

Parish Council Financial Risk Assessment

Notes

This document has been produced to enable the Parish Council to assess the Financial 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 AND MANAGEMENT				
Subject	Risk(s) Identified	H / M / L	Management/Control of Risk	Review/Assess/Revise
Councillors	Loosing Councillor membership or having more than 7 vacancies at any one time	L	When a vacancy arises there is a legal process to follow. This either leads to a bye-election or into a co-option process. An election is out of the Parish Council's control. The co-option process begins with an advert, acceptance of applications, consideration of applicants and co-option vote at a Council meeting then appointment.	Existing procedures adequate.
		L	If there are more than 7 vacancies at any one time on the Council it becomes non quorate. The legal process of the Borough Council appointing members takes place.	Procedures of another body are adequate.
	L	High risk of having all new Councillors or many new ones, loosing experience	No action can be taken.	
Business continuity	Risk of Council not being able to continue its business due to an unexpected or tragic circumstance	L	There is a business continuity plan in place.	Review plan when necessary.
Precept	Adequacy of precept Requirements not submitted to CBC in time Amount not received by CBC	L L 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 end the year and indicative figures or costings obtained by the Clerk. With this information the Council maps out 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 Chorley Borough Council. This figure is submitted by the Clerk to CBC. Precept should be considered by Council before the deadline - deadline should be ascertained from CBC asap. The Clerk informs Council when the monies are received (approx April/May time).	Existing procedure adequate.
Precept	Risk to precept tax base figure & Grant	M	Identified risk of falling tax base figure. Monitored at precept setting of 2013/14, 2014/15 & 2015/16. Identified savings and changes 16/17, 17/18	Monitor – balances up

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Election costs Or By-election costs	Risk of election costs	L	Risk is higher in an election year, but still a risk that a by-election is called for any casual vacancy. When a scheduled election is due, Clerk obtains estimate of costs from the CBC for a full election and an uncontested election. No measures can be adopted to minimise the risk of having elections, as this is a democratic process. Council saves a sum each year to carry forward in case of an election at a four year interval, by-elections are not accounted for.	Council precepts an amount annually and plans for the four year period by building up the fund.
Financial records	Inadequate records Financial irregularities	L L	The Council has Financial Regulations which set out the requirements.	Existing procedure adequate. Financial Regulations reviewing Nov18
Bank and banking	Inadequate checks Bank mistakes Loss Charges Loss of signatories	L L L L	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 arrives, these are dealt with immediately by informing the bank and awaiting their correction. Council would choose replacement(s) but the bank takes time to implement changes, this mostly happens after an AGM/election.	Existing procedure adequate. Monitor the bank statements monthly.
Cash / Loss	Loss through theft or dishonesty	L	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	L	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.	Insurance is adequate for requirements but there is still risk of other claims.
Reporting and auditing	Information communication Compliance	L L	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	L L L L	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. One Councillor is nominated to check each invoice against the cheque book and associated paperwork and initials the invoices. Council approves the list of requests for payment. 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	L	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. Reviewed and application form introduced in November 2012.	Existing procedure adequate. Parish Councillors to request S137 rules if required.
Grants - receivable	Receipts of Grant	L	The Parish Council does not presently receive any regular grants. One off grants would come with terms and conditions to be satisfied.	Procedure would need to be formed, if required.
Charges - rentals receivable	Receipt of rental	Negative	Presently we have no arrangements in place	

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Best value Account-ability	Work awarded incorrectly Overspend on services	L L	Normal Parish Council practice would be to seek, if possible, more than one quotation for any substantial work required to be undertaken or goods. 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. Council need to specify exactly how it wants a contract to be carried out ie; in house or by contractor.
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 Online banking controls and Measures	L L L L L L L	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 Clerk monthly together with a schedule of payments to the Inland Revenue (for Tax and NI). These are available for inspection at the Council meetings. The Tax and NI is worked out using an Inland Revenue computer programme updated regularly. All Tax and NI payments are submitted in the Inland Revenue Annual Return. The senior Caretaker submits a weekly time sheet containing hours, tasks. These are checked and initialled by the Clerk and submitted into the records. Each Caretaker has a contract of employment and job description. The Clerk has a contract of employment and job description. All contracts of employment contain a section on overpayment and recoup. Following review, salary cheques/standing orders written out in advance and paid on time.	Existing appointment system adequate. A Personnel Committee was set up to deal with any queries or scheduled business. Further details on salaries are contained in the Financial Regulations.
Employees	Loss of key personnel Fraud by staff Actions undertaken by staff Health & Safety	L L L	Reference to the Continuity Plan 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 Caretakers 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.
VAT	Re-claiming/charging	L	The Council has Financial Regulations which set out the requirements. VAT is reclaimed regularly.	Existing procedure adequate.
Employers Annual Return	Paying and accounting for NI and Tax of employees salaries	L	Employer's Annual Return is completed and submitted online to the Inland Revenue within the prescribed time frame by the Clerk.	Existing procedure adequate.
Audit - Internal Audit	Completion within time limits	L L	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. Internal Auditor to be appointed
Annual Return	Completion/Submission within time limits	L	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	L	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.

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Minutes/ Agendas/ Notices Statutory documents	Accuracy and legality Business conduct	L L	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.
Members interests	Conflict of interest Register of Members interests	L L	The declaring of interests by members at a meeting is on the agenda to remind Councillors of their duty. Register of Members Interest forms should be reviewed regularly by Councillors.	Existing procedure adequate. Members to take responsibility to update their Register.
Insurance	Adequacy Cost Compliance Fidelity Guarantee	L L L L	A review is undertaken (before the time of the policy renewal) of all insurance arrangements in place. Employers and Employee 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	L	The Council is registered with the Data Protection Agency. The new GDPR 2018 needs to be considered and any changes implemented	Ensure annual renewal of registration.
Freedom of Information Act	Policy Provision	L M	The Council has a model publication scheme for Local Councils in place. The Clerk/Council are 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 requests made under the F of I Act.
GDPR	GDPR breach SAR request	L	The Council cannot avoid or anticipate a SAR request, but can guard against and GDPR breach. Anti-virus protection is on the Lap-Top and annually renewed. Information is not kept beyond when necessary.	The procedures need to be put into a document for approval and review.

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FINANCIAL RISK THROUGH EQUIPMENT LOSS OR DAMAGE				
Subject	Risk(s) Identified	H / M / L	Management/Control of Risk	Review/Assess/Revise
Assets	Loss or Damage Risk/damage to third party(ies)/property	L L	An annual review of assets is undertaken for insurance provision, storage and maintenance provisions.	Asset register updated Mar18 in accordance with Audit suggestions.
Maintenance	Poor performance of assets Loss of income or performance Risk to third parties	L L L	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.	Existing procedure adequate. Ensure inspections carried out.
Asset damage /loss	Street furniture, SPID, noticeboards etc damage or loss or in need of repair	L	The Parish Council is responsible for two boundary signs, seats, bike hoops, planters - all covered by insurance. No formalised programme of inspections is carried out, all reports of damage or faults are reported to Council and/or dealt with. Problems will be reported. Councillors to monitor and report problems	Clerk monitor reports
Asset damage /loss	Office equipment	L	The Parish Council's lap top computer – covered by insurance. Kept in a carry bag to protect it.	New – review at 12 months
Notice boards	Risk/damage/injury to third parties Road side safety	L L	Parish Council has 3 notice boards sited in the village. 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. Keys held by the Clerk.	Existing procedure adequate.
Meeting location	Adequacy Health & Safety	L L	The Parish Council Meetings are held at the Community Centre. The premises and the facilities are considered to be adequate for the Clerk, Councillors and Public who attend from Health & Safety and comfort aspects. Problems will be reported.	Existing locations adequate. Clerk now has mobiles for staff.
Council records - paper	Loss through: Theft; fire; damage	L L L	The Parish Council records are stored at the home of the Clerk. Records include minute books and copies, records such as personnel, insurance, salaries etc. Recent materials are in a metal filing cabinet (not fire proof) and older more historical records in the attic.	Damage (apart from fire) and theft is unlikely and so provision adequate.
Council records - electronic	Loss through: Theft, fire, damage corruption of computer	L L	The Parish Council's electronic records are stored on the Parish Council's lap top. Back-ups of the files are taken utilising a Cloud provider.	Reviewing Cloud provision – reviewed and renewed.
Damage	Willful damage and graffiti	M	Monitored and reported by all to the Clerk or CBC/LCC for quick repairs/cleaning.	

Reviewed at the meeting of:04/09/19..... Signed by the Chairman: