

**PARISH COUNCIL – FINANCIAL RISK ASSESSMENT POLICY 2019/20**

Item	Risk/Impact	H/ M/ L	Assessment	Financial Regulation	Action
<b>Purchase Orders and Payments</b>	Goods, services and works acquired on behalf of the Council: <ul style="list-style-type: none"> <li>• Goods not supplied to Council</li> <li>• Invoice incorrectly recorded or calculated</li> <li>• Accuracy of cheque i.e. amount or payee</li> </ul>	M L L	Follow up on order/service Check calculations on invoices by RFO Initial stub by signatories	5, 6 and 10	Clerk to approval check Member verify Approval check by member
<b>Annual Budget</b>	Preparation, consideration and formal agreement for precept: <ul style="list-style-type: none"> <li>• Not submitted</li> <li>• Payment not received by local authority</li> <li>• Adequacy of precept</li>   <li>• Adequacy of reserves for general and earmarked items</li> </ul>	L L H  L	To be monitored throughout year  Minute of resolution, RFO to follow up Confirm receipt, to be minuted Regular review of budgeted to actual for income and expenditure throughout the year Consider with budget setting and review of final accounts	2 and 3	As/when required As/when received To complied regularly by RFO throughout the year and as/when required by Council RFO provide information and plan
<b>Petty Cash and Other Income</b>	Handling of monies received: <ul style="list-style-type: none"> <li>• Cash handling</li> <li>• Cash banking</li> </ul>	L L	The Council does not operate petty cash, handling is avoided If received, necessary controls in place Carried out as soon as possible, paying in book stamped and recorded in cash book	9	Regularly reviewed RFO reports and member monitors
<b>Payroll</b>	Payment of wages and salaries to Council employee: <ul style="list-style-type: none"> <li>• Wrong salary/hours/rate paid</li> <li>• Failure to deduct, correct tax and NI contributions, failure to comply with current legislation</li> <li>• Self employed status</li> </ul>	L L L	Clerk to submit timesheet, hours, rate and calculation to be checked Check to PAYE calculations if appropriate  Evidence of agreed self employed status from Inland Revenue	7	Member to verify and all members to receive copy Member to verify  Council to be in receipt of letter and to be kept on file
<b>Asset Control</b>	Record of Council's Assets and investments:		To be reviewed annually and as per	8, 13 and 14	Review Asset Register and

	<ul style="list-style-type: none"> <li>Loss, damage, disposal etc</li> <li>Risk or damage i.e. third party or individuals</li> <li>Failure to maintain or review could result in undervaluing i.e. insurance. Consider adequacy of insurance including public liability</li> </ul>	M M M	purchase or disposal of any assets.		insurance policy annually, and as/when required
<b>Bank reconciliation</b>	Record of the Council's transactions in respect of income and expenditure. To be monitored and carried out regularly. Failure to undertake reconciliation could result in loss of income, inappropriate payments or misappropriation of funds.	M M	To be monitored and carried out regularly.	1	Members to receive copy and verify, also review Financial Regulations annually
<b>Year end accounts</b>	Statement of financial activity of the Council for each year. Failure to provide an accurate statement of the Council's financial transactions for each year.	L L	To monitored when year end accounts presented.	1 and 4	To be completed by RFO/Clerk, checked and verified by members at full Council
<b>Insurance</b>	Insurance cover provided for Council's financial and other activities. Inadequate cover could lead to financial loss and legal claims against the Council. Any new activity/asset to be considered in relation to insurance as and when necessary.	M M	To be monitored and reviewed at budget meeting or as and when necessary i.e. purchase/disposal of asset.	15 and 16	Review Insurance Schedule annually, or as/when required
<b>Financial Records</b>	Record of Council's financial transactions: <ul style="list-style-type: none"> <li>Inadequate records</li> </ul> Failure to ensure safekeeping and updating of records. RFO/Clerk to review regularly and internal audit and controls in place.	L L		1	To be considered and checked by full Council at meetings
<b>Internal Audit</b>	Review of systems and controls implemented by Council: <ul style="list-style-type: none"> <li>Effectiveness</li> </ul> Failure to secure independent internal audit and record audit results.	L L	Audit Plan in place	3 and 4	An appropriate independent individual to carry out audit, regular review of process
<b>External Audit</b>	Completion of the Audit Commission process. Failure to comply with statutory requirements for completion and publication of Audit. Council to produce documentation as and when required for external	L L		3 and 4	Compliance as/when required

	purposes.				
<b>VAT</b>	Accurate recording and accounting of VAT and reclamation: <ul style="list-style-type: none"> <li>• VAT analysis</li> <li>• Charged on purchase</li> <li>• Reclamation within time limits</li> </ul> Consideration of failure to comply with legislation, all items listed separately in cash book, consider all items as cash book lists, returns to be submitted annually	M L M		9	RFO verify RFO verify RFO verify
<b>Grants Awarded</b>	Grants awarded to external organisations: <ul style="list-style-type: none"> <li>• No power to pay or evidence of agreement of Council to pay</li> <li>• Conditions agreed</li> </ul>	M L	Consideration of council powers Council minute sating agreement and resolution Agree and document any reasonable conditions	3	Member verify  RFO check
<b>Grants Received</b>	Grants received from external organisations: <ul style="list-style-type: none"> <li>• Claim procedure</li> <li>• Receipt of grant when due</li> </ul>	M M	To maintain thorough monitoring Clerk/RFO monitor as required Clerk/RFO monitor as required	9	Ongoing as required Ongoing as required
<b>Staff</b>	<ul style="list-style-type: none"> <li>• Loss of personnel</li> <li>• Fraud by staff</li> </ul>	L L	Risk monitored as appropriate, appraisal undertaken Appropriate cover of insurance to be place, fidelity guarantee	7	Member review  Full Council to review annually or as/when required
<b>Legal Powers</b>	Council awareness of statutory powers <ul style="list-style-type: none"> <li>• Illegal activity or payment</li> </ul>	M	Qualified Clerk/RFO, regular contact with external advisory organisations i.e. BATPC and education of Council	All regulations	Ongoing
<b>Minutes</b>	Accuracy and legality of minutes of meetings	L	Circulated to all members and reviewed at following meeting		Ongoing
<b>Members Interests</b>	<ul style="list-style-type: none"> <li>• Conflict of interest</li> <li>• Register of Members Interests</li> </ul>	M L	Declarations recorded in minutes and addressed as appropriate Register maintained		Ongoing as/when required, recorded by Clerk Clerk maintains, updates as required and forwarded to local authority

Approved and Signed 7 March 2018 at Southoe & Midloe PC Meeting, reviewed 1 May 2019