

Financial and Management Risk Assessment

HOLBROOK PARISH COUNCIL

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Responsible Financial Officer and Clerk to Holbrook Parish Council

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1. Introduction.

Holbrook Parish Council manages its risks in a number of ways. These include the adoption of policies, standing orders and regulations, and the implementation of procedures and systems. Most notable amongst these is the Financial Regulations and Standing Orders which are based on the national templates and are reviewed annually.

Governance and Accountability for Smaller Authorities in England (2021) discusses risk management as it relates to the Annual Governance Statement assertion 5. It states:

“Risk is an uncertain event or condition that, if it occurs, will have an effect on the achievement of an authority’s objectives. Risk management is the process whereby authorities methodically address the risks associated with what they do and the services which they provide. The focus of risk management is to identify what can go wrong and take proportionate steps to avoid this or successfully manage the consequences. Good risk management allows stakeholders to have increased confidence in the authority’s corporate governance arrangements and its ability to deliver its priorities.

Risk management is not just about financial management; it is about protecting the achievement of objectives set by the authority to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation and reputation and can impact on the ability to achieve desired outcomes. The authority generally and members individually are responsible for risk management.”

This document allows Holbrook Parish Council to meet the Accounts and Audit Regulations 2015 (and subsequent updates) which require smaller authorities to review the effectiveness of internal control which includes arrangement for the management of risk.

This document represents Holbrook Parish Council’s assessment of the risks it faces and the corresponding mitigating actions intended to minimise those risks. It will be reviewed on at least an annual basis.

Jo Hazlewood
Responsible Financial Officer and Parish Clerk

Version 9 reviewed and adopted by HPC at its meeting held on 20th January 2025

Signed:

Joanna Hazlewood

Jo Hazlewood
RFO and Parish Clerk

John Ambrose

Cllr John Ambrose
Chairman

2. Financial Risk Assessment

| Financial Matters | Risk Identified | Impact | Risk Level | Management of Risk | Staff action | Frequency |
|-------------------|-----------------------------------|--------|------------|--|---|--------------------------------|
| | | H/M/L | H/M/L | | | |
| Precept | Not submitted | H | L | Full Minute – RFO to follow up if confirmation email of receipt is not forthcoming from Babergh. If no form is submitted the previous year's precept will be rolled over. | RFO | Annual |
| | Not paid by DC | H | L | RFO to confirm receipt (April and October) and follow up if necessary | RFO check | Bi-annually |
| | Adequacy of precept | M | M | Budget and precept prepared and agreed at full Council. Monthly review of budget to actual statements are received by full Council including variances from budget | Councillors | Annual prep/ Monthly report |
| Other Income | Cash handling | L | L | Cash/cheques received are banked as soon as practicable. There is no petty cash or float held. | Internal auditor to confirm | Annual |
| | Cash banking | L | L | Monthly reconciliation reported to Council. This is audited by the Internal Auditor annually. Bank statements and other bank correspondence were sent to the Chairman's address but statements are now only available online. The Chairman has access at all times to check the statements and signs a printed copy and monthly transactions. Bank recs are signed by a councillor who is not a bank signatory at least quarterly. | Councillor to verify reconciliations taking place and minute taken. | Monthly and Quarterly |
| | From Reade Field and Pavilion use | L | L | Maintain register of users. Check invoice/income against user list. | RFO check | As required |

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| | From advertisers, Parish Papers | L | L | Maintain register of advertisers. Invoice advertisers and issue follow-ups where necessary | RFO check | As required |
| Grants to Parish Council from other bodies | Claims procedure | H | L | Cleansing Grant received for Community Caretaker. Terms and conditions of grant are met. Terms and conditions of one-off grants will be met as necessary and paperwork completed to meet any specified deadlines | As required | As required |
| Salaries | Wrong salary/hours/rate paid | M | L | Check salary, hours and rate to contract. Council to verify salary scale and agreed pay rate. Salaries and method of payment to be agreed annually in advance. A breakdown of known salary information accompanies the budget plan and can be accessed by a separate tab. | Councillors to agree and verify & instructions given to SALC | Annual projection |
| | PAYE administered incorrectly | L | L | PAYE administered on Inland Revenue agreed pay codes. Salary & PAYE administered by SALC and relevant information given, including tax codes provided by HMRC | RFO/Chairman/SALC | Monthly |
| Direct Costs and overhead expenses | Goods not supplied to Council | M | M | Process to track delivery / services ordered. | RFO check | As required |
| | Invoice incorrectly calculated or recorded | L | L | Check arithmetic on invoices and perform bank reconciliations on monthly basis | RFO check | Monthly |
| | Cheque payable is excessive or to wrong party | M | M | Signatories initial cheque stub & invoice/voucher and checks the details agree | Councillor to verify | Monthly |
| Grants and donations from Parish Council to others | No power to pay or no evidence of agreement of Council to pay | M | L | Minute council agreement with the power used to authorise payment. New applications considered annually as part of budget setting process. | Councillors to verify | Annually |

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| Terms & Conditions of Grants | Conditions agreed | L | L | Agree and document any reasonable conditions. Grant policy reviewed annually. Council has GPOC | RFO check | As required |
| Insurance | Adequate insurance cover for Council activities | H | L | Policies in place for general activities and separately for the Reade Field Pavilion. Review coverage annually for each including exceptions and exclusions. | RFO check | Annually |
| Financial reporting | Sufficient information is presented to Council to enable decisions to be made with confidence | H | L | RFO report is produced monthly and provided to Council for their approval. It includes bank reconciliation, payments made, actual income and expenditure against budget. | Council to approve | Monthly |
| Election Costs | Increased costs not met by reserves. | H | L | RFO check and consider for inclusion in budget. Reserve funds earmarked and considered annually. | RFO verify | As required |
| VAT | VAT analysis | M | L | All eligible items detailed in cash book, together with valid UK VAT No. | RFO verify | Monthly |
| | Claimed within time limits | H | L | Agree returns submitted. VAT usually claimed annually. Must be claimed within 3 years of transaction. | RFO | Annually |
| Reserves – General | Adequacy | H | L | Consider at Budget setting Reserves statement prepared by RFO for consideration. Final statement agreed at end of financial year. | RFO/Council | Annual and as required |
| Reserves – Earmarked | Adequacy | H | L | Consider at Budget meeting and review of final accounts. Robust plans in places. Earmarked reserves statement prepared by RFO for consideration and agreement by Council | RFO/Council | Annually |

3. Management Risk Assessment

| Management matters | Risk Identified | Impact | Risk Level | Management of Risk | Staff action | Frequency |
|--------------------|--|--------|------------|---|--------------------------------|--|
| | | H/M/L | H/M/L | | | |
| Assets | Loss, Damage etc | M | M | Annual inspection, update insurance and asset registers.regular inspections, Risk assessments. | Clerk/Diary | At least Annually |
| Public Liability | Risk or damage to third party property or individuals | H | M | Review adequacy of Public Liability Insurance annually, regular maintenance checks, reporting of hazards, Risk Assessments for events carried out and kept as evidence. | Clerk//Council/Diary of events | Annually |
| Staff | Loss of key personnel (Clerk) | H | M | Hours, health, stress, training, long term sick, early departure – risk monitored and managed as appropriate. Council to conduct an annual performance review in line with current contract. Staff Manual/comprehensive handover document produced and regularly updated. Insurance cover for loss of key personnel. | Chairman/Clerk | Annual appraisal Ongoing development of staff manual/handover package |
| | Fraud by staff | H | L | Fidelity insurance appropriately set – finance regs reviewed regularly | Council to review annually | Annually |
| Maintenance | Poor maintenance of assets leading to loss of value, damage or injury. | M | M | Independent annual maintenance inspection of playground equipment, responded to proportionately in line with budget.Maintenance of equipment in line with manufacturer/suppliers' guidance. Revenue budget for asset maintenance, earmarked reserve funds. Regular visual inspection of assets by Community Caretaker. Regular Risk Assessments carried out of play equipment by Clerk. | Clerk/Diary | Annually and weekly |
| Legal Powers | Illegal activity or payment | H | M | Educate Council re their legal powers through training and review of policies and standing orders. Clerk to check legislation/advisory bodies,where necessary | Clerk | As required |

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| Financial Records | Inadequate records | M | L | RFO Check compliance with Financial Regulations and best practice. Internal audit. | RFO | As required and annually |
| | Loss of records | H | L | Back-ups taken on monthly basis and copy given to Chairman | Clerk | Monthly |
| | Access to bank records and maintenance of bank accounts. | H | L | Online banking will be subject to same controls as cheques and will adhere to Online Banking Guidelines. Bank statements accessed by Chairman and reconciled monthly by RFO with income & expenditure accounts and verified independently by a councillor who is not a bank signatory bi-monthly | RFO check | Monthly |
| | Access to and use of debit card | M | L | The RFO has sole use of a debit card and which can be used to purchase items up to the sum of £250. Any purchases over £250 which have to be made by debit card will be agreed in advance by the full Council. All other items purchased via the debit card must be reported to council and supported by receipts which must be authorised as correct by the designated signatories. The pin must be kept secure and not shared. | RFO | Monthly |
| | Loss of debit card | M | M | The RFO must keep the debit card secure at all times. When not in use the card will be kept securely in a locked cabinet. The pin number will be memorised with no written record maintained. Any loss or theft of the debit card will be immediately reported to the Chairman and to the Bank | RFO | As required |
| Minutes | Accurate and legal | M | L | Review and check legislation if necessary and approve at following meeting. Clerk to check standing orders, legislation and umbrella organisations such as SLCC and SALC | Clerk | Monthly/ as required |
| Council records | Electronic records, loss and security | H | L | Back-ups taken on monthly basis and copy given to Chairman. Originals stored on Clerk's computer which is password protected and | Clerk | Monthly |

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| | | | | covered by internet security software. List of passwords kept in secure location | | |
| | Security of hard copies | H | L | Documents stored in Clerk's home office. Any sensitive personal or financial information is kept in locked filing cabinet. Spare key held by Chairman. | RFO check | As required |
| GDPR | Non compliance with GDPR regulations | H | M | The Council registers annually with ICO; Website regularly reviewed to comply with GDPR, ensure all members are aware of their obligations with respect to GDPR. The Clerk to ensure compliance with regard to the keeping of records. Training recommended for all councillors and staff | RFO to keep GDPR regulations under review | As required, but at least annually |
| Meeting location | Adequacy / Health and Safety / Accessibility | L | L | Parish Council meetings are held in Holbrook Village Hall. The premises and facilities are considered to be adequate for those attending the meeting in terms of accessibility, H&S, social distancing where necessary and comfort aspects Risk Assessments are carried out. The council may need to consider hearing loop/microphone for hard of hearing. | Council to review annually | Annually |
| Meetings during pandemic and beyond | Legally compliant & observe safety guidelines issued by the Government | M | M | Online meetings were held during pandemic via zoom. Links published online and on noticeboards to enable public to attend. Online meeting protocol published and circulated to all members. Special safety precautions were put in place when face-to-face meetings resumed and continue to be held following the Government guidelines in force at the time of meetings. Remote meetings are no longer legal in England. | Council to review if a similar situation arises and when new guidelines issued | As required |
| Members' interests | Conflict of interest | H | M | Declarations of interest to be documented/minuted and any conflict addressed as appropriate. Regular reminders to councillors to update their register. Register at BDC to be maintained and updated at least | Clerk/Councillors | Within 28 days of change of circumstances |

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| | | | | annually at Annual PC Meeting and in response to any changes of circumstance. Councillor training | | |
| Business Continuity | Council unable to fulfill their obligations or statutory duties/Lack of Business Continuity Plan/loss of reputation | H | M | Business Continuity Plan in place and accessible in case of emergency, Plans need to be updated regularly and kept secure. Copy of the plan held by Chair | Ensure plan is updated regularly Clerk to check | At least annually, but more regularly if personnel or circumstances change |
| Management of Trees | Trees or branches causing hazards to public, vehicles, properties or essential services | M | M | The Council has a tree policy which is reviewed annually and engages the expertise of arboricultural personnel where necessary as well as responding to regular reports from the Tree Warden. Insurance in place | Clerk to refer to Tree Warden where appropriate | As required |
| Reputation | Loss of reputation leading to negative feedback from the public | H | L | Good communication – articles in local publications, such as In Touch, Parish Papers, Responsible use of social media, consultation with the public, use of the website. Community Engagement Policy in place. Meeting papers and Financial records on website and transparent | All councillors/Clerk | Ongoing |
| Forward Planning | Medium Term plans not in place, resulting in lack of vision and planning effectively for the future | M | L | Neighbourhood Plan has been adopted. Parish Plan is in hand and funds are earmarked in reserves for identified projects for the future. | All Councillors | Ongoing |

4. INTERNET BANKING GUIDELINES

Since the removal in 2014 of section 150(5) from the Local Government Act 1972, local councils have been able to make use of modern methods of making payments, such as internet banking. However, it is imperative that proper processes are in place to ensure safe and efficient methods of payment for goods and services and the following guidelines may assist:

- Any application to open an internet banking account in the name of the Council MUST be approved by resolution and the application form signed by at least two existing cheque signatories
- The Bank must be instructed that overdraft facilities are not authorised
- Forms or letters of authorisation to transfer sums to the internet account are to be signed by any two existing cheque signatories
- The Council appoints two Councillors to verify the schedule of payments made from the internet banking account against sample invoices selected at random on a regular basis
- The internet banking access codes and passwords are retained securely by the Chairman and no internet banking is undertaken on a computer to which the public have access.
- The Council installs, and keeps updated, anti-virus software on all computers used for Internet Banking
- The Council advises its insurers and introduces such further safeguards, such as increased fidelity insurance, as may be required by the Insurers.
- Hard copies of the bank statements to be sent to the Chairman monthly and made available for inspection at Council. Where cheques are still used, signatures of two members are still required and cheque stubs initialled by signatories.