

Financial Risk Assessment

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

	Activity	Hazard	Risk To	Risk Level	Controls to Mitigate Risk	Residual Risk
1	Annual Return	<ul style="list-style-type: none"> •Inability to meet year end close dates. •Omissions/inaccuracies in AGAR return •No Clerk/RFO resilience •Late submission - Charges applied 	Parish Council	M	<ul style="list-style-type: none"> •Structured deadline procedures. •Parish Clerk/RFO to comply with year-end procedures, to ensure compliance with Annual Return requirements. •Ensure accuracy of AGAR return prior to submission – 4 eyes •Chair to seek assistance of another clerk if required. 	L
2	Assets	<ul style="list-style-type: none"> •Inaccurate record of assets •Asset register not maintained •Damage/destruction of assets •Damage/injury to third party 	Parish Council	M	<ul style="list-style-type: none"> •Record of Assets to be maintained including additions and disposal of items and presented to Council at least annually. •Insurance provider aware of all assets and valuations. •Minimum of annual physical inspection of assets. •Maintenance programme implemented for all assets. 	L
3	Audits – Internal and External	<ul style="list-style-type: none"> •Lack of awareness and or training •Nonconformity with statues and regulations 	Parish Council and Clerk/RFO	M	<ul style="list-style-type: none"> •Independent Internal audit conducted twice a year. •Internal Audit contract to be reviewed every three years or sooner if required. •Findings of Internal Audit report to be shared with Parish Council and actioned as soon as practicable. 	L

					•Cooperation with External Audit requirements and requests	
4	Bank and Banking	<ul style="list-style-type: none"> •Insufficient/inadequate reconciliations. •Bank Error/Failure/Loss •Charges 	Parish Council, Clerk/RFO and Public	M	<ul style="list-style-type: none"> •Financial Regulations and procedures to be implemented. • Monthly financial reports presented to Parish Council for approval following monthly reconciliation. 	L
5	Best Value Accountability	<ul style="list-style-type: none"> •Best Value not achieved due to inadequate management of process •Works awarded inappropriately •Overspend on Services 	Parish Council, Clerk/RFO and Public	L	<ul style="list-style-type: none"> •Financial Regulations and procedures to be implemented and applied. •Best practice to be implemented prior to any tendering process. •Three quotes/estimates to be sought for all works as per Financial Regulations •Council to review quotes and approve or recommend reason for awarding tender to individual/company. •Works undertaken to be inspected by Clerk/RFO, member, or expert to ensure of satisfactory standard •Any issues with works to be investigated by Clerk/RFO and reported to Parish Council. 	L
6	Budget and Precept	<ul style="list-style-type: none"> •Adequacy of precept and budget setting. •Non or late submission to District Authority •Amount not received by District Authority 	Residents.	L	<ul style="list-style-type: none"> •Budget preparation by Parish Clerk/RFO is to be considered by Chair and Vice Chair considering actual and projected position. Parish Council reviews information presented and approves the amounts set for specific budget headings for the following financial year. •Explanation of notable variances to be recorded •All virements to be minuted. •Approval of the final budget and precept request to be made by Parish Council, for submission to District Authority by January each year. 	L

7	Business Continuity	<ul style="list-style-type: none"> •Failure of Council continuing business due to unforeseen circumstances. •Long-term sickness. •Unforeseen financial or another crisis 	Residents and Clerk/RFO	L	<ul style="list-style-type: none"> • The finance system Rialtas is processed by Clerk/RFO and reports presented to Council. • Three signatories on account to ensure resilience •All members and Clerk/RFO can work from home via internet •IT systems automatically backed up. Telephone support available regarding IT system •Financial Internal controls procedure must be adhered to. <p>*Business Continuity Plan to be drafted</p>	L
8	Conflicts/Gifts	Inadequate identification and controls regarding conflicts of interest	Parish Council	M	<ul style="list-style-type: none"> •Conflict declarations (Code of Conduct and Acceptance form) reviewed and revised at the Annual Parish Council meeting. •District Council and Clerk hold records Acceptance of Office and Pecuniary Interest forms •Chair seeks declaration of any conflicts at each meeting and enforces participation restrictions appropriately. 	L
9	Cash	Theft/Dishonesty/Loss	Clerk/RFO and Parish Council	M	<ul style="list-style-type: none"> •No ability to accept or make cash/cheque payments. •Electronic payments only •Council Insurance policy includes Fidelity guarantee •Only current signatories on bank account. 	L
10	Council Records	<ul style="list-style-type: none"> •Loss of electronic data •Loss through fire/theft/damage/corruption •Councillor appointed for internal controls check. 	Parish Council	L	<ul style="list-style-type: none"> •System backup is automated onsite and offsite. •Confidential personal information retained electronically •Documents retention procedures to be adhered to • Bespoke Council accounting system Rialtas installed with separate backup procedures 	L
11	Data Protection	<ul style="list-style-type: none"> •Loss of Confidential Information •Reputational Risk •Lack of awareness or training 	Parish Council, Members,	M	<ul style="list-style-type: none"> •Parish Council is registered with the Information Commissioner Office (ICO) •GDPR training available to Clerk/RFO and members •Council information shared only via business emails. 	L

			Clerk/RFO and Public		<ul style="list-style-type: none"> •GDPR related policies created, implemented and available to public via website •ICO Certificate renewed annually 	
12	Election Costs	Inability to meet costs	Parish Council	L	<ul style="list-style-type: none"> •Risk elevated in an election year. When an election is due the Clerk will obtain an estimate of costs from the District Council for a full election and or uncontested election. •Annual budget provision 	L
13	Financial Records	<ul style="list-style-type: none"> •Inadequate records leading to financial irregularities •Loss through damage/theft/fire/corruption 	Parish Council and Clerk/RFO	M	<ul style="list-style-type: none"> •Parish Clerk/RFO to ensure implementation of Financial Regulations and best practice within Internal controls and procedures. •Financial internal controls reviewed annually •Quarterly assurance inspections to be undertaken. •Full risk review to be undertaken annually •Internal and External Audits to be undertaken at least annually •Regular automated back-ups of systems which is tested annually 	L
14	Freedom of Information Act	The Council has a model publication scheme for Local Councils in place.	Parish Council and Clerk/RFO	M	<ul style="list-style-type: none"> •The Council is able to request a fee for any information requested to cover the cost of consumables and clerk's time. •FOI Act publication scheme and FOI procedure created. 	L
15	Grants	<ul style="list-style-type: none"> •Power/Authorisation to Pay •Receipts of Grants 	Public	L	<ul style="list-style-type: none"> •All Grant applications to be considered and approved by Parish Council. •Grant budget reviewed annually •All Grants received to be entered into finance system under separate budget headings and expenditure recorded under separate budget heading •All Grant payments to be recorded in Grant register with appropriate Power used to make award 	L

					<ul style="list-style-type: none"> •Terms and Conditions of received Grants must be adhered to 	
16	Income Stream	Sales ledger invoices not paid	Parish Council	M	<ul style="list-style-type: none"> •Invoices to be issued in timely manner •Receipt of payments to be monitored •Debtors to be proactively monitored by RFO. •Quarterly review of all accounts including debtors to be shared at Parish Council. •Debtors to be actively communicated with, to minimise the value of debt and to recover costs 	L
17	Insurance Cover	<ul style="list-style-type: none"> •Insufficient cover to meet nature of claim •Cost •Compliance •Fidelity 	Public, Clerk/RFO, Members, Tenants.	L	<ul style="list-style-type: none"> •Insurance cover reviewed annually and premium updated to meet demands. •Additional types of insurance cover taken out to meet diverse situations as required •Periodic and specific risk assessments undertaken to ensure compliance 	L
18	Litigation	Legal action taken against Parish Council	Parish Council, Clerk/RFO and Public	M	Insurance cover is comprehensive and includes Public Liability, Fidelity and Legal fees	L
19	Legal Powers	<ul style="list-style-type: none"> •Adoption of Standing Orders and Financial Regulations •Non-compliance with legislation •Ultra vires actions •Appointment of RFO 	Parish Council, Clerk/RFO and Public	M	<ul style="list-style-type: none"> •Standing Orders and Financial Regulations to be reviewed and adopted annually or as legislation dictates. •Parish Clerk/RFO appointed and duties as per employment written statement of particulars •Parish Clerk/RFO to ensure compliance with legislation, Standing Orders and Financial Regulations and other Council procedure(s). •Appropriate training received by both Members and Clerk/RFO •Access to external specialist for advice 	L

20	Meeting Location	<ul style="list-style-type: none"> •Adequacy •Health and Safety 	Parish Council, Clerk/RFO and Public	L	<ul style="list-style-type: none"> •Parish Council do not have own premises. Meetings are normally held at St Peters Church, Shakespeare Road, Boyatt Wood. •The premises and the facilities are adequate for Council meetings from Health & Safety, Disability, Discrimination and comfort aspects. 	L
21	Payments	<ul style="list-style-type: none"> •Goods not supplied but invoiced/ invoices incorrect/invoices unpaid •Inadequate controls/checks •Fraud/Theft 	Parish Council	L	<ul style="list-style-type: none"> •Invoices recorded upon receipt/ Invoices checked for accuracy/goods received checked on delivery. •Payment's list approved & Payment amount minuted at monthly Parish Council Meetings. • Parish Clerk/RFO input/uploads purchase ledger invoices ensuring accuracy of expenditure. Each invoice to state Index number, method of payment, date paid and if available minute reference within Rialtas system •All payments reviewed by RFO. •Payments only to be made to confirmed accounts and not made using account information supplied by email only •Two signatories required for bank accounts and payments cross checked with invoices •Sufficient signatories maintained on the accounts 	L
22	Reporting	Failure to communicate to Parish Council and external bodies	Parish Council, Clerk/RFO and Public	L	<ul style="list-style-type: none"> •Monthly Finance reports, cashbook reconciliations and bank statements to be presented to Parish Council under separate agenda items. •Reports and bank statements made available for signing by a member at each meeting. 	L
23	Reserves	<ul style="list-style-type: none"> •Inadequacy of existing funds held •Unforeseen events 	Parish Council, Clerk/RFO and Public	M	<ul style="list-style-type: none"> •Parish Council can maintain Reserves one of which is General Reserves equating to approximately 6 months expenditure for ongoing costs. •Unbudgeted commitments are approved after an assessment of the impact on existing reserves. 	L

					<ul style="list-style-type: none"> • Specific Reserve are documented demonstrating justification and rationale. 	
24	Risk Assessments	<ul style="list-style-type: none"> • Insufficient risk review undertaken for BWPC assets and activities. • Inadequate Risk Assessments 	Parish Council, Clerk/RFO and Public	M	<ul style="list-style-type: none"> • Engage with expert if required • Comprehensive risk assessments to be created for all BWPC activities. • Risk assessments undertaken for BWPC assets • Cross check with insurance provider • Supporting rolling programme of inspections and testing to be implemented • Review contractors risk assessment and public liability insurance prior to carrying out works. 	L
25	Clerk/RFO and Member Training	<ul style="list-style-type: none"> • Lack of awareness/training • Potential Legal and Financial liabilities due to incorrect actions/advice taken 	Parish Council and Clerk/RFO	L	<ul style="list-style-type: none"> • Clerk/RFO appointed issued with employment contract and CILCA qualified. The Clerk/RFO is subject to annual staff appraisals. • All members to undertake relevant training - 2 training sessions per year • Parish Clerk to ensure best practice is implemented as soon as practicable. • Parish Council to ensure budget available for Clerk/RFO training, access to professional bodies and reference materials 	L
26	Clerk/RFO Salaries and Member expenses	<ul style="list-style-type: none"> • Incorrect salary payments - Failure to pay HMRC and/or Pension contributions. • Non-compliance with year-end obligations • Incorrect/fraudulent expense claims 	Parish Council and Clerk/RFO	L	<ul style="list-style-type: none"> • Payroll service undertaken by recognised external payroll administrator to calculate monthly Clerk/RFO payments including mileage and expenses • All expenses submitted to Parish Clerk/RFO or line manager for authorisation and receipts reviewed. • Mileage claims as per HMRC guidance. • BACs payments to HMRC & Pension. • No overtime payments unless exceptional circumstances and approved by Parish Council prior to working. 	L

27	Section 137	<ul style="list-style-type: none"> •S137 payments not recorded in finance system •S137 payments exceed limit •S137 not minuted 	Parish Council	M	<ul style="list-style-type: none"> •S137 payments recorded in finance system and separate record retained of all payments •All S137 payments minuted at Parish Council •Ensure S137 payments are within legal limit 	L
28	VAT/Tax	<ul style="list-style-type: none"> •Errors in calculation. •Incorrect treatment of VAT/Tax resulting in loss •Payments not made to HMRC 	Parish Council	M	<ul style="list-style-type: none"> •Access to VAT/Tax specialist •Clerk/RFO to receive appropriate training •VAT claims to be submitted quarterly and reconciled 	L
39	Inherent Liabilities	<ul style="list-style-type: none"> •Off Balance sheet cost •Pension 	Parish Council	M	<ul style="list-style-type: none"> •Annual review of budget and liabilities undertaken •Pension liabilities monitored 	L

*To be monitored and/or completed within one year

Signed: *M. Phillibert*
Responsible Financial Officer

Date: 17 January 2024

Hazard Severity

Low Risk	Trivial/Negligible	Unlikely to occur
Medium Risk	Minor – Severe injury	Occasional occurrence
High Risk	Death - Severe injury	Likely to occur

Risk Matrix

	Severity			
Probability	High			
	Medium			
	Low			
	IMPACT	Low Loss up to £1000	Medium Loss up to £30,000	High Loss over £30,000

Version	Owner	Date Approved	Minute Ref	Website updated	Next Review
V1 – 2023/24	Parish Council	17/01/2023	105/22	March 2023	Q1 2024
V2 – 2024/25	Parish Council	16/01/2024	166/23	29/04/2024	Q1 2025