk Assessment 2025–26 (Cross-Referenced to Internal Audit Report 2025–26)

### 1. Introduction

This Financial Risk Assessment identifies the key financial, governance and operational risks faced by the Council and the controls in place to mitigate them. It incorporates and responds directly to the findings of the **Internal Audit Report for the year ending 31 March 2026**, inspected on **15 May 2026**.

The Accounts and Audit Regulations 2015 require the Council to maintain an adequate system of internal control and to review financial risks annually. The Internal Auditor noted:

“The Council again failed to act on the advice of my previous report and assess the financial risks to the Council during the financial year.” (*Assessment & Management of Risk section*)

Approval of this document addresses that statutory failure.

### 2. Risk Assessment Table (with Auditor Cross-References)

#### A. Governance & Internal Control

Risk	Controls in Place	Further Action Required	Auditor Cross-Reference
<b>Failure to approve an annual financial risk assessment</b>	Clerk prepares assessment; Council approval scheduled	Approve this assessment; schedule annual review each March/April	“The Council again failed... to assess the financial risks to the Council during the financial year.”
<b>Inaccurate or unlawful minutes</b>	Clerk drafts minutes; Chair signs	Ensure minutes record correct dates, times, resolutions, and statutory approvals	“Minutes... cannot be conceivably accurate nor correct” and “Decisions... must clearly be expressed as a resolution.”

<b>Risk</b>	<b>Controls in Place</b>	<b>Further Action Required</b>	<b>Auditor Cross-Reference</b>
<b>Standing Orders and Financial Regulations not properly reviewed or adopted</b>	SOs and FRs published	Review and formally RESOLVE adoption at AGM	“Standing Orders were not RESOLVED into being” and “The Council... did not review its Financial Regulations.”
<b>Committee not lawfully constituted</b>	Staffing Committee operating	Formally RESOLVE committee and terms of reference	“The Staffing Committee has not been expressly ‘RESOLVED’ into being.”
<b>Incorrect handling of declarations of interest</b>	SOs include DPI process	Ensure interests are recorded and acted upon	“Standing Orders were not followed insofar as the declaration of interests were concerned.”
<b>Failure to publish statutory documents</b>	Website maintained	Publish ICO certificate; publish Health & Safety Policy	“The Council must publish its ICO certificate” and “The Council must publish its adopted Health & Safety policy.”

## **B. Financial Management & Budgeting**

<b>Risk</b>	<b>Controls in Place</b>	<b>Further Action Required</b>	<b>Auditor Cross-Reference</b>
Budget monitoring not evidenced	Quarterly reports produced	Ensure monitoring is minuted and published	Auditor notes improved budgeting but emphasises need for compliance with FRs
Failure to approve AGAR sections correctly	Clerk prepares AGAR	Ensure AGAR assertions and accounting statements are approved and minuted	“Approval of the Governance assertions... was NOT approved in minutes” and “Approval of the Accounting Statements... was NOT approved in the minutes.”

<b>Risk</b>	<b>Controls in Place</b>	<b>Further Action Required</b>	<b>Auditor Cross-Reference</b>
Unlawful expenditure	Payments checked against budget	Maintain sample testing and councillor oversight	Auditor found no unlawful expenditure in sample

### C. Banking, Payments & Fraud

<b>Risk</b>	<b>Controls in Place</b>	<b>Further Action Required</b>	<b>Auditor Cross-Reference</b>
<b>Weak internal controls on bank reconciliations</b>	Monthly reconciliations	Councillor to sign quarterly reconciliations	Auditor emphasises need for stronger internal control evidence
<b>Debit card use not covered by Financial Regulations</b>	New bank account planned	Update FRs to include debit card controls	“Please ensure your new regulations are updated to include appropriate provisions for any new cards.”
<b>Fraud or unauthorised payments</b>	Dual authorisation	Add second councillor as contingency	Auditor notes need for strengthened segregation of duties

### D. Income & VAT

<b>Risk</b>	<b>Controls in Place</b>	<b>Further Action Required</b>	<b>Auditor Cross-Reference</b>
<b>VAT reclaim not completed</b>	VAT tracked in Scribe	Submit year-end VAT reclaim immediately	“VAT reclaim confirmation... has not been provided... I cannot see that this has been done.”
<b>Incorrect VAT accounting</b>	Scribe VAT module	Continue internal checks	Auditor confirmed VAT accounting correct up to Aug 2025

### E. Assets & Insurance

Risk	Controls in Place	Further Action Required	Auditor Cross-Reference
<b>Asset register not up to date or published</b>	Register maintained	Publish latest version; review annually	“The asset register... must be updated to the latest version.”
<b>Insurance not reviewed</b>	Annual premium paid	Review cover before renewal	“The Council’s payment... was noted as automatically rolling over.”

### F. Payroll & Employment

Risk	Controls in Place	Further Action Required	Auditor Cross-Reference
<b>Incorrect salary payments</b>	PAYE via HMRC	None	Auditor confirmed compliance
<b>Outdated HR policies</b>	Staffing Committee in place	Review policies annually	Auditor notes need for policy updates

### G. Data Protection & IT

Risk	Controls in Place	Further Action Required	Auditor Cross-Reference
<b>Lack of data retention and breach policy</b>	Privacy policy exists	Update privacy policy to include breach policy	“The privacy policy... should incorporate the data breach policy.”
<b>Failure to publish ICO registration</b>	Clerk holds ICO details	Publish ICO certificate/number	“The Council must publish its ICO certificate.”

### 3. Summary of High-Priority Auditor Findings

The following issues were identified as significant governance failures:

1. No financial risk assessment conducted or approved

“The Council again failed... to assess the financial risks.”

2. AGAR sections not approved or minuted

“Approval... was NOT approved in minutes.”

3. Standing Orders and Financial Regulations not properly reviewed or adopted

“Standing Orders were not RESOLVED into being.”

4. Asset register not updated or published

“Must be updated to the latest version.”

5. ICO certificate and Health & Safety policy not published

“The Council must publish its ICO certificate.” “The Council must publish its adopted Health & Safety policy.”

6. VAT reclaim not submitted

“I cannot see that this has been done.”

#### 4. Action Plan (Linked to Auditor Findings)

Action	Responsible	Deadline	Auditor Link
Approve this Financial Risk Assessment	Full Council	Next meeting	Failure to assess risks
Review and RESOLVE adoption of SOs and FRs	Full Council	AGM 2026	SOs not resolved; FRs not reviewed
Submit VAT reclaim for 2025/26	Clerk	Immediate	VAT reclaim missing
Publish ICO certificate and Health & Safety Policy	Clerk	Within 1 month	Publication failures
Update and publish Asset Register	Clerk	Within 1 month	Asset register outdated
Ensure AGAR approvals are correctly minuted	Clerk & Chair	June 2026	AGAR approvals missing
Introduce councillor-signed bank reconciliation checks	Clerk & Finance Lead	Quarterly	Internal control weakness

