

FINANCIAL & GENERAL RISK ASSESSMENT

| ACTIVITY | POTENTIAL HAZARD | SEVERITY 1-5 | LIKELIHOOD 1.5 | RISK SCORE | CONTROL MEASURES |
|------------------------------------|---|--------------|----------------|------------|--|
| Budget - Insufficient funds | Unable to pay creditors or fulfil commitments to local projects | 5 | 1 | 5 | <p>The budget for Council will be reviewed each year by the Finance Committee before the end of November each year. (<i>Financial Standing Orders 3.1</i>)</p> <p>The precept will be presented to the Full Council to be approved before end of January each year. (<i>Financial Standing Orders 3.2</i>)</p> |
| Bank Procedures | Poor use of public money, precept and accounts called in for detailed audit | 3 | 1 | 3 | <p>The Bank Mandate will be reviewed regularly by Full Council. The Council shall seek credit references for members or employees who act as signatories (<i>Financial Standing Orders 5.1</i>)</p> <p>A schedule of payments forming part of the agenda, together with the relevant invoices shall be presented for authorisation by each meeting of the Council or Committee. (<i>Financial Standing Orders 5.2</i>)</p> <p>All cheques drawn on the bank account in accordance with the schedule will be signed by two authorised signatories of the Council and countersigned by the Clerk. (<i>Financial Standing Orders 6.4</i>)</p> <p>To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation. The signatories shall each also initial the cheque counterfoil and also by the Clerk. (<i>Financial Standing Orders 6.5</i>)</p> <p>If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment. (<i>Financial Standing Orders 6.10</i>).</p> <p>The approval of the use of BACS or CHAPs payment methods shall be renewed by resolution of the Council at least every two years. (<i>Financial Standing Orders 6.9</i>).</p> <p>The Council will introduce dual electronic authorisation of BACS payments to tighten internal controls (<i>Internal audit recommendation – January 2020</i>)</p> <p>The Clerk will reconcile all Bank Statements monthly to be agreed and signed off at the next Finance Committee Meeting. The financial spot checker will recalculate the monthly bank reconciliation.</p> |

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| Excessive Reserves | External auditor cuts precept | 5 | 2 | 10 | Develop and apply an adequate and sufficient reserves policy. |
| Petty Cash | Insufficient cash to refund receipts | 3 | 1 | 3 | The Clerk will operate a petty cash float of no more than £150 for operational and other expenses. Vouchers for payments made shall be forwarded to the Clerk with a claim for reimbursement and kept to substantiate the payment. <i>(Financial Standing Orders 6.21)</i> Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council <i>(under Financial Standing Orders 5.2)</i> . <i>(Financial Standing Orders 6.21c)</i> |
| Petty Cash / Cheque storage | Loss of Petty Cash due to burglary / fire Non return of keys / codes by retiring members | 3 | 1 | 3 | Petty Cash and cheque books are locked away in the safe in the Parish Office. Improved key control to be introduced, (keys to be held only by Clerk, Chair, Vice Chair and nominated key holder). Codes for safe and computer to be lodged with current chair in sealed envelope and changed whenever Clerk or Chair changes. Should requests for return of keys be unsuccessful, locks to be changed on office door. |
| Employment of staff | Failure to comply with Health & Safety policies & procedures Claim against Council for breach of employment contract Lone working – Clerk unable to work for an extended period; personal attack; | 5 5 5 | 2 2 3 | 10 10 15 | Staff training; regular review of risk assessments; regular review of policy documents; provision of appropriate equipment; monitoring of staff health and well-being; Implementation and regular review of compliant employment policies Access codes to office and computer lodged with Chair in case of emergency; Clerk provided with personal attack alarm; office locked when counting cash receipts; Key worker cover to be included in insurance policy and contingency plans to be developed in case of emergencies. <i>(Internal audit recommendation – January 2020)</i> |

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| VAT – delay in submitting quarterly VAT Return | Loss of bank interest from refund; | 1 | 2 | 2 | Interest rates extremely low. Submission of VAT returns and any delays will be monitored by Finance Committee Claims shall be submitted regularly and always within the 3-year cap. In the event of an unavoidable delay or query, the Clerk will contact HMRC for advice and agree a suitable action plan to mitigate any possible fine. |
| | Loss of entitlement to refund | 3 | 1 | 3 | |
| | Fine from HMRC | 2 | 1 | 2 | |
| Errors in VAT Returns | Overpayment of VAT or loss of refund | 2 | 2 | 4 | Clerk has received training in VAT for Local Councils. Training to be updated regularly. Most sums are small so losses likely to be correspondingly small. Internal auditor undertakes spot checks. |
| Council exceeds Partial Exemption <i>de minimis</i> limits for Exempt Business Input tax | Council not entitled to reclaim input tax (likely only where major projects undertaken eg. construction, repair or maintenance works) | 3 | 1 | 3 | Specialist VAT advice will be sought in advance of commencement of major construction projects. Ruling to be sought in advance of project commencement from Written Enquiries Team at HMRC, 12 th Floor, Alexander House, Victoria Avenue, Southend-on-Sea, Essex, SS99 1BD. Copy of written ruling to be submitted with VAT126 claims |
| Making VAT Digital | Requirement to submit digital returns arising mid-year | 2 | 2 | 4 | Compliant Accounting Software being used (Scribe) Digital returns now made quarterly. |

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| Income | Not paid into bank on regular basis – loss of bank interest | 3 | 1 | 3 | Income received must not be paid into the petty cash float, but must be separately banked. (<i>Financial Standing Orders 6.19 b</i>) The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO. (<i>Financial Standing Orders 9.1</i>) |
| Loss of records | Electrical failure or corruption of electronic records Hacking of accounts | 3 4 | 1 2 | 3 6 | PAT testing is to be carried out in all Parish properties annually. Electronic records are backed up to internet cloud storage from which they may be retrieved by an authorised user in the event of computer failure. Anti-virus software installed and kept up to date on Council computers. Software is password protected. Data security procedures to be developed and implemented to ensure viruses are not introduced via private data sticks. |
| Loss of Council records | Loss of prime Council records: Hard copy – due to fire/burglary. | 5 | 1 | 5 | Storage of records in Parish Office. There is an alarm and sprinkler system installed in the Parish Office. Key documents (eg, original property deeds, minutes) to be scanned and archived off site (Shrewsbury Archives / bank) or in a fire safe |
| Chairman's chain | Theft, loss or damage | 4 | 1 | 4 | Chairman's chain is locked in the safe in the office. The office is alarmed at night, weekends and holidays. Photographic record of chain kept to enable replacement to be made in event of loss or damage |

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| End of Year Accounts | Failure to meet year-end audit deadlines and requirements | 3 | 1 | 3 | The RFO shall complete the annual financial statement of the Council, including the council's annual return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council. (<i>Financial Standing Orders 2.3</i>). Any delays likely to result in failure to achieve the required deadlines shall be notified to the External Auditor as soon as possible and a plan for a deferred submission to be agreed. |
| | Poor accounting practices | 3 | 2 | 6 | All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations. (<i>Financial Standing Orders 2.1</i>). Any errors identified at Audit stage shall be addressed immediately and any training needs identified. The RFO will have sufficient training to complete the End of the Year return in the appropriate timescale. Training needs shall be reviewed and updated as required |
| Audit | Accounts not carried out in accordance with approved accounting practices | 5 | 1 | 5 | The Council will ensure that at least once a year the Council books are audited, by an independent Internal and External Auditor. The Council shall review its systems of internal controls at least annually |
| | Accounts not certified or qualified by external auditor | 4 | 1 | 4 | The Internal Auditor shall report directly to the full council and make such recommendations for improvements as s/he feels are necessary |
| | The Council acts <i>ultra vires</i> | 5 | 1 | 5 | The Council will set out and approve an audit plan to ensure all of its activities comply with legislation and approved accounting practices. |
| Standing Orders | Standing orders become out of step with current legislation or best practice | 3 | 1 | 3 | The Council will ensure that the Standing/Finance Orders are reviewed, amended annually and minuted. |

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| Assets | Register outdated - inadequate insurance provision | 4 | 1 | 4 | The Clerk will review and update the asset register of all fixed Council property assets every year in March and at insurance renewal and whenever assets are acquired or disposed of. All moveable assets to be marked with SmartWater |
| Data Processing | Data Breach (GDPR) Fine Reputational loss | 3 3 3 | 2 1 1 | 6 3 3 | Awareness raising and training of staff and Council members in data security Appointment of Data Protection Officer Data audit Privacy notices Consent records |
| Security of Facilities | Unauthorised copying of keys Vandalism Loss of income Fire Theft | 4 | 3 | 12 | The issue and control of keys to Council facilities shall be under the control of the Clerk who shall maintain a record of all authorised keys and where appropriate collect a signature and deposit for the supply of keys, refundable on return. Persons found to be in possession of unauthorised keys shall be asked to return them. The Council shall keep security under review and where unauthorised keys are known to be in circulation will replace locks accordingly. |

Key to Ratings:

| | Impact/Effect | Probability |
|---|---------------------|-------------------------|
| 1 | Little impact | Seldom occurs |
| 2 | Minimal impact | Possible to occur |
| 3 | Medium impact | Likely to occur |
| 4 | Major impact | Almost certain to occur |
| 5 | Very serious impact | Certain to occur |

Assessed by: Shaun Jones

Date: March 2021

Adopted: Full Council – 29 March 2021

Assessment Review: March 2022