

SHAVINGTON CUM GRESTY PARISH COUNCIL

FINANCIAL RISK ASSESSMENT¹

Risk Area	Risk Identified	Mitigation	Notes
To provide and maintain standards for Parish Council services to the residents of Shavington-cum-Gresty	The risk of legislative change which will have an impact on the Parish Council's powers, duties and funding	Parish Clerk and staff keep apprised of developments	GDPR advisor appointed Sept 2021. Contract renewed on Sept 2022
	The protection of physical assets owned by the Parish Council including buildings and equipment (loss or damage)	All physical assets insured All assets checked regularly	
	The risk of damage to third party property or individuals as a consequence of the Parish Council providing services (public liability)	Public liability Insurance renewed annually	
	Insufficient staff or other resources to deliver the service needs	Parish Clerk to formally monitor and review staff and work levels. Any concerns regarding this to then be brought to Council and to Staffing Committee	
	Staff retention issues	Staff training where appropriate Yearly appraisal and weekly 1-2-1 meeting Working practice document regularly updated by staff	
To maintain financial records that are correct and comply with all recommended accounting practice	Adverse audit reports, legal action and loss of confidence in Parish Council Loss of income through error or fraud	Clerk keeps up to date with legislative changes, discusses latest requirements with internal and external auditors Parish Clerk continually review controls and current procedures	
To ensure that all actions taken by the Parish Council comply with all current Legislation	Non-compliance with legislation or practice Council being 'Ultra Vires'	Parish Clerk to keep up to date with changes in legislation, seek advice from SLCC, ChALC, NALC and others as necessary	
Employment Contract	Compensation claims from employee for contractual employment defects (including statutory failure)	Contract of employment in place Matters relating to staff discussed in confidential session and discussed by Staffing committee Parish Clerk to seek HR advice where appropriate Other policies in place	
Staff	Loss of services of employee	By distributing knowledge and roles ensure, so far as reasonably practical, that loss of any one employee does not cause unrecoverable damage to business	
	Loss of key staff trained in financial systems, process or rules	External Accountancy support in place (via Scribe)	
Financial Control	Inappropriate expenditure made	Payments reported to Parish Council and F&S Committee for review and corrective action if necessary	

¹ Approved Parish Council meeting 15 March 2023

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		<p>Payments approval list to be authorised by at least three signatories Councillors before any payments is made</p> <p>Dual authorisation system introduced for all online payment</p>	
	Financial Regulations become out of date with change in technology, regulation or business	<p>Council to review financial regulations once a year</p> <p>The Clerk/RFO react to any changes in legislation or other areas in order to ensure the regulations are fully compliant and also provide a strong framework compatible with Council's practices</p>	
	Lack of budgetary overview/overspend against budget	Monthly review of income and expenditure	
	Lack of finance to meet unbudgeted, urgent commitments (with safety or other critical implications)	Reserves equivalent to at least three months' spend available in accordance with ScG Parish Council Reserve Policy	
Financial Systems and Records	Loss of data	<p>Scribe system retain all council cash books</p> <p>File copies of all invoices and receipt are kept on OneDrive</p> <p>Documents are retained for 12 years</p>	
	<p>VAT</p> <p>The Scribe system incorporates a VAT schedule which is an accepted package which allows differentiation between tax rates etc. which is itemised in a full report relating back to the original item within the accounts</p>	VAT returns are lodged on a quarterly basis in line with accepted procedures	
	<p>Payroll</p> <p>Beardmore Accountants provide payroll services and carry out payroll function</p>	<p>The Clerk authorises any overtime, mileage or special duty payments, on a monthly basis</p> <p>Backups are made to the server</p> <p>Payments can only be issued for the nominated employees, which must be authorised in advance of the payment</p> <p>Documents are retained for 12 years</p> <p>Annual pension and year end payroll returns are issued in a timely manner to the appropriate bodies that inspect the information and highlight any discrepancies</p>	
Banking Arrangements and Procedures	Co-op Bank is used Accounts	<p>One bank account used on a weekly basis</p> <p>Reviewing how much is placed into a higher rate deposit account</p>	
Banking Security/Access to Finances	Cheques	Each cheque from the main account must be signed by 3 Councillors as detailed on the bank mandates (which are amended when required to ensure that sufficient signatories are available at all times)	
	Transfers	Monies may be transferred between the Councils accounts by the Clerk and three authorised signatories Members	

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	Bank Reconciliation	<p>All accounts are reconciled using the Scribe system every month</p> <p>Any discrepancies are immediately reported to the bank for investigation</p> <p>All petty cash accounts which do not have statements are reconciled on a monthly basis against the cash held and any discrepancies are immediately reported to the Clerk</p>	
	Access to the main bank accounts	Clerk, Community Manager and authorised signatures Councillors have access to the bank account. Only the Clerk is authorised to set up payments or move money	
	Cheques	All invoices are checked by the Clerk in advance of payment and if related to an order, this has passed through the ordering procedure.	
	Payments	<p>All payments must be authorised by the RFO before any cheque is issued.</p> <p>Three authorised signatories members are required to approve all payments as per section 5.2 of Finance Regulation.</p>	
	Petty Cash – Cash Payments	All payments made in cash must be substantiated by an invoice etc. which has been authorised by the Clerk	No petty cash system in operation
	Hire Charges	<p>Council agrees the charges, as set by Parish Council's ToRs</p> <p>All bookings must be paid for in advance</p>	
	Cash collected from community events	<p>All cash collected at events is collected by appointed staff and a receipt is always issued (e.g. markets income)</p> <p>At the office the cash is emptied and counted manually within one working day by at least two members of staff</p>	
	Processing and banking	<p>When the money is received it is balanced within the office against any receipts/invoices and any discrepancies are followed up</p> <p>When the monies have been balanced, it is input onto the Scribe system and all entry references are printed out and retained</p> <p>A unique pay in reference is applied to each batch of banking which is loaded onto the Scribe system which is then checked against the bank reconciliation</p> <p>This is a strict routine that ensures that any booked hire cannot proceed without receiving the payments and guarantees that all monies are accounted for</p>	

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Financial Administration	Records non-compliant or inadequate	Internal auditor reviews record keeping annually Advice taken from internal auditor, external auditor, accountant, SLCC and NALC on changes in regulation	
	Expenditure/income coded incorrectly	Parish Clerk checks nominal ledger when Items are coded	
	Standing Orders Standing orders are reviewed and approved by Parish Council on an annual basis at the AGM	The Clerk reacts to any changes in legislation, requests from Parish Council or other areas in order to ensure the regulations are fully compliant and also provide a strong framework compatible with Council practices	
	Non-compliance with statutory deadlines for the completion/approval/submission of accounts and other financial returns	Programme of meetings to meet statutory deadlines	
	Invoice payment without authority	All payments reviewed Parish Clerk authorises three authorised signatories councillors approve the payment. Clerk set up payment on online banking, another authorised signature has to approve it	
	Incoming cash and cheque misappropriation	Individual receipts to be issued for all cash payments and for cheque payments on request	
	Theft of funds	Bank statements reconciled monthly, Fidelity Insurance in place against theft of funds by staff, Councillors and other persons	
	Incorrect entries by bank	Bank statements reconciled monthly	
Annual Budget and Precept Calculations	The annual budget and precept calculations	<p>The annual budget and precept calculations are initially calculated in October/November based upon the performance of the prior year and incorporating projected requirements which have been lodged by the office and council members</p> <p>The Parish Clerk also completes a mid-year review in October for the current year to calculate possible year end surpluses which may be incorporated within the future budget. The actual precept level is then calculated from the balance sheet assuming that the remainder of the current year's budget will be utilised in order to estimate the year end bank balance</p> <p>The new budgeted income, expenditure and reserves are then set against this balance in order to calculate a budget shortfall on which the future precept is based</p> <p>The new budget is discussed and fine-tuned through the September, October, November and December Council and Committee meetings after the up to date number of band D properties have been confirmed by CEC discuss and amend any highlighted budget levels in order to best achieve, an acceptable precept level</p>	

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		<p>Comprehensive minutes are recorded at each stage to substantiate the budget development</p> <p>The final budget is approved in December and CEC is then advised of the precept</p>	
Monitoring of Budgets	Comprehensive budgets	Comprehensive budgets are set for each Council meeting these are loaded onto Scirbe accounts system at the start of the new financial year	
	Monitoring	<p>On-going daily expenditures have already been incorporated within the budget and the RFO monitors invoices, etc. against the budget schedule to confirm that they are within the limits</p> <p>All orders are checked against the accounts system to verify expenditure within the account code to date and the remaining budget</p> <p>Any over expenditure is highlighted and brought to the attention of the Clerk</p>	
	Reporting	<p>A full report of expenditures against budget is lodged with council at each Finance Committee meeting</p> <p>Any that do not meet the budget levels are highlighted by member if needed along with committed expenditure</p>	
Insurable Risks	Public Liability	<p>Insurance cover</p> <p>In addition, annual checks of play equipment</p>	<p>Limit of cover £10,000,000</p> <p>Reviewed annually</p>
	Employers Liability	Insurance cover	<p>Limit cover £10,000,000</p> <p>Reviewed annually</p>
	Property	Cover for buildings and contents All risks cover for selected items	
	Personal Accident	Continue with existing cover (scale benefits)	Limit of cover £1,000,000
	Legal disputes	Cover for specified legal disputes	Limit of cover £100,000
Loss of Records	Loss of documentation	Deeds and other legal documents relating to real estate stored in the office or online on OneDrive	
Asset List	Purchased	<p>An asset list is maintained by the Parish Council on Scirbe</p> <p>This is updated throughout the year from new assets which are in addition, a schedule of road furniture/bins/dog bins/bus shelters play area equipment etc., will be kept on a secondary list</p> <p>The asset list is circulated to staff on an annual basis to ensure that all items are correct</p>	

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Internal Audit	Internal Audit	<p>The Internal Auditor is approved annually by Council at the AGM and might attend the office to complete the internal audit in May of each year</p> <p>The report is presented to Council for acceptance</p>	
Annual Audit	Annual Audit	<p>The annual auditor is appointed and directs the format and structure of the audit in line with current legislation and requirements</p> <p>Audit costs and levels of requirement are determined by government legislation based upon the annual income or expenditure levels</p> <p>The Parish Clerk/RFO completes the year end accounts to audit trial level and prepares any additional reports required by the external auditor</p> <p>The Parish Clerk/RFO presents the completed Annual Return, Financial Statement and other documentation required to Council in line with the timescales provided by the external auditor</p> <p>Once these have been formally adopted and signed by Council, they are lodged with external auditors</p> <p>Any queries raised by the auditors are dealt with by the Parish Clerk in the first instance</p> <p>Final sign-off by the external auditor is presented to Council</p>	
ICT	IT Security, safety of information/risk of loss of data	<p>Microsoft Office 365 installed on all PCs Allows for cloud back up of information</p> <p>Allows for cloud storage of all council data – more secure than onsite storage.</p>	
Supplier fraud	Fraud, safety of information/risk of data loss, theft of fund, reputational damage	<p>Training for staff to alert them to the potential risks of providing sensitive company information, by phone or other means, especially contract and account information.</p> <p>Bank details and personal information should be included together with any new contract signed.</p> <p>Establish a rigorous change of supplier details procedure - where a supplier has purported to have changed their bank details always call the supplier to check the veracity of a request, using details in your system, rather than those on any associated letter or email. A person should be authorised to approve a supplier bank account change after having reviewed the process undertaken to verify the supplier details change</p>	

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		<p>Periodic review of supplier accounts should also be undertaken to remove any dormant accounts. This reduces the likelihood of any old supplier information being used to secure fraudulent payments.</p> <p>Checking address and financial health details with Companies House</p> <p>Checking samples of online payments to supplier invoices to ensure the payment has been made to the supplier bank account</p>	
Supplier dispute	Reputational damage, loss of money	<p>Contracts should be signed for all services over £1000</p> <p>Services below £1000 or emergency works should have at least a written brief shared and agreed with the supplier outlining deliverables of the service</p>	

Reviews will take place yearly unless clearly stated differently within each section.