Turvey Parish Council Risk Assessment & Internal Control Systems
Reviewed March 2026

Processes subject to Annual Internal Audit as per Terms of Reference below.

Internal Audit is reviewed annually to ensure it is effective as per schedule below.

Topic	Risk	Level H/M/L	Management of risk	Internal Control System
Precept	Request not submitted	L	Action recorded in minutes & Clerk to monitor	Clerks activity diary
	Not paid by District Council	L	Action recorded in minutes & Clerk to monitor	Clerks activity diary
	Inadequate	M	Biannual review of budget against actual	Clerks activity diary
Other income	Cemetery income not received	L	Cemetery records maintained with check against income received.	Financial procedures in place
	Rec income not received	L	Sports facilities booked with Clerk	Invoice & follow up process in place.
Grants	Grant not received	M	Clerk follow up as required	Financial procedures in place
Clerk	Salary wrongly paid	L	Breakdown of amount paid presented to members, & supported by documents as appropriate.	Payment verified & approved by members
	Wrong Tax/NI deductions	L	Qualified payroll agent employed	HMRC print out verified & approved by members
	Salary set at incorrect level	L	Salary in line with NALC pay scales.	Clerks activity diary/NALC briefings
	Loss of key personnel (Clerk)	L	Hours, health, training, welfare – risks monitored & managed	Clerk & Chairman

	Staff fraud	L	Fidelity guarantee in place at level recommended by insurers. Payments to Clerk checked by members.	Clerks activity diary Payment verified & approved by members
Direct costs & overhead expenses	Goods not supplied	M	Follow up all orders	Clerks activity diary
	Invoice incorrect	L	Invoices checked before payment	Payment verified & approved by members
	Cheque incorrectly written out	L	Signatories check cheques	Signatories initial cheque book stubs
	On line payment, incorrect	L	Signatories check on line payments	Signatories sign bank summary
Election costs	Invoice not as expected	L	Invoices checked before payment	Payment verified & approved by members
Legal Powers	Illegal activity or payment	M	Members to ensure they understand their legal powers	Members training programme
VAT	VAT records not kept	M	All items in cash book	Financial procedures in place
	VAT not claimed back within time limits (3 years)	M	Returns submitted annually	Financial procedures in place
Reserves	Inadequate	M	Consider at budget setting	Clerk & members' consideration
	Excessive	M	Consider at budget setting	Clerk & members' consideration
Cash	Control of	M	Only used for Firework Night	Counted & verified on night & kept in Councillors safe until banked at earliest opportunity.
Assets	Loss or damage	L	Inspection programme in place, insurance schedule & asset register maintained	Clerks activity diary

	Risk of damage to third party property or individuals	L	Review of public liability insurance	Clerks activity diary
Contractors	Third party contractors have inadequate public liability insurance	L	Review annually	Clerks activity diary
Financial Records	Inadequate records	L	Clerk to maintain	Annual Internal Audit
	Banking not done & cheques not presented	M	Monthly bank account reconciliation against cash book	Financial systems in place
Minutes	inaccurate & or illegal	L	Approved by members at following meeting	Standing agenda item
Members interests	Prejudicial interest not declared by a member	M	Members to ensure they understand their legal obligations. Opportunity to declare at beginning of every meeting	Standing agenda item
Records	Lost files or records	L	System back up procedures in place	Clerks activity diary

Internal Audit Terms of Reference

1. Year-end summary of accounts to be checked to ensure accounts are appropriately prepared and presented, and that the External Audit Return is completed in line with the Auditors requirements.

2. Cashbook to be inspected to ensure appropriate records of individual transactions have been kept.

3. Year End bank reconciliation to be checked to ensure final cashbook balance reconciles with year end bank statement balance, and any difference is accounted for.

4. A selective audit trail to be carried out on a sample of payments, to ensure they are supported by invoices, expenditure is approved, and VAT is accounted for.

5. The level of risk management/Insurance applied by the Council to be assessed.

6. Compliance with the latest Accounts & Audit Regulations:
   a) The Parish Council must have a sound system of internal control
   b) The Parish Council must conduct an annual review of the effectiveness of its internal control system. The findings of this review must be considered by the full Parish Council (not a committee).
   c) The Annual Governance Statement must be approved before the Annual Statement of Accounts
   d) The Statement of Accounts must be approved by the full Parish Council (not a committee).

7. The budget process for setting the Precept to be assessed.

8. Reserve levels to be assessed.

9. A selective audit trail to be carried out on a sample of income received to ensure it is properly recorded, priced and banked.

10. A selective audit trail to be carried out on a sample of salaries to employees to ensure they are approved, and PAYE and NI is properly applied where appropriate.

11. Asset register to be checked to ensure it is up to date and regularly maintained in line with Audit Commission guidelines.

12. When turnover is less than £25k, compliance with the Smaller Authorities (Transparency Requirements) (England) Regulations 2015/494 Act. The audit should include a check on the authority's website to ensure the following information is published:

The following must be published annually, by no later than 1 July each year:

a) all items of expenditure above £100;
b) end of year accounts, annual governance statement, and internal audit report (as contained in the annual return), with the statement of accounts, accompanied by: a copy of the bank reconciliation for the relevant financial year; an explanation of any significant variances (e.g. more than 15%/£200) in the statement of accounts for the relevant year and previous year; and an explanation of any differences between 'balances carried forward' and 'total cash and short term investments', if applicable.
c) a list of councillor or member responsibilities; and
d) details of public land and building assets owned by the smaller authority (except internal drainage boards and charter trustees).

The following should be published more frequently than once annually, on the specified occasions:

a) draft minutes from all formal meetings (i.e. full council or board, committee and subcommittee meetings) not later than one month after the meeting has taken place, and;
b) meeting agendas and background papers, no later than three clear days before the meeting is taking place.

Annual Review of Internal Audit

Expected Standard	Evidence of Achievement	Y/N
1. Scope of internal audit	Terms of reference are in line with external audit requirements. The Audit properly takes account of risk.	y
2. Independence	Internal Auditor has direct access to Clerk/RFO Reports are made in own name. Auditor does not have any other role within the council.	y
3. Competence	internal audit work carried out ethically, with integrity and objectivity.	y
4. Relationships	Clerk/ RFO is consulted on the internal audit and on the scope of each audit.	y
5 Audit Planning and reporting	Internal Audit has been carried out accordance with the prescribed timescales & terms of reference & external auditor’s requirements.	y

Characteristics of ‘effectiveness’	Evidence of Achievement	Y/N
1. Internal audit work is planned	Planned Internal audit work is designed to meet the council’s needs and the requirements of the external auditor.	y
2. Understanding the whole organisation its needs and objectives	The annual audit provides assurance in relation to the Parish Councils Annual Governance Statement to the external auditor.	y
3. Be seen as a catalyst for change	Supportive role of audit for corporate developments such as corporate governance review, risk management and ethics.	y
4. Add value and assist the organisation in achieving its objectives	Demonstrated through positive management responses to recommendations and follow up action where called for.	y
5 Be forward looking	When identifying risks, changes on national agenda are considered. Internal audit maintains awareness of new developments in the local government legislation, risk management and corporate governance.	y
6. Be challenging	Internal audit focuses on risks and encourages the Parish Council to develop its own responses to risks, rather than relying solely on audit recommendations.	y
7. Ensure the right resources are available	Adequate resource is made available for internal audit to complete its work. Internal auditor understands the body and the legal and corporate framework in which it operates.	y