

# Ellisfield Parish Council Financial Risk Assessment

## Notes:

Risk assessment is a systematic general examination of working conditions, workplace activities and environmental factors that will enable the Parish Council to identify any and all potential risks inherent in the place or practices. Based on a recorded assessment the Parish Council should then take all practical and necessary steps to reduce or eliminate the risks, insofar as is reasonably and practically possible.

This document has been produced to enable the Parish Council to assess the risks that it faces and satisfy itself that it has taken adequate steps to minimise them. In conducting this exercise, the following plan was followed:

- Identify the areas to be reviewed.
- Identify what the risk may be.
- Evaluate the management and control of the risk and record all findings.
- Review, assess and revise if required.

## FINANCIAL RISKS

| Topic  | Risk   | High, medium low | Management / control of risk   | Review/ assess/revise             |
|--|--|------------------|--|-----------------------------------|
| Precept                                      | Adequacy of precept                            | L                | To determine the precept amount required, the Parish Council regularly receives budget updates during the year. In November the Clerk provides the Council with estimates of the required monies for standing costs and projects for the following year. At the January meeting these costs less estimated income from other sources is resolved to be the precept amount to be requested from the Borough Council. This figure is submitted by the Clerk in writing to the Borough Council  | Existing procedure is adequate    |
| Financial records                            | Inadequate records<br>Financial irregularities | L<br>L           | The Council has Standing Orders which set out the record keeping and financial procedural requirements. The accounts are reviewed by an independent external internal auditor each year. During the year financial reports are produced regularly for Parish Council meetings  | Existing procedures are adequate. |
| Bank   | Inadequate checks<br><br>Bank mistakes         | L<br>L           | The Council has Standing Orders which set out the requirements for banking, cheques, on-line payments and reconciliation of accounts.<br>The bank can make occasional errors in processing cheques which are discovered when the bank accounts are reconciled each month. The bank is informed immediately.  | Existing procedure is adequate.   |
| Cash   | Loss through theft or dishonesty               | L                | The Council has Standing Orders, which set out cash management and record keeping requirements. Cash received is banked as soon as possible. There is no petty cash or float.  | Existing procedure is adequate.   |
| Deposits with National Savings & Investments | Inability to withdraw funds                    | L                | The Clerk monitors for any changes in NSI requirements and maintains the authorised signatories list up to date  | Existing procedure is adequate    |
| Reporting and auditing                       | Information communication                      | L                | During the year financial reports are produced regularly for Parish Council meetings. The bank reconciliation and the cashbook is checked before each meeting against the bank statements and invoices. Draft Annual Accounts are produced for the Annual Parish Meeting. Appropriate procedures are followed for producing the Local Councils in England Annual Return including variance analysis; property register update; and external internal audit review. The Return is then displayed on the Parish Council noticeboard and/or website and opportunity made for members of the public to inspect the Accounts. | Existing Procedure is adequate.   |

| Topic                               | Risk   | High, medium low | Management / control of risk  | Review / assess/revise   |
|-------------------------------------|--|------------------|---|--|
| All costs and expenses              | Goods or services not supplied but billed                      | L                | The Council has Standing Orders which set out the requirements for authorising and paying of costs and expenses. At each Council meeting the list of invoices awaiting payment and authorised Direct Debits paid is distributed to Councillors. | Existing procedure is adequate   |
| All costs and expenses (continued)  | Incorrectly written cheques payable                            | L                | On approval a Councillor checks each invoice against the cheque and associated paperwork and initials the cheque book stub.   | Existing procedure is adequate   |
| All costs and expenses (continued)  | Incorrectly set-up electronic funds transfers                  | L                | The clerk will obtain approval, by email or in writing, from no less than 2 councillors prior to making a payment or setting up a standing order or direct debit.   | Existing procedure is adequate   |
| Debts                               | Unpaid invoices  | L                | Unpaid money due to the Council for goods or services are actively pursued  | Existing procedure is adequate   |
| Grants payable                      | Power to pay under s137.                                       | L                | All such expenditure has to meet the Council's criteria, be approved at a Council meeting, and minuted accordingly. See note 2.   | Existing procedure is adequate.  |
| Grants receivable                   | Receipts of grants and other funding                           | L                | There is regular review by the Clerk of opportunities for the Council to apply for grants and other funding to meet projects to be undertaken.  | Existing procedure is adequate   |
| Allotment and Burial Ground charges | Agreement and receipt of charges<br><br>Insurance implications | L<br><br>M       | Allotments - the Councillor responsible issues an agreement for usage which is signed by both parties. Burial ground charges are agreed annually by the Council.<br>The PC insures the land used and has public liability cover                 | Existing procedure is adequate<br><br>Certificate of insurance to be inspected |
| Best value accountability           | Work awarded incorrectly                                       | L                | The Council has Standing Orders which set out requirements for advertising contracts.   | Existing procedure adequate  |

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|---|---|---------------------|--|--|
| Salaries and associated costs<br><br>Employer's Annual Return | Salary paid incorrectly<br>Wrong rate paid<br>Wrong deductions of National insurance or Income tax<br><br>Unpaid Tax & NI contributions to HMRC | L<br><br>L<br><br>L | The Parish Council has two permanent employees. Salary rates are assessed annually by the PC and applied on 1 <sup>st</sup> April each year. Salary analysis and slips are produced by the Clerk on a quarterly basis together with a schedule of payments to be made to HM Revenue and Customs (HMRC) for tax and NIC. The payments to HMRC approved at the Council meetings. Deductions from salaries are worked out using HMRC Rti software. All employees have a contract of employment and job description.<br><br>The Employers Annual Return is submitted via HMRC Rti system | Existing appointment and payment system is adequate                                |
| Employees   | Illness or loss of key personnel<br><br>Fraud by staff<br><br>Activities undertaken by staff  | L<br><br>L          | Chairman / Vice-Chairman temporarily takes over Clerk's day to day responsibilities until new Clerk in place.<br>The Council's email account on Datacenta are automatically backed up to avoid loss of information<br>There is a budget to enable The Clerks to obtain relevant training, reference books, and the Council belongs to HALC and NALC so they can obtain access to assistance and legal advice required to undertake the role.   | Membership of HALC<br><br>Monitor insurance and Health and Safety policy regularly |
| Councillor allowances   | Allowances overpaid   | L                   | The only travel and other similar expenses normally allowed in relation to Council business are mileage allowances. Any activity on which mileage allowances are claimed must have been pre agreed by the Council and at a mileage allowance rate agreed by the Council which must not exceed Inland Revenue permitted rates or Local Government recommended rates. Payment made on production of signed claim form checked by another member of the Council.  | Existing procedures adequate   |
| Election and referendum costs                                 | Cost of election / referendum   | L                   | Borough Council currently organises these at nil cost to the Council. This may cease in 2019 / 2020. If this occurs the Council will start to provide a sinking fund to deal with such eventuality.  | Existing procedures adequate   |
| VAT   | Input / Output VAT<br>Submitting returns within time limits   | L                   | The Council has Standing Orders, which set out the requirements.   | Existing procedures adequate   |

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| Annual Return                                     | Submit within time limits     | L                | Annual Return is submitted by the Clerk to the external internal auditor for review, checking off and signature. It is then completed, approved by the Council and signed by the Chairman, and Responsible Financial Officer  | Existing procedures adequate                   |
| Legal Powers                                      | Illegal activity or payment   | L                | The need for all activity and payments to fall within the powers of the Parish Council is handled by the Clerk seeking guidance from HALC where any question as to the legality of any payment is raised by a Councillor and it is not clearly authorised under the Council's Standing Orders and Finance Regulations                                     | Existing procedures adequate                   |
| Minutes, agendas, notices and statutory documents | Accuracy and legality         | L                | Minutes and agenda are produced in the prescribed method by the Clerk and adhere to the legal requirements. Minutes are approved and signed at the next Council meeting. Minutes and agenda are displayed according to the legal requirement  | Existing procedures adequate                   |
|   | Business conduct              | L                | Business conducted at Council meetings are managed by the Chair.  | Members to adhere to Code of Conduct           |
| Members interests                                 | Conflict of interest          | L                | The declaring of interests by members at the start of any meeting is a regular agenda item. Code of Conduct requires a register of interests by members and Clerks and this is the Responsible Financial Officer's responsibility.  | Existing procedure adequate.                   |
|   | Register of Members interests | L                |   |  |
| Insurance   | Adequacy                      | L                | An annual review is undertaken (before the time of the policy renewal) by the clerk and presented to the Council of all insurance arrangements in place. Employers and Employee liability insurance is a necessity and must be paid for.<br>On notification by the Council, the Clerk is responsible for adding new assets to policy as soon as acquired. | Existing procedure adequate. Reviewed annually |
| Freedom of Information Act                        | Policy                        | L                | The Council has a model publication scheme for Local Councils in place. It handles inputs it creates or holds in a way that has regard to the ICO Model Publication Scheme and the GDPR   | Reviewed annually                              |

Reviewed and agreed by Ellisfield Parish Council on 20<sup>th</sup> May 2019