

# Financial and Management Risk Assessment

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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 which are based on the national template and are reviewed annually.

Governance and Accountability for Smaller Authorities in England (March 2018) 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 Regulation 4 of the Accounts and Audit Regulations 2015 which requires 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 its 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

Adopted by the Holbrook Parish Council at a meeting on: 18<sup>th</sup> January 2021

Signed:

Jo Hazlewood  
RFO and Parish Clerk

Cllr John Ambrose  
Chairman

## 2. Financial Risk Assessment

Financial Matters	Risk Identified	Risk Level	Management of Risk	Staff action	Frequency
		H/M/L			
Precept	Not submitted	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.	Diary	Annual
	Not paid by DC	L	RFO to confirm receipt (April and October) and follow up if necessary	RFO check	Annual
	Adequacy of precept	H	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	Diary	Annual prep/ Monthly report
Other Income	Cash handling	L	Cash/cheques received are banked as soon as practicable. There is no petty cash or float.	Internal auditor to confirm	Annual
	Cash banking	L	Monthly reconciliation reported to Council. This is audited by the Internal Auditor annually. Bank statements and other correspondence is sent to the Chairman's address.	Councillor to verify reconciliations taking place and minute taken.	Quarterly
	From Reade Field and Pavilion use	M	Maintain register of users. Check invoice/income against user list.	RFO check	As required
Grants to Parish Council from other bodies	Claims procedure	M	The Parish Council does not currently receive any regular grants. One off grants would come with terms and conditions to be satisfied	As required	As required
	Receipt of grant when due	M	The Parish Council does not currently receive any regular grants. One off grants would come with terms and conditions to be satisfied	As required	As required

Salaries	Wrong salary/hours/rate paid	M	Check salary, hours and rate to contract. Council to verify salary scale and agreed pay rate.	Councillor to verify	Annually
	PAYE administered incorrectly	M	PAYE administered on Inland Revenue agreed pay codes. Salary & PAYE administered by SALC	Tax codes verified by Inland Revenue	Monthly
Direct Costs and overhead expenses	Goods not supplied to Council	M	Process to track delivery / services ordered.	RFO check	As required
	Invoice incorrectly calculated or recorded	L	Check arithmetic on invoices and perform bank reconciliations on monthly basis	RFO check	Monthly
	Cheque payable is excessive or to wrong party	M	Signatory initials Stub & Voucher	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	Minute council agreement with the power used to authorise payment. New applications considered annually as part of budget setting process.	Councillors to verify	Annually
	Conditions agreed	L	Agree and document any reasonable conditions	RFO check	As required
Insurance	Adequate insurance cover for Council activities	L	Policies in place for general activities and separately for the Reade Field and Pavilion. Review coverage annually for each.	RFO check	Annually
Financial reporting	Sufficient information is presented to Council to enable decisions to be made with confidence	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	Invoice at agreed rate	L	RFO check and consider budget. Reserve funds earmarked and considered annually.	RFO verify	As required
VAT	VAT analysis	M	All items in cash book lists	RFO verify	Monthly
	Charged on sales	M	Not currently applicable	As required	
	Charged on purchases	L	Consider all items per cash book lists	RFO verify	Monthly
	Claimed within time limits	M	Agree returns submitted. VAT usually claimed annually. Must be claimed within 3 years of transaction.	Diary	Annually
Reserves – General	Adequacy	L	Consider at Budget setting	RFO opinion, forward plan	Annual and as required

Reserves – Earmarked	Adequacy	L	Consider at Budget and review of final accounts	RFO opinion/ Council agreement	Annually
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### 3. Management Risk Assessment

Management matters	Risk Identified	Risk Level	Management of Risk	Staff action	Frequency
		H/M/L			
Assets	Loss, Damage etc	M	Annual inspection, update insurance and asset registers	Diary	Annually
	Risk or damage to third party property or individuals	M	Review adequacy of Public Liability Insurance	Diary	Annually
Staff	Loss of key personnel (Clerk)	L	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.	Chairman	Annually
	Fraud by staff	L	Fidelity Guarantee value appropriately set	Council to review annually	Annually
Maintenance	Poor maintenance of assets leading to loss of value, damage or injury.	M	Independent annual maintenance inspection of playground equipment, responded to proportionately in line with budget. Revenue budget for asset maintenance, earmarked reserve funds. Regular visual inspection of assets by Community Caretaker.	Diary	Annually and weekly
Legal Powers	Illegal activity or payment	H	Educate Council as to their legal powers through training and review of policies and standing orders.	Diary	Annual
Financial Records	Inadequate records	L	RFO Check compliance with Financial Regulations and best practice. Internal audit.	Diary	As required and annually
	Loss of records	L	Back-ups taken on monthly basis and copy given to Chairman	Diary	Monthly
	Access to bank records and maintenance of bank accounts.	L	Online banking will be subject to same controls as cheques and will adhere to Online Banking Guidelines. Bank statements reconciled monthly with income & expenditure accounts and verified independently by a councillor bi-monthly	RFO check	Monthly
Minutes	Accurate and legal	L	Review and approve at following meeting	Diary	Monthly

Council records	Electronic records, loss and security	L	Back-ups taken on monthly basis and copy given to Chairman. Originals stored on Clerk's computer which is password protected and covered by internet security software. List of passwords kept in secure location.	Diary	Monthly
	Security of hard copies	L	Documents stored in Clerk's home office. Personal and financial information in locked filing cabinet. Spare key held by Chairman.	RFO check	As required
GDPR	Non compliance with GDPR regulations	L	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.	RFO to keep GDPR regulations under review	As required, but at least annually
Meeting location	Adequacy / Health and Safety / Accessibility	L	Parish Council meetings are usually 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 and comfort aspects. May need to consider hearing loop/microphone for hard of hearing.	Council to review annually	Annually
Members' interests	Conflict of interest	M	Declarations of interest to be documented/minuted and any conflict addressed as appropriate. Register at BDC to be maintained and updated at least annually at Annual PC Meeting.	Diary	Within 28 days of change



#### **4. INTERNET BANKING GUIDELINES**

Internet Banking 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 (who are not cheque signatories) 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.