

**FINANCIAL RISK ASSESSMENT**

*Adopted August 2013  
Last adoption 14<sup>th</sup> July 2015  
Next review due May 2019  
Re-adoption due May 2019*

**Notes**

***“The greatest risk facing a local authority is not being able to deliver the activity or services expected of the Council.”***

Risk assessment is a systematic general examination of working conditions, workplace activities and environmental factors that will enable the employer to identify any and all potential risks inherent in the place or practices. Based on a recorded assessment the employer should then take all practical and necessary steps to reduce or eliminate the risks, insofar as is practically possible. Making sure that all employees are made aware of the results of the risk assessment.

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.

<b><u>FINANCIAL AND MANAGEMENT</u></b>				
<b>Subject</b>	<b>Risk(s) Identified</b>	<b>H / M / L</b>	<b>Management/Control of Risk</b>	<b>Review/Assess/Revise</b>
Councillors	Losing Councillor membership or having or into a co-option process more than 6 vacancies at any one time	L  L	When a vacancy arises there is a legal process to follow. This can be either through the democratic process (by-election) or through co-option. An by-election is out of the Parish Council's control as it is run by the district council. There is a financial cost to the council. The co-option process begins with an advert, acceptance of applications, consideration of applicants and co-option vote at a Council meeting then appointment. If there are more than 3 vacancies at any one time on the Council it becomes inquorate. The legal process of the Borough Council appointing members takes place.	Existing procedure adequate.  Procedures of another body are adequate
Business continuity	Risk of Council not being able to continue its business due to an unexpected or tragic circumstance	H	Prepare a business continuity plan.	Prepare BCP and review when necessary.

## FINANCIAL AND MANAGEMENT

Subject	Risk(s) Identified	H / M / L	Management/Control of Risk	Review/Assess/Revise
Precept	Adequacy of precept Requirements not submitted to EHDC in time Amount not received by EHDC Amount not received by EHDC	L	To determine the precept amount required, the Parish Council regularly receives budget update information and the precept is an agenda item at full Council. At the Precept meeting Council receives a budget update report, including actual position and projected position to year-end and indicative figures or costings obtained by the Clerk. With this information the Council budgets for the required monies for standing costs and projects for the following year and applies specific figures to budget headings, the total of which is resolved to be the precept amount to be requested from East Hertfordshire District Council (EHDC). This figure is submitted by the Clerk in writing to EHDC Precept should be considered by Council before the deadline - deadline should be ascertained from EHDC asap. The Clerk informs Council when the monies are received (approx April/May time) and reports to appropriate parish council meeting	Existing procedure adequate
Financial records	Inadequate records Financial irregularities	L L	The Council has Financial Regulations which set out the requirements. These are reviewed annually.	Existing procedure adequate. Review of Financial Regulations 2013/14.
Bank and Banking	Inadequate checks  Bank mistakes Loss Charges Loss of signatories		The Council has Financial Regulations which set out the requirements for banking, cheques and reconciliation of accounts. The bank does make occasional errors in processing cheques which are discovered when the Clerk reconciles the bank accounts once a month when the statement arrive, these are dealt with immediately by informing the bank and awaiting their correction. Monitor the bank statements monthly. Council would choose replacements but the bank takes time to implement changes, this mostly happens after an AGM/election.	Existing procedure adequate
Cash / Loss	Loss through theft or dishonesty		The Council has Financial Regulations which set out the requirements Cash/cheques received are banked within 3 banking days. There is no petty cash or float. This is audited by the Internal Auditor annually.	Existing procedure adequate
Litigation	Potential risk of legal action being taken against the Council	M	Public liability insurance covers general personal injury claims where the Council is found to be at fault, but not spurious or frivolous claims - these cannot be insured against and any investigation takes time and may consume resources including money.	Insurance is adequate for requirements but there is still risk of other claims.
Reporting and auditing	Information communication  Compliance		A monitoring statement is produced regularly and presented to Council, discussed and approved at the meeting. This statement includes, bank reconciliation, budget update, and a breakdown of receipts and payments balanced against the bank Council should regularly audit internally to comply with the Fidelity Guarantee	Existing procedure adequate
Direct costs Overhead expenses Debts	Goods not supplied but billed Incorrect invoicing Cheque payable Incorrect Loss of stock Unpaid invoices		The Council has Financial Regulations which set out the requirements. At each Council meeting the list of invoices awaiting approval is distributed to Councillors and considered. Chairman co-signs cheques once invoice approved. Clerk notes cheque stub in accordance with Internal Auditor's advice. The Council has minimal stocks, these are checked and monitored by the Clerk. Unpaid invoices to the Council for adverts in the newsletter or services are pursued and where possible, payment is obtained in advance	Existing procedure adequate
Grants and support - payable	Power to pay Authorisation of Council to pay		All such expenditure goes through the required Council process of approval, minuted and listed accordingly if a payment is made using the S137 power of expenditure.	Existing procedure adequate. Parish Councillors request S137 rules if required.

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Grants - receivable	Receipts of Grant		Parish Council does not presently receive any regular grants. One-off grants would come with terms and conditions to be satisfied	The Procedure would need to be formed, if required
Charges - rentals payable	Payments of charges leases, rentals		The Parish Council does not have any land on which rent is paid to others.	Review if situation changes.
Charges - rentals receivable	Receipt of rental Insurance implication		Currently no rent is received by the Parish Council from any letting, hiring or other use of land including the recreation ground. This needs to be reviewed in the light of changes in occupation. The Parish Council holds its own third party liability insurance but undertakes no checks that it is indemnified by the village hall, football or petanque clubs.	Review current arrangements and introduce due diligence process for club usage
Best value Account-ability	Work awarded incorrectly Overspend on services		Normal Parish Council practice would be to seek, if possible, more than one quotation for any substantial work required to be undertaken or goods or services supplied. For major contract services, formal competitive tenders would be sought. If a problem is encountered with a contract the Clerk would investigate the situation, check the quotation/tender, research the problem and report to Council. This is covered in the Financial Regulations.	Existing procedure adequate. Include when reviewing Financial Regulations 2013/14.
Salaries and assoc. costs	Salary paid incorrectly Wrong hours paid Wrong rate paid False employee Wrong deductions of NI or Tax Unpaid Tax & NI contributions to the Inland Revenue		The Parish Council authorises the appointment of all employees through a Committee. Salary rates are assessed annually by a Committee and applied on 1 April each year. Salary analysis and slips are produced by the council's external payroll accountant monthly together with a schedule of payments to the Inland Revenue (for Tax and NI). These are inspected at the Council meetings and signed off. All Tax and NI payments are submitted in the Inland Revenue Annual Return. The Clerk has a contract of employment and job description. All contracts of employment should contain a section on overpayment and recoup. Salaries are paid in arrears, but if a meeting is cancelled or moved then payments could be late or missed.	Existing appointment system adequate. Existing payment system is adequate and should be reviewed.
Employees	Loss of key personnel Fraud by staff Actions undertaken by staff Health & Safety		Reference to the BCP should be made in case of loss of key personnel. The requirements of the Fidelity Guarantee insurance to be adhered to with regards to Fraud. The Clerk should be provided with relevant training, reference books, access to assistance and legal advice required to undertake the role. The litter picker should be provided with adequate direction and safety equipment needed to undertake the roles, ie. protective clothing and training.	Existing procedure adequate. Purchase revised books. Membership of the SLCC. Monitor working conditions, safety requirements and insurance regularly.
Councillor allowances	Councillors over-paid Income tax deduction	Negative	No allowances are allocated to Parish Councillors.	No procedure required
Election costs	Risk of an election cost		Risk is higher in an election year, but on recent history there is now a high risk that a by-election is called for any casual vacancies. When a scheduled election is due the Clerk will obtain an estimate of costs from EHDC for a full election and an uncontested election. There are no measures which can be adopted to minimise the risk of having elections, as this is a democratic process. The Council saves a sum each year to carry forward in case of an election at a four year interval but by-elections are presently not accounted for.	Existing procedure is inadequate in the case of bye-elections. Council should consider precepting a larger amount each year, and saving each year to cover all costs.
VAT	Re-claiming/charging		The Council has Financial Regulations which set out the requirements. VAT is claimed regularly and is subject to internal audit.	Existing procedure adequate.

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Employer Annual Return	Paying and accounting for NI and Tax of employees salaries		Employer's Annual Return is completed and submitted online to the Inland Revenue within the prescribed time frame by the Clerk and/or external payroll provider.	Existing procedure adequate but clarify arrangements
Audit - Internal Audit	Completion within time limits		Internal auditor is appointed by the Council. Internal auditor is supplied with the relevant documents to audit and the form to complete and sign for the External Auditor. Procedures are all covered in the 'Review of Effectiveness of the system of Internal Audit' which is reviewed annually.	Existing procedure adequate
Annual Return	Completion/Submission within time limits		Annual Return is completed and signed by the Council, submitted to the internal auditor for completion and signing then checked and sent on to the External Auditor within time limit.	Existing procedure adequate
Legal powers	Illegal activity or payments		All activity and payments within the powers of the Parish Council to be resolved and minuted at Full Parish Council Meetings, including a reference to the power used. As per the Financial Regulations prescribe.	Existing procedure adequate
Minutes/ Agendas/ Notices Statutory documents	Accuracy and legality Business conduct		Minutes and agenda are produced in the prescribed method by the Clerk and adhere to the legal requirements and best practice guidelines. Minutes are approved and signed at the following Council meeting. Minutes and agenda are displayed according to the legal requirements. Business conducted at Council meetings should be managed by the Chair.	Existing procedure adequate. Guidance/training to Chair should be given (if required). Members to adhere to Code of Conduct.
Members interests	Conflict of interest Register of Members interests		Although not a requirement, the declaring of interests by members at a meeting should be an obvious process to remind Councillors of their duty and should remain on the agenda. Register of Members Interest forms should be reviewed regularly by Councillors.	Existing procedure adequate. Members take responsibility to update their Register.
Insurance	Adequacy Cost Compliance Fidelity Guarantee		An annual review is undertaken (before the time of the policy renewal) of all insurance arrangements in place. Employers liability insurance is a necessity and must be paid for. Ensure compliance measures are in place. Ensure Fidelity checks are in place.	Existing procedure adequate. Review insurance provision annually. Review of compliance.
Data protection	Policy Provision		The Council is registered with the Data Protection Agency.  The Parish Council does not currently have a written policy covering data protection.	Ensure annual renewal of registration. Prepare written policy
Freedom of Information Act	Policy Provision		The Council has a model publication scheme for Local Councils in place. The Clerk is aware that if a substantial request arrives then this may require many hours of additional work. The Council is able to request a fee if the work will take more than 15 hours but the applicant also has the right to re-submit the request broken down into sections, thus negating the payment of a fee.	Monitor and report any impacts of FOI requests.

## **PHYSICAL EQUIPMENT OR AREAS**

<b>Subject</b>	<b>Risk(s) Identified</b>	<b>H / M / L</b>	<b>Management/Control of Risk</b>	<b>Review/Assess/Revise</b>
Assets	Loss or Damage Risk/damage to third party(ies)/property		An annual review of assets is undertaken for insurance provision, storage and maintenance provisions.	Asset register regularly reviewed in accordance with relevant requirements.

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Maintenance	Poor performance of assets or amenities Loss of income or performance Risk to third parties		All assets owned by the Parish Council are regularly reviewed and maintained. All repairs and relevant expenditure for these repairs are actioned/authorised in accordance with the correct procedures of the Parish Council. All assets are insured and reviewed annually. All public amenity land is inspected regularly by parish employees.	Existing procedure adequate. Ensure inspections carried out.
Notice boards	Risk/damage/injury to third parties Road side safety		Parish Council has two notice boards sited around the village. All locations have approval by relevant parties, insurance cover, inspected regularly by the Clerk - any repairs/maintenance requirements brought to the attention of the Parish Council. Notice boards are not secure.	Existing procedure adequate.
Street furniture	Risk/damage/injury to third parties		The Parish Council is responsible for various items which are covered by insurance. No formalised programme of inspections is carried out except in respect of the playground equipment which is formally inspected annually by an external safety organisation, all reports of damage or faults are reported to Council and/or dealt with.	Existing procedure adequate although further formality required in respect of land, seats, buildings, and trees.
Meeting location	Adequacy Health & Safety		The Parish Council Meetings are held at the Village Hall. The premises and the facilities are considered to be adequate for the Clerk, Councillors and Public who attend from Health & Safety and comfort aspects are considered adequate.	Existing locations adequate
Council records - paper	Loss through: theft fire		The Parish Council records are stored at the home of the Clerk or in the village hall office. Records include historical correspondence, minute books and copies, land or property records, records such as personnel, insurance, salaries etc. Recent materials are in a metal filing cabinet (not fire-proof) and older more historical records are stored haphazardly.	Review current arrangements
Council records - electronic	Loss through: Theft, fire, damage corruption of computer		The Parish Council's electronic records are stored on the Clerk's computer. Back-ups of the files are taken at regular intervals but the current process is thought inadequate.	Review current arrangements