

Risk Assessment – Financial

HOLLESLEY PARISH COUNCIL

Judi Hallett
CLERK, HOLLESLEY PARISH COUNCIL

Contents

1. Scope and Objectives	2
2. Introduction	2
3. Risk Analysis	3

1. Scope and Objectives

The purpose of this document is to identify potential financial risks facing Hollesley Parish Council ('the Council') and how those risks can be managed to ensure the Council is able to deliver the services expected of it.

This document will be reviewed by the Council annually (preferably in February or March), enabling the Council to:

- a) Appraise itself of identified risks
- b) Agree appropriate actions to minimise the impact of the risks
- c) identify new risks and appropriate measures to manage them
- d) ensure the Council's insurance is adequate for the forthcoming year

2. Introduction

Risk management is NOT just about financial management, but about achieving the objectives of the organisation to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation, reputation and the ability to deliver the expected services.

The new approach to local Council audit seeks to address these issues by placing emphasis on local Council's strengthening their own corporate governance arrangements, improving their stewardship of public funds and improving assurances to taxpayers. In other words, 'the buck' stops with you, the Councillors!

Members are ultimately responsible for risk management because risk threatens achieving the objectives of the Council. As a minimum, members should at least annually formally:

- a) Take steps to identify key risks facing the Council
- b) Evaluate the potential consequences to the Council in the event of an identified risk occurring
- c) Agree upon appropriate measures to avoid, reduce or control the risk or its consequences

All of the above objectives should be served by this document. If they are not, then it is up to the Council to determine how they should be met and to put in place appropriate measures.

This document should be read in conjunction with the current Insurance Policy in force for the Council.

3. Risk Analysis

The following table attempts to identify all financial risks and to assign a probability ('Prob') of that risk occurring, and should it occur, its impact ('Imp') on the Council. Both the 'Probability' and 'Impact' of a risk are scored on a 1 – 5 scale; 1 being the lowest score (i.e. very improbable or very low risk) and 5 the highest (i.e. highly probable and very high impact). Both these scores are multiplied to give an Overall Risk Rating (ORR). Any risks over ORR 20 will be reviewed on a monthly basis.

The 'Managed by' column details how the risk is managed, either by protecting the Council from its impact (typically by way of insurance) or by reducing the probability of that risk occurring. All Councillors should be aware of the importance of keeping their register up to date and declaring any interests at meetings as and when appropriate. The below list is not exhaustive and items can be added, amended or removed as and when appropriate.

Number	Details	Prob	Imp	Overall Risk Rating	Managed by...	Last Reviewed Date	Action Required
1	Council under insured	1	5	5	<ul style="list-style-type: none"> The Council's insurance to be reviewed annually by the Council as part of the annual risk review process 	<ul style="list-style-type: none"> Feb 2020 	<ul style="list-style-type: none"> Strict adherence to guidelines
2	Loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party (consequential loss)	1	3	3	<ul style="list-style-type: none"> Annual monitoring of performance/deliverables against Service Level Agreement (SLA) or other appropriate criteria Currently the third party suppliers are: <ul style="list-style-type: none"> East Suffolk NORSE – Grass cutting East Suffolk Norse – Refuse Collection Mr G Collins – Maintenance of Cemetery Mr Chris Chesterfield - Maintenance SALC – Payroll Service <p>The above third parties are monitored and a copy of their third party liability insurance is requested annually.</p>	<ul style="list-style-type: none"> Feb 2020 	<ul style="list-style-type: none"> Continued monitoring of PL Insurance

3	Theft of petty cash	1	1	1	<ul style="list-style-type: none"> The Council currently does not handle petty cash, except in cases where parishioners make donations for gifts, etc. Insurance - £500 maximum for theft from Clerk's home 	<ul style="list-style-type: none"> Feb 2020 	<ul style="list-style-type: none"> Strict adherence to guidelines
4	Loss of money through theft, dishonesty or fraud	1	4	4	<ul style="list-style-type: none"> Insurance – Fidelity guarantee to maximum of £250,000, must be reported within 36 months Councillors are responsible for agreeing the Council's accounts Clerk writes the cheques with two Councillors signing Major loss would be through dishonesty or fraud, possibly through use of cheques. This would involve the Clerk and two Councillors 	<ul style="list-style-type: none"> Feb 2020 	<ul style="list-style-type: none"> Strict adherence to guidelines
5	Inadequate annual Precept	1	2	2	<ul style="list-style-type: none"> Annual budget Councillors take joint responsibility for approving the budget 	<ul style="list-style-type: none"> Feb 2020 	<ul style="list-style-type: none"> Strict adherence to guidelines
6	Financial records not meeting current statutory requirements	1	1	1	<ul style="list-style-type: none"> Appropriate training for Clerk, RFO and Councillors Retained membership of SALC who provide information and guidance Purchase of appropriate documentation and supporting material Internal audit 	<ul style="list-style-type: none"> Feb 2020 	<ul style="list-style-type: none"> Strict adherence to guidelines

7	Not meeting the Customs and Excise regulations (especially VAT)	1	1	1	<ul style="list-style-type: none"> • Appropriate training for Clerk and RFO • Retained membership of SALC who provide information and guidance 	<ul style="list-style-type: none"> • Feb 2020 	<ul style="list-style-type: none"> • Strict adherence to guidelines
8	Not fulfilling the requirements of the Annual Return and the audit procedures, including right of inspection	1	2	2	<ul style="list-style-type: none"> • Councillors to be responsible for checking and approving the Annual Return prior to submission to the external auditor, with particular emphasis on Section 2 – Statement of Assurance • The use of competent Internal Auditor to identify any inappropriate practices • Adequate training for Clerk/RFO 	<ul style="list-style-type: none"> • Feb 2020 	<ul style="list-style-type: none"> • Strict adherence to guidelines
9	Grant moneys not applied for	1	1	1	<ul style="list-style-type: none"> • Clerk to monitor all grant facilities and work closely with ESC/SCC/SALC to obtain current details should monies be required 	<ul style="list-style-type: none"> • Feb 2020 	<ul style="list-style-type: none"> • Strict adherence to guidelines
10	Section 106 agreement / CIL funds not available to Parish Council	1	1	1	<ul style="list-style-type: none"> • Clerk to contact ESC to obtain details of latest funds available when a project starts • CIL funds sent straight to Councils but must be accounted for separately 	<ul style="list-style-type: none"> • Feb 2020 	<ul style="list-style-type: none"> • Strict adherence to guidelines
11	Misappropriation of Councillor's expenses	1	1	1	<ul style="list-style-type: none"> • Councillors to attend training • Expenses policy has been adopted 	<ul style="list-style-type: none"> • Feb 2020 	<ul style="list-style-type: none"> • Strict adherence to guidelines
12	Internal Audit ineffective	1	2	2	<ul style="list-style-type: none"> • Annual review of the effectiveness of the internal audit to take place between RFO/Clerk and Internal Auditors (currently Mr Trevor Brown) 	<ul style="list-style-type: none"> • Feb 2020 	<ul style="list-style-type: none"> • Strict adherence to guidelines

13	Total finances exceed £75,000 in any one financial institution	1	1	1	<ul style="list-style-type: none"> Clerk to ensure that total finances in any one financial institution do not exceed £75,000 so that they fall within the limit insured by the Financial Services Compensation Scheme 	<ul style="list-style-type: none"> Feb 2020 	<ul style="list-style-type: none"> Monitoring by Clerk
14	Council fails to comply with strict deadlines imposed on it	1	3	3	<ul style="list-style-type: none"> Clerk manages all deadlines List of deadlines attached to this document as Appendix 1 	<ul style="list-style-type: none"> Feb 2020 	<ul style="list-style-type: none"> Monitoring by Clerk and Councillors
15	Non-compliance with new data protection regulations	2	5	10	<ul style="list-style-type: none"> Suitable training and research for both Clerk and Councillors Support from SALC and ICO 	<ul style="list-style-type: none"> Feb 2020 	<ul style="list-style-type: none"> Strict adherence to guidelines

Adopted by Hollesley Parish Council at a meeting on: *20th February 2020*

Signed:

Mrs Judi Hallett
Clerk

Mrs Hazel Hughes
Chair

Appendix 1

List of mandatory tasks performed by Hollesley Parish Council:

Task	Date task must be completed by
Review of Financial Regulations and Standing Orders	Annually
Asset Review and updating of Asset register	Annually and when new assets are purchased or sold/removed
Review of Risk Assessments (Financial and Non-Financial)	At least annually and if the Council's circumstances change dramatically
Review of internal controls for financial management	Annually
Review of suitability of Internal Auditor	Annually
Review of Suffolk Code of Conduct	Annually or if amended
Website must be free to access and contain: <ul style="list-style-type: none"> • Agendas • Minutes (once agreed) • Accounts • Details of Auditors • Documents/Policies 	Weekly review
Check level of Fidelity Insurance	Annually when insurance renewal received
Review of General and Earmarked Reserves	Annually
Appointment of Chair and other positions (such as Internal Auditor)	May meeting
Signing off of Annual Accounts	April or May meetings (after internal audit)
Sending of all relevant papers to External Auditors	By 20 th June (can be later if agreed with PKF Littlejohn LLP)
Completion of External Audit	30 th September
Advertising of Period of Exercise of Public Rights to view Accounts	A 6 week period but must include all dates in July