



Financial Risk Assessment 2019/2020 - Updated August 2019

Definition of Risk Management

Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements.

National Audit Office: *Managing risks in government (2011)*

This document has been produced to enable the Parish Council to assess the risks that it faces and satisfy itself that it has taken adequate steps to minimize them. The Council is aware that although some risks can never be eliminated fully, it has in place a strategy that provides a structured, systematic and focused approach to managing risk, which:

Identifies the subject

Identifies what the risk may be

Identifies the level of risk

Evaluates the management and control of the risk and records findings

Reviews, assesses and revised procedures if required.

MANAGEMENT					
Subject	Risk(s) Identified	Risk Score H/M/L		Management/Control of Risk	Review when necessary
		Likelihood	Harm		
Annual Governance and Accountability Return (AGAR)	Not submitted within the legal deadline	L	L	AGAR timetable is provided by the External Auditor and diarised by the Clerk. Internal Audit carried out prior to Council signing off the AGAR. AGAR parts 1 & 2 approved by the Council at the May Annual Meeting. Explanation of Significant Variances carried out by the Clerk/RFO prior to submission to the External Auditor.	Existing procedures adequate.

Subject	Risk(s) Identified	Risk Score H/M/L		Management/Control of Risk	Review when necessary
		Likelihood	Harm		
Business Continuity/ consequential loss	Council not being able to continue its business due to an unexpected or tragic circumstance	L	M	<p>Current files and recent records (both paper and electronic) are kept at the Parish Office. The Council have a secure online backup system that backs up files as they are created or changed. In the event of the Clerk being unavailable the Assistant Clerk will provide administrative support.</p> <p>The ability to work off site is provided should the need arise.</p> <p>Alternative suppliers of services can be contracted (e.g. grass cutting), Essential services suppliers (e.g. electricity, water, telephone/internet) have robust recovery arrangements in place.</p>	Review when necessary. Ensure office SOPS (Standard Operating Procedures) are available, and up to date, in case a locum Clerk is required.
Council Records	Loss through theft, fire, damage	L	L	Papers, both current and archived are held in the Parish Office and the eaves at the Worplesdon Memorial Hall. Keys for the Parish Office and Council Chamber at the Memorial Hall are held by the Clerk, Assistant Clerk and Chairman. Historic minutes have been lodged with the Surrey History Centre for safe keeping.	Damage or theft is considered unlikely. Provision adequate.
Council Records Electronic	Loss through damage or IT back-up	M	M	The Parish Council's electronic records are stored on the Clerk's computer and the Assistant Clerk's laptop. The Clerk's computer is securely backed up online. Records on the Assistant Clerk's laptop are not currently backed up. Some records are shared via Office 365.	Action required – External back-up of Assistant Clerk's laptop. Replace IT equipment regularly to ensure the equipment remains fit for purpose.
Election Costs	Risk of election cost	L	L	Risk in an election year. There are no measures, which can be adopted to minimize the risk of having a contested election. In 2023 consider meeting costs from General Reserves?	Existing procedures adequate.
	Risk of election to fill a casual vacancy	L	L	Cost of election would be met from General Reserves.	Reserves taken into account during budgeting process.

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Internal Audit	Audit deadlines not complied with	L	L	Letter of Engagement approved by the Full Council. Six monthly audit carried out. Full reports to Council for approval/action.	Existing procedures adequate.
Meeting location	Adequacy Health and Safety	L	L	<p>Meetings are held in the Worplesdon Memorial Hall, which is maintained and controlled by the Worplesdon Memorial Trustees. The room in which the Council meets is hired from the Trustees on a quarterly basis. Cllr Messinger is a key holder.</p> <p>The Small Hall is considered to be satisfactory from a health and safety and accessibility perspective for the Officers, Councillors and any public who attend. Access to the WC is difficult for one councillor.</p> <p>All Health and Safety notices are the responsibility of the Worplesdon Memorial Trustees.</p>	Annual review.
Notices	Failure to receive communications for the attention of the Council	L	L	<p>clerk@worplesdon-pc.gov.uk is a generic address that any new clerk, locum or other cover could use. The Admin Assistant can view the Clerk's emails and vice versa.</p> <p>The website and WPC records show the postal address for communications.</p>	Existing procedures adequate.
Parish office	Adequacy Health and Safety	L	L	<p>The Parish Office is located on the Ground Floor. The toilet is suitable for use by the disabled.</p> <p>A separate risk assessment is in place for the Parish Office.</p>	Annual review of the Risk Assessment.

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FINANCE					
Bank mandates/access to funds	Inability of Council to promptly access banked funds due to failure to update authorised signatories or for those persons to provide satisfactory ID verification documents to the bank.	M	M	Six authorised councillor signatories plus the Clerk to be maintained to ensure sufficient cover for the requirement for 2 councillor signatories.	<p>Authorised signatories list to be reviewed annually by the General Purposes and Finance Committee to ensure it remains up to date.</p> <p>Two new current accounts to be opened as per the resolution of the Council.</p>
Best Value	<p>Work awarded incorrectly.</p> <p>Overspend on services</p>	L	M	<p>Financial Regulations specify the procedures for procuring goods and services.</p> <p>If problems are encountered with a contract or a service, the Clerk would investigate, check the relevant circumstances and report to Council.</p>	Existing procedures, contained with Financial Regulations are adequate.
Borrowing/lending	Adequacy of finances to be able to repay loans	L	M	Financial Review and monthly cashflow forecasting.	Review as part of annual budget process. Existing procedures adequate.
Financial Records	<p>Inadequate records.</p> <p>Records that provide insufficient transparency and information to enable users to form an adequate opinion of the financial position of the Council</p>	L	H	<p>The Council has updated Financial Regulations that set out its financial requirements.</p> <p>The Council has adopted the National Association of Local Councils (NALC) model Standing Orders and Financial Regulations that specify authorisation and approval thresholds for expenditure within budget. Full Council must consider expenditure outside the budget.</p> <p>The Council has adopted an Income and Expenditure accounting basis in accordance with the Local Audit and Accountability Act 2014.</p> <p>The Council receives monthly bank reconciliations and monthly budget reports. The Full Council annually considers the adequacy of the Council's financial systems and controls and considers reports from its Internal and External Auditors. All recommendations are assessed and agreed recommendations are monitored to ensure they are implemented.</p>	<p>Review and assess annually.</p> <p>Existing procedure adequate.</p>

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Grants	Proper transparency and accounting of grants	L	L	Grants made and received are separately accounted for with clear ring fencing where necessary. Minute power to spend. Grant payable on receipt of final invoice.	Review and assess annually. Existing procedure adequate.
Insurance	Adequacy Cost Compliance Fidelity Guarantee	L	H	An annual review is undertaken of all insurance arrangements. Employer's Liability, Public Liability and Fidelity Guarantee Insurance are a statutory requirement.	Existing procedures adequate. Review provision and compliance annually.
Investment Income	Inadequate investment policy	L	L	Review policy annually. Only invest in Highstreet banks/building societies.	Existing procedures adequate.
Online banking/payments	Bogus/incorrect payments - fraud	L	L	List of payments together with backup documentation presented to the Parish Council after the online payment has been made. Payment list signed by two members at the end of each meeting. Monthly bank reconciliations presented to Council. Quarterly financial inspections carried out by Members.	Existing procedures adequate.
Payroll	Breach of employment laws including NI and PAYE	L	M	Procedures in place. The Council is a member of NALC and SALC. Employment law updates provided to Staffing Committee. Payroll is outsourced to Mulberry & Co.	Annual audit carried out by the Internal Auditor. Quarterly checks undertaken by appointed members.

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Precept including use of General and Earmarked reserves	Adequacy of precept	L	H	<p>Expenditure is monitored against the approved budget for the year; any unbudgeted commitments are approved after an assessment of their impact on existing reserves.</p> <p>To determine the precept amount required for the forthcoming financial year, the Council receives a previous year's actual expenditure (on an income and expenditure basis), a forecast for the current financial year and a draft budget for the forthcoming financial year. The Council must consider the effects of ongoing costs and any proposed changes of expenditure, including that for any ad hoc projects. The Council's policy is to maintain general reserves at between 3 - 6 months budgeted expenditure for ongoing costs.</p> <p>Council considers the required budgets for ongoing costs and any special projects for the forthcoming year and allocates specific amount to the various budget headings.</p>	<p>Review and assess the adequacy of the budget annually.</p> <p>Existing procedures adequate.</p> <p>Restrictions: The Council must balance the public's desire for services with the ability to pay for them.</p> <p>Consideration is also given to any other income sources and the level of the Council's existing reserves (general and earmarked). The level of precept to be requested GBC must be agreed by the Full Council. The precept request submitted to GBC by the Clerk before the specified deadline.</p>
Staff	The Council is required, by law, to employ a Proper Officer (the Clerk) to discharge the functions of the Council.	M	L	<p>In the event the Clerk (as the Proper Officer) becomes ill or resigns, the Council would require to employ a locum Clerk. The Assistant Clerk would be able to assist with the administration of the Council in the short-term.</p>	<p>Membership of SLCC maintained.</p> <p>Monitor working conditions and workload.</p> <p>Existing procedures adequate.</p> <p>Consider adequacy of reserves to cover locum costs for 6 months.</p>

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Staff cont.	Loss of staff (Clerk, Assistant Clerk, Grounds staff)	M	M	Council to monitor hours, stress levels, health, training, punctuality and absenteeism.	Staffing Committee to meet quarterly in future.
	Fraud/loss/theft/dishonesty	L	M	The requirements of Fidelity Guarantee insurance are adhered to. Stringent internal procedures in place to prevent and detect fraud. The Council does not operate a petty cash system.	Existing procedures adequate.
	Training/support	L	L	Staff should be provided with relevant training. Clerk should be provided with reference books and access to assistance and legal advice.	Existing procedures adequate.
	Salary paid incorrectly	L	L	Timesheets kept for all staff. Payroll outsourced to Mulberry & Co and checked by Members as part of the quarterly financial checks. Payroll checked annually by Internal Auditor.	Existing procedures adequate.
VAT	Failure to pay VAT when required, incorrect treatment of VAT incurred, loss of income by failure to claim recoverable VAT	L	L	Included in Financial Regulations. VAT claim submitted to HRMC twice per year and reconciled to the cash book.	Existing procedures adequate.
ASSETS					
Street Furniture	Damaged bins, noticeboards, bus shelters, benches etc.	L	M	An asset register is maintained and insurance is held at the appropriate level for all items. Monthly checks are made on all items monthly and checklists retained.	Existing procedures adequate.
Play equipment	Damage to equipment, fencing, surfacing, broken glass, dog poo	L	H	Weekly inspections undertaken. Dangerous equipment is taped off and repairs instigated as soon as practicable. See separate risk assessment.	Existing procedures adequate.
Tennis courts	Damage to surfacing, nets and fencing	L	L	Weekly inspections undertaken. See separate risk assessment. Regular maintenance carried out by qualified contractor.	Existing procedures adequate.

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Land	Illegal encampments/ illegal (or inappropriate) use	L	M	Weekly inspections carried out by the Groundsman. Security measures put in place to protect vulnerable land from illegal encampments.	Existing procedures adequate.
LIABILITY					
Accessibility	Website must meet the Accessibility Regulations	L	M	Accessibility Statement to be adopted by the Council. Staff to update SOPS.	Adopt Accessibility Statement September 2019.
Councillor liability	Slander/libel Injury	L	M	Welcome pack and induction training provided. Appropriate insurance cover in place.	Existing procedures adequate.
Data Protection	Breach of the Data Protection Act - Risk of a fine of up to 4% of annual turnover for GDPR non-compliance	L	H	The Council has the following documents in place: <ul style="list-style-type: none"> • Model Publication Scheme • Privacy Data Notices • Privacy Policy • Data Protection Policy • Document Retention Policy Advice also available from the DPA.	Council to act on the latest advice of the DPA.
Employer liability	Non-compliance with employment law	L	M	Councillors to undertake ongoing training. Staffing Committee to be aware of current legislation.	Existing procedures adequate.
Employee liability	Damage to employee property	L	L	Seek advice from the Council's insurance broker where required. Insurance cover in place. Works vehicle to be purchased for use by all staff?	Consider as part of 2020/2021 budget.
Legal Powers	Illegal activity or payments	L	M	Clerk to achieve CILCA and preferably HE in Community Governance.	Monitor Clerk and Assistant Clerk's progress and support with study leave when required.
	Proper and timely reporting via the Minutes	L	M	Assistant Clerk to achieve CILCA.	
	Proper document control	L	M	Legal advice sought via SLCC and SALC where necessary. All activities and payments are made within the powers of the Parish Council. Power to spend and resolutions are clearly minuted.	
Working parties/committees taking decisions inappropriately	Illegal decisions taken Council perceived to have acted Ultra Vires	L	H	Clear terms of reference issued for work parties and committees.	Existing procedures adequate.

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Minutes/agenda/ statutory documents	Accuracy and legality Non-compliance with statutory requirements	L	M	<p>Minutes and agendas are produced in the prescribed way and adhere to legal requirements.</p> <p>Draft minutes are circulated to members as soon as practicable. Proposed amendments to be notified to the Clerk promptly. Minutes are approved and signed at the next meeting.</p> <p>Minutes and agendas are displayed according to legal requirements.</p> <p>Business conducted at Council meetings is managed by the Chair in accordance with Standing Orders/Financial Regulations.</p>	Existing procedures are adequate. Welcome pack issued to all new members and Induction training provided by the Clerk.
Public liability	Risk to third party, property of individuals	L	M	Insurance in place. Separate risk assessments undertaken in respect of all activities of the Council. All assets of the Council regularly inspected and maintained.	Existing procedures are adequate.

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COUNCILLORS' PROPRIETY

Members' Interests	Conflict of Interest	L	L	Councillors have a duty to declare any interest at the start of the meeting or when a conflict becomes apparent during a meeting.	Existing procedures adequate.
	Register of Member's Interests	L	L	Register of Members' Interests from to be highlighted at every Full Council meeting.	Members to take responsibility to update their register. It is a criminal offence not to declare a Disclosable Pecuniary Interest.

COUNCIL REPUTATION

Councillor and staff	Bringing the Council into disrepute.	M	H	<p>Councillors understand and receive training on the Code of Conduct and the importance of high ethical standards both during and outside of meetings.</p> <p>A professional approach is undertaken on all Parish Council matters.</p>	All councillors to receive Induction training and to attend all other appropriate training sessions as considered necessary.
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RELEVANT DOCUMENTATION

Standing Orders
 Financial Regulations
 Code of Conduct
 Data Protection Act 2018
 Equalities Act 2010
 Employment Rights Act 1996
 Local Government Act 1972
 Local Government Act 2000
 Audit Commission Act 1998
 Local Government & Rating Act 1997
 Local Government Act 2003
 Local Audit and Accountability Act 2014
 Localism Act 2011