

**PICKMERE PARISH COUNCIL – Agenda Item 7.0 – 6<sup>th</sup> June 2023**

**FINANCIAL RISK ASSESSMENT 2023**

SUBJECT	RISK(S) IDENTIFIED	Level of risk H/M/L*	MANAGEMENT/CONTROL OF RISK	REVIEW/ASSESS/REVISE
Business continuity	Risk of Council not being able to continue its business due to an unexpected or tragic circumstance, or continued absence of councillor quorum.	M	In the event of the Clerk being indisposed, the Chair (or other nominated member) may perform the necessary duties. If required, Chalc would provide advice and possibly assistance. In an extreme, the principal authority may take responsibility.	Existing procedure adequate. Review when necessary.
	Loss of paper/electronic records	M	Financial accounts held on independent server and backed up frequently by software provider. Other files and records kept at Clerk's home and in metal cabinets at Village Hall. Electronic files held on Microsoft OneDrive. Approved minutes and background reports published on website.	Existing procedure adequate.
Income	Adequacy of precept for Council to carry out its statutory duties	M	Annual budget process leads to demand for precept amount. Monthly accounts against budget presented to Council at each meeting	Existing procedure adequate
	Precept requirements not submitted to CEC by deadline	M	Council minute contains Council resolution; Chair able to follow up with CEC if necessary	Existing procedure adequate
	Precept amount not received from CEC	M	RFO to confirm receipt and included in monthly financial report.	Existing procedure adequate
	Loss of Village Hall rental income	M	Monthly monitoring against agreed budget	Existing procedure adequate
	Insufficient control of hire income	M	Issue sequentially numbered invoices for all Village Hall hire	Potential systems to be investigated
Financial records	Inadequate records	L	Financial Regulations (approved Jan 2020) specify requirements of Council. Scribe accounting system requires and presents adequate information.	Existing procedure adequate. Review Financial Regs from time to time.
	Financial irregularities	M	Regular financial reports presented to Council. All cheques or other payments to be authorised in accordance with Financial Regulations. Two signatories required for each cheque or payment; signatory cannot sign cheque payable to him/herself.	Existing procedure adequate. Review bank signatories when change of Councillor or circumstances.
Bank and banking	Inadequate checks	M	Bank reconciliations prepared monthly and countersigned by Chair.	Existing procedure adequate.
	Misuse of funds	L	Ensure at all times 4 councillors can act as bank signatories for payments etc and 2 signatories required to authorise payments	Establish such a system
	Bank errors	L	RFO reconciles all bank statements against council records monthly	Existing procedure adequate

\* Risk level based on likelihood against potential impact

	Imposition of bank charges	L	RFO checks adequate bank funds prior to issuing cheques/payments, and challenges charges where errors made by bank	Existing procedure adequate
Cash	Loss through theft or dishonesty	L	No petty cash held. Cash handling rare. Any cash received immediately banked.	Existing procedure adequate
Reserves	Adequacy	H	Considered at Budget setting; monitored by RFO throughout year	Existing procedure adequate
Reserves – earmarked	Adequacy	H	Considered at Budget setting; monitored by RFO throughout year	Existing procedure adequate
Reporting and auditing	Information communication	L	Monthly accounts presented to Council at all ordinary meetings, including performance against budgets.	Existing procedure adequate
	Compliance	H	Independent internal auditor appointed. Annual reports detailing compliance with audit regulations presented to Council.	Existing procedure adequate
	Transparency Code (where relevant)	M	Financial information – monthly accounts and payment lists - published on Council website	Existing procedure adequate
Direct costs and overhead expenses	Goods not supplied but billed	L	Procurement undertaken in accordance with Financial Regs. RFO follows up on all orders.	Existing procedure adequate
	Invoice incorrectly calculated or recorded	L	RFO checks all invoices against orders prior to payment	Existing procedure adequate
	Cheque payable incorrect (excessive or to wrong party)	L	Signatories initial cheque stub and voucher to confirm accuracy	Existing procedure adequate
Salaries, pensions and associated costs	Salary paid incorrectly	L	Salary paid by standing order and checked against approved figure	Existing procedure adequate
	Wrong deduction of NI and Tax	L	Payments verified to date by PAYE consultant	Existing procedure adequate
	Unpaid NI and Tax contributions to HMRC	L	Payments by standing order and checked against approved figures	Existing procedure adequate
Employees	Loss of Clerk	L	Hours, health, stress, training, long term sick, early departure – risk monitored and managed as appropriate	Existing procedure adequate
	Fraud by employee	M	Risk incorporated in Insurance cover. Other financial checks as described above	Existing procedure adequate
	Actions taken by staff	H	Relevant training, resources and access to professional advice made available to Clerk	Existing procedure adequate
VAT	VAT analysis	L	Accounting software provides continuous monitoring	Existing procedure adequate
	VAT claims	M	VAT reclaim at least on quarterly basis	Existing procedure adequate
Legal powers	Illegal activity or payments	M	All activity and payments within powers of Parish Council to be resolved and minuted at Council meetings. Relevant procedures established in Standing Orders and Financial Regulations.	Existing procedure adequate. Standing Orders and Fin Regs reviewed January 2020
Risk of legal action	Accidents on council property	M	H+S Risk Assessment in operation. Covered by insurance policy	Existing procedure adequate.

\* Risk level based on likelihood against potential impact

[https://d.docs.live.net/185ad9adb84abc59/AA PARISH COUNCIL/COUNCIL AND PLANNING CTTEE MEETINGS/COUNCIL MEETINGS/PARISH COUNCIL AGENDAS/2023-24/230606/7.0 Appx - Financial Risk Assessment 230606.docx](https://d.docs.live.net/185ad9adb84abc59/AA%20PARISH%20COUNCIL/COUNCIL%20AND%20PLANNING%20CTTEE%20MEETINGS/COUNCIL%20MEETINGS/PARISH%20COUNCIL%20AGENDAS/2023-24/230606/7.0%20Appx%20-%20Financial%20Risk%20Assessment%20230606.docx)

	Slander etc	L	Communications on behalf of Council concentrated through Clerk and Chairperson – relevant training etc made available. Covered by insurance policy	Existing procedure adequate
PROCUREMENT				
Risk of Supplier Fraud		L	Introduce controls to minimise risks	Seek advice from CHALC as to appropriate measures
Audit trail		M	Establishment of system to permit audit trail of contract procurement processes	Investigate and implement appropriate system

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