

### **EAST TISTED PARISH COUNCIL - FINANCIAL RISK ASSESSMENT**

Subject	Risks Identified	Risk H/M/L	Management control of risks	Review/Assess/Revise
Councillors	Losing Councillor membership or having more than 3 vacancies at any one time	L	When a vacancy arises there is a legal process to follow. This either leads to a by-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.  If there are more than 3 vacancies at any one time on the Council it becomes inquorate. The legal process of East Hampshire District Council for appointing members takes place.	Existing procedures adequate.  Procedures of another body are adequate
Business continuity	Risk of Council not being able to continue its business due to an unexpected or tragic circumstance.	L	An extraordinary meeting would be convened to determine action.	Existing procedures adequate.
Precept	Adequacy of precept.  Requirements not submitted to EHDC in time.  Amount not received by EHDC.	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 in December. At the Precept meeting Council receives a budget update report, including actual position and projected position to end of 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 East Hampshire District Council. This figure is submitted by the Clerk in writing to EHDC by the date indicated.  Precept should be considered by Council before the deadline - deadline should be ascertained from EHDC if not notified by the end of December.  The Clerk informs Council when the monies are received (April and September).	Existing procedure adequate
Financial records	Inadequate records. Financial irregularities.	L L	The Council adheres to Financial Regulations which set out the requirements. The Council receives a financial update at each meeting stating expenditure and bank balance. <u>Adequacy of records in checked by annual internal audit.</u>	Existing procedure adequate.
Bank and banking	Inadequate checks.  Bank mistakes.  Loss.	L  L  L	The Council adheres to 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	

**Comment [H1]:** Addition

Subject	Risks Identified	Risk H/M/L	Management control of risks	Review/Assess/Revise
	Charges.  Loss of signatories.	L  L	arrives, these are dealt with immediately by informing the bank and awaiting their correction. Continue to monitor the bank statements monthly.  Council would choose replacements but the bank takes time to implement changes, this mostly happens after an AGM/election.	Existing procedures adequate.
Litigation	Potential risk of legal action being taken against the Council	M	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. The Council must ensure it had evidence of the steps taken as a duty of care to safeguard against possible actions, i.e. playground inspections etc.	Insurance is adequate for requirements but there is still risk of other claims.
Reporting and auditing	Information Communication.  Compliance	L  M	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 regularly audit internally to comply with the Fidelity Guarantee requirements detailed in insurance policy clause 6222.	Existing procedure adequate.
Direct costs	Goods not supplied but Billed.	L	The Council has Financial Regulations which set out the requirements.	Existing procedure adequate
Overhead expenses	Incorrect invoicing. Cheque payable	L L	At each Council meeting the list of invoices awaiting approval is distributed to Councillors, and considered. Council approves the list of payments made and requests for payment.	
Debts	Incorrect. Unpaid invoices.	L L		
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.	Existing procedure adequate. Parish Councillors request S137 rules if required.
Grants - receivable	Receipts of Grant	L	The Parish Council only receives EHDC's Council Tax Support Grant annually with the precept and any one off grants would come with terms and conditions to be satisfied.	Existing procedure adequate
Best value	Work awarded incorrectly	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.
Accountability	Overspend on services	M		

Comment [H2]: Addition

Subject	Risks Identified	Risk H/M/L	Management control of risks	Review/Assess/Revise
Salaries and assoc. costs	False employee. Salary paid incorrectly. Wrong hours paid. Wrong rate paid. Wrong deductions of NI  or Tax. Unpaid Tax & NI contributions to the. Inland Revenue.	L L L L  L  M	The Parish Council authorises the appointment of all employees through council meetings. Salary rates are determined by Council. Salary analysis and slips are produced by the Clerk monthly together with a schedule of payments to the Inland Revenue (for Tax and NI) currently through HMRC Basic Tools. All Tax and NI payments are submitted in the Inland Revenue Annual Return. The Clerk has a contract of employment and job description. The contract of employment contains a section on overpayment and recoup.	Existing appointment system adequate.  The PAYE Scheme is run by the Clerk and is subject to <b>annual review by the internal auditor.</b>
Employees	Loss of Clerk  Fraud by Clerk  Actions undertaken by clerk. Health and Safety	L  L  L	<b>The Council is currently clerked by a volunteer. This arrangement will be reviewed annually at the AGM. Should this arrangement cease the Council will seek to recruit a Clerk as soon as possible but consideration should be given to employing a Locum Clerk in the interim.</b>  The requirements of the Fidelity Guarantee insurance to be adhered to with regards to Fraud, <b>refer insurance policy 1891376</b> The Clerk should be provided with relevant training, reference books, access to assistance and legal advice required to undertake the role.	Existing procedure adequate. <b>Membership of the SLCC.</b> Monitor working conditions, safety requirements and insurance regularly.
Election costs	Risk of an election cost	H	Risk is higher in an election year, but <b>there is also the risk that a by-election is called to fill a casual vacancy. on recent history there is now a high risk that a By-election is called for any casual vacancies. When a scheduled election is due the Clerk will obtain an estimate of costs from EHDC for a full election and an uncontested election.</b> <b>As of August 2017 the estimated cost of a contested election is £1,000, less if shared, and the estimated cost of an uncontested election is £150.</b> There are no measures which can be adopted to minimise the risk of having elections, as this is a democratic process. Election costs are normally met from reserves/contingency held.	<b>Existing procedure is inadequate in the case of Bye elections.</b>  Council should consider precepting a larger amount each year In order to ensure that reserves are sufficient.
VAT	Re-claiming/charging	L	The Council has Financial Regulations which set out the requirements. VAT is claimed annually at the end of December.	Existing procedure adequate
Employers Annual Return	Paying and accounting for NI and Tax of employees salaries	L	<b>Not currently applicable as Clerk is a volunteer</b> (Employer's Annual Return is completed and submitted online using Basic Tools software to HMRC within the prescribed time frame by the Clerk. This system will be reviewed if a payroll provider is employed.)	Existing procedure adequate
Audit - Internal	Audit completion within time limits	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 <b>for the External</b>	Existing procedure adequate

**Comment [H3]:** Addition

**Comment [H4]:** Revised wording

**Comment [H6]:** Not applicable

**Comment [H5]:** addition

**Comment [H7]:** Revised wording

**Comment [H8]:** Addition

Subject	Risks Identified	Risk H/M/L	Management control of risks	Review/Assess/Revise
			<del>Auditor</del> Procedures are all covered in the 'Review of Effectiveness of the system of Internal Audit'.	
Annual Return	Completion/Submission within time limits	L	The Annual Return is completed by the RFO, submitted internal audit and presented to Council at their AGM for approval. <del>It is then sent to BDO for external audit.</del>	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 Meeting.	Existing procedure adequate.
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. Guidance/training to Chair should be given (if required). Members to adhere to Code of Conduct.
Members' interests	Conflict of interest. Register of Members Interests.	L M	Although not a requirement, the declaring of interests by members at a meeting should be an obvious process to remind Councillors of their duty and should remain on the agenda. Register of Members Interest forms are reviewed annually for change.	Existing procedure adequate. Members take responsibility to update their Register of Interests.
Insurance	Adequacy Cost Compliance Fidelity Guarantee	L L L M	An annual 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	There is no necessity for the Council to be registered with the Data Protection Agency.	If the need to register arises.
Freedom of Information Act	Policy provision	L	The Council has a model publication scheme for Local Councils in place. The Clerk is 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 5 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.
Assets	Loss or Damage Risk/damage to third party(ies)/property	L L	An annual review of assets is undertaken for insurance provision and is included with the Annual Return.	Asset register to be updated annually in accordance with internal auditor's suggestions.
Maintenance	Poor performance of	L	All assets owned by the Parish Council are regularly reviewed and maintained. All	Existing procedure

**Comment [H9]:** External audit expected to be discontinued

Subject	Risks Identified	Risk H/M/L	Management control of risks	Review/Assess/Revise
	assets or amenities Risk to third parties		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. All public amenity land is inspected regularly by parish employees .	adequate. Ensure inspections are carried out.
Notice boards	Risk/damage/injury to third parties Road side safety	L	The Parish Council has one notice board sited outside the Post Office. The location has the approval of the landowner and is inspected/updated regularly by the Clerk - any repairs/maintenance requirements will be brought to the attention of the Parish Council.	Existing procedure adequate
Meeting location	Adequacy Health & Safety	L	Parish Council meetings are held in the Village Hall. This facility complies with the Health & Safety, comfort and requirements from standing orders.	Existing location adequate.
Council records - paper	Loss through: theft, fire or damage	L	The Parish Council records are stored in the Clerk's house and contained in a single, metal filing box and some lever arch files.	Damage (apart from fire) and theft is unlikely and so provision adequate.
Council records - electronic The Parish	Loss through: Theft, fire, damage corruption of computer	L M	Council's electronic records are stored on a portable memory stick and on the Clerk's own computer. Back-ups of the files are taken at regular intervals and stored on <del>an</del> external hard drive, "Googledrive".  The Hantsweb email system used by the clerk currently has no provision for storage so all relevant documentation is downloaded.	Keep all files back up in at least two locations.  Ensure any relevant emails are printed for storage.

Comment [H10]: Change proposed

Drafted from the model Financial Assessment provided by HALC.  
Adopted by East Tisted Parish Council at their AGM – May 2015.  
Reviewed by East Tisted Parish Council August 2017