

Somercotes Parish Council Financial Risk Assessment

This risk assessment is a systematic examination of the Parish Councils working practices, policies and procedures. This will enable the Parish Council to identify potential inherent financial risks. The Parish Council, based on a recorded assessment, will take all practical and necessary steps to reduce or eliminate the risks, insofar as is practically possible.

Subject	Risk(s) indentified	H/M/L	Management/control of Risk	Review/Assess/Revise
Precept	Adequacy of precept in order for the Council to carry out its Statutory duties	L	<ul style="list-style-type: none"> • Council has a budget setting process in January each year when all individual budgets are agreed. • Budgets are strictly adhered to. • In event of an emergency occurring between meetings and not covered by a specific budget a sub-committee consisting of the Chairman and Vice Chairman or their nominees may use money from another individual budget to cover that emergency. • Reserves Policy in place and general reserves available for unexpected events/emergencies • Risk higher in election year but is included in budget in election years 	Existing procedure adequate. Ensure that Reserves are reviewed at each Annual Meeting
	Election Costs	L		Existing procedure adequate.
Financial Records	Inadequate records	L	<ul style="list-style-type: none"> • Council has Financial Regulations which sets out the requirements 	Existing procedure adequate Review the Financial regulations annually and when amendments required
	Financial irregularities	L		
Bank and Banking	Inadequate checks	L	<ul style="list-style-type: none"> • All cheques signed by two Councillors. • On line banking payments are made in the presence of both the Clerk and the RFO. • Monthly Bank reconciliations are carried out on all current accounts and presented to Council • On line bank payments authorised by two 	Existing procedure adequate
	Banks mistakes	L		

			Councillors in the absence on the Clerk/RFO	
Bank Deposit	Failed bank Temporary high balance (up to £1 million claim) only available to individuals		<ul style="list-style-type: none"> FSCS Compensation limited to £85,000 (2022) Balances reviewed monthly and balances over £85,000 for a period of over 2 consecutive months excess switched to other current account 	Existing procedure adequate Ensure consecutive high balances excess switched to other current account
Reporting and Auditing	Information communication to Council	L	<ul style="list-style-type: none"> Financial information is a standing agenda item (Finance Report) and discussed/reviewed/approved at each meeting 	RFO to provide quarterly payments, receipts and budget comparisons to Council
Charges-rents receivable	Payment of rents	L	<ul style="list-style-type: none"> Council collects Allotment rents in April each year Allotment holders have signed agreements Rents reviewed by Council annually 	Existing procedure adequate
Grants and support payable	Power to pay	L	<ul style="list-style-type: none"> Council has a grant policy and application procedure Grant awards resolved at Council Meeting and minuted Council have to be satisfied that any monies granted are to the benefit of the residents of the parish 	Existing procedure adequate.
Best value accountability	Work awarded Incorrectly Overspend on services	L M	<ul style="list-style-type: none"> The Council has Financial Regulations and Standing Orders which set out the requirements and regard to The Public Contracts Regulations 2015 Monthly Budget Monitoring Report presented to Council at each bi monthly meeting 	Existing procedure adequate. Include when reviewing Financial Regulations
Employees	Fraud by Staff	L	<ul style="list-style-type: none"> Fidelity Guarantee Insurance claim limit £250,000 	Existing procedures adequate

	Health and Safety	L	<ul style="list-style-type: none"> All employees provided adequate direction and safety equipment needed to undertake their roles 	Monitor health and safety requirements and insurance annually
VAT	Reclaiming/charging	L	<ul style="list-style-type: none"> The Council has Financial Regulations which set out the requirements 	Existing procedures adequate
Annual Return	Submit within time limits	L	<ul style="list-style-type: none"> Annual Return completed and signed by the Council at its Annual Meeting. Date for Internal Audit set before Annual Meeting and signed by Internal Auditor before Annual Meeting Sent to External Auditor before submission date Both RFO and Clerk aware of procedure 	Existing procedures adequate
Legal Powers	<p>Illegal activity or payments</p> <p>Working groups/committees/sub-committees making decisions</p>	L	<ul style="list-style-type: none"> Activity and payments within the powers of the Council resolved at full Council Meetings with reference to the power used Clear terms of reference 	<p>Existing procedures adequate</p> <p>When setting up any group/committee clear terms of reference required at commencement</p>
Minutes/agendas/ Notices	<p>Accuracy and Legality</p> <p>Meeting Procedures</p>	<p>L</p> <p>L</p>	<ul style="list-style-type: none"> Minutes and agenda are produced in the prescribed manner by the Clerk and adhere to the legal requirements Minutes are approved and signed at the next Council meeting. Agenda displayed according to legal requirements Council has Standing Orders which set out procedures for the conduct of business at meetings 	<p>Existing procedures adequate.</p> <p>Members adhere to Code of Conduct and Standing Orders</p>
Members interests	Conflict of Interests	L	<ul style="list-style-type: none"> Declarations of interest by members at Council 	Existing procedures adequate.

	Register of Members Interests	M	<p>meetings and minuted</p> <ul style="list-style-type: none"> Members reminded at every Council Meeting of obligations to amend/update as required 	Members take responsibility to update register
Insurance	Adequacy	L	<ul style="list-style-type: none"> Annual review is undertaken of all insurance arrangements and adjustments added when necessary Annual Premium reported to Council Employers and Employee liabilities a necessity and within policies Compliance measures are in place 	Existing procedure adequate Insurance review due May 2023
	Cost	L		
	Compliance Fidelity Guarantee	M		
Fraud	Embezzlement by staff	L	<ul style="list-style-type: none"> Control measures are in place for double checking of payments/receipts/monetary transactions/ monthly bank reconciliation by RFO and Clark Internal and external audit would uncover irregularities. 	Existing procedure adequate.
Valuables & Cash	Loss or Theft	L	<ul style="list-style-type: none"> Village Hall secure by alarms connected to monitoring station Safe in office for cash and valuables access limited to Clerk and RFO All petty cash transactions are backed up by receipts Cash bank deposits made by Clerk at local branch regularly. Does not allow build up of cash and limited to below £1000 	Existing procedure adequate.
Legality of Activities	Incorrect decisions Taken Leading to a Lawsuit	L	<ul style="list-style-type: none"> Councillors take advice from Proper Officer who in turn will take advice from DALC or other regulatory body 	Existing procedure adequate

Data Protection	Policy	L	<ul style="list-style-type: none"> The Parish Council is registered with the Information Commissioner's Office 	Ensure annual renewal of registration
Freedom of Information	Policy Provision	L	<ul style="list-style-type: none"> Council has a Model Publication scheme in place 	Monitor any requests made under FOI
	Substantial request and insufficient work hours	M	<ul style="list-style-type: none"> Council is aware that if a substantial request came in it could create a number of additional hours work. The Council can request a fee to supplement the extra hours 	
Staff	Loss of key members of staff through illness or suspension	M	<ul style="list-style-type: none"> Loaning staff from adjacent authorities would offer short term solution Agency/Temporary staff for longer periods Relief staff in place to cover Caretaker duties 	Maintain an emergency fund to service increased salary costs as per Reserves Policy
Assets	Loss or damage Risk/damage to third party (ies) property	L	<ul style="list-style-type: none"> Asset register is kept up to date Assets are covered by insurance and protected by appropriate security measures An annual review is undertaken for insurance purposes 	Existing procedures adequate
		L		
Maintenance	Poor performance of assets or amenities	L	<ul style="list-style-type: none"> Assets owned by the Council are regularly reviewed and maintained All repairs and relevant expenditure for any repairs are actioned and authorised in accordance with the Council's Financial Regulations Assets are insured 	Existing procedures adequate
Meeting locations	Adequacy	L	<ul style="list-style-type: none"> Council meetings held in a venue considered to have appropriate facilities Health and Safety covered by Premise Management of the Village Hall 	Existing procedures adequate
	Health & Safety			

<p>Council records – paper</p>	<p>Loss through: Theft Fire Damage</p> <p>Document Control</p>	<p>L L L</p>	<ul style="list-style-type: none"> • Council records are stored at Somercotes Village Hall • Records include historical correspondences, minutes, insurance, bank records etc • The documents are stored in locked offices and archived in the roof space. • GDPR/Retention of documents policy in place 	<p>Damage (apart from fire) and theft is unlikely and so provision is adequate.</p> <p>Existing procedures adequate</p>
<p>Council records – electronic</p>	<p>Loss through: Theft, fire damage or corruption of computer</p>	<p>M</p>	<ul style="list-style-type: none"> • Council electronic records are stored on the Council computers at the Village Hall • Regular backups of electronic data to two portable hard drives, one is kept at the Village Hall and one is kept at the Clerks home. • GDPR policy in place to deal with correspondence. 	<p>Existing procedures considered adequate</p>
<p>Business Continuity</p>	<p>Loss of Office, Equipment and Hard Copy records through fire</p>	<p>L</p>	<ul style="list-style-type: none"> • None at present 	<p>Maintain an emergency fund to cover interim costs prior to insurance claim payments Identify alternative office accommodation Ensure essential hard records are backed up with soft copies Consider a business continuity plan with reference to “Civil Contingencies act 2004”</p>