

# Financial and Management Risk Assessment

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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 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 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 8 reviewed and adopted by HPC at its meeting held on 15<sup>th</sup> January 2024

Signed:

*Jo Hazlewood*

*Joanna Hazlewood*

Jo Hazlewood  
RFO and Parish Clerk

*John Ambrose*

*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	Annual
	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.	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 transactions and bank recs are signed by a councillor who is not a bank signatory bi-monthly.	Councillor to verify reconciliations taking place and minute taken.	Quarterly
	From Reade Field and Pavilion use	L	L	Maintain register of users. Check invoice/income against user list.	RFO check	As required

	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	Annually
	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

	Conditions agreed	L	L	Agree and document any reasonable conditions. Grant policy reviewed annually	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

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



				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

				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, Nextdoor Holbrook, etc. Responsible use of social media, consultation with the public, use of the website. Community Engagement Policy in place. 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.