

Twyford Parish Council - Financial Risk Assessment V4

Version control

Version	Date reviewed	Amend	Date approved
V4	23.04.2020	<ul style="list-style-type: none"> Appointment of Assistant Clerk and access to finance system could create confusion and potential increase risk of fraud. The regular financial reporting and checks will highlight if there are any errors or irregularities in transaction 	30.04.2020
V3	11.04.2019	<ul style="list-style-type: none"> VAT: Review whether external advice is required when commencing new project / initiative which requires donations and grants and / or generates income Electronic records: Drive is stored on Cloud, so always accessible. April 2019 commence digital financial recording, which will all be kept on a server with Edge IT. 	18.04.2019

		<ul style="list-style-type: none"> Electronic data storage: All Councillors have Cllr specific email addresses, and link to shared drive to be utilized rather than email attachments 	

Risk assessment is a systematic general examination of working conditions, workplace activities and environmental factors that seeks to enable the Parish Council to identify and mitigate its potential inherent risks. The Parish Council, based on this recorded assessment, will take all practical and necessary steps to reduce or eliminate the risks, insofar as is practically possible.

This document has been produced to enable Twyford Parish Council to assess the risks that it faces and satisfy itself that it has taken adequate steps to mitigate them.

FINANCIAL AND MANAGEMENT

Subject	Risk(s) identified	H/M/L Likelihood Impact	Management/Control of Risk	Review/Assess Frequency
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Subject	Risk(s) identified	H/M/L Likelihood Impact	Management/Control of Risk	Review/Assess Frequency
Reserves & Precept	Inadequacy of existing funds and precept levy, preventing the Council from carrying out its statutory duties	L / H	<p>Expenditure is monitored against the approved budget for the year; any unbudgeted commitments are approved after an assessment of their impact on existing reserves.</p> <p>To determine the precept amount required for the next year, the Council receives previous year receipts and payments data, a forecast for the current year and a draft budget for the next year that reflects ongoing costs and any proposed changes of expenditure including that for any ad hoc projects.</p> <p>With this information, the Council considers the required monies for ongoing costs and any special projects for the following year and allocates specific amounts to budget headings. Consideration is also given to any other income sources and the level of the Council's existing reserves. The level of precept needed is then agreed and resolved to be the precept amount to be requested from Winchester City Council (WCC). The figure is submitted to WCC by the Clerk in writing before the specified deadline.</p> <p>The Council's policy is to maintain reserves, one of which is a General Reserve not less than £20,000.</p>	<p>Review and assess annually.</p> <p>Existing procedure adequate.</p> <p>Restrictions: The Council must balance the public's desire for services with the ability to pay for them.</p>
Grants	Proper transparency and accounting of grants.	L / L	Grants made and received are separately accounted for with clear ring fencing where necessary.	<p>Review and assess annually.</p> <p>Existing procedure adequate.</p>

Subject	Risk(s) identified	H/M/L Likelihood Impact	Management/Control of Risk	Review/Assess Frequency
Financial Records	Inadequate records. Records that provide insufficient transparency and information to enable users to form an adequate opinion of the financial position of the Council.	L / H	<p>The Council has Financial Regulations that set out its requirements.</p> <p>The Council has adopted the National Association of Local Councils (NALC) model Standing Orders and Financial Regulations that specify authorisation and approval thresholds for expenditure within budget. Full Council must approve expenditure outside the budget.</p> <p>The Council has adopted a Receipts and Payments accounting record based on a NALC template.</p> <p>The Council's Finance Committee and subsequently Full Council receive quarterly accounts (including bank reconciliation) and the Full Council considers and approves all payments monthly.</p> <p>The Full Council annually considers the adequacy of the Council's financial systems and controls and considers reports from its Internal and External Auditors. All recommendations are assessed and agreed recommendations are monitored to ensure they are implemented.</p> <p>Note: R&P accounting has inherent limitations but notes are provided to help aid understanding.</p>	<p>Review and assess annually.</p> <p>Existing procedure adequate.</p>

Subject	Risk(s) identified	H/M/L Likelihood Impact	Management/Control of Risk	Review/Assess Frequency
Fraud - General	Inadequate checks	L / M	<p>The Council has Financial Regulations that set out its banking requirements.</p> <p>There is no petty cash.</p> <p>Internet banking performed by the Clerk is subject to system based controls and all activity can be monitored by the Chair of the Finance Committee.</p> <p>The Clerk's expenses are reviewed by the Chair of the Finance Committee.</p> <p>Regular bank reconciliation is carried out by the Clerk with monthly checks by the Chair of the Finance Committee.</p> <p>Payments using account information supplied only by email will be verified over the telephone.</p> <p>Debit card details are not stored on any online purchasing websites. Any online accounts are to be set up as Twyford Clerk, and debit card not used under personal details.</p>	<p>Review and assess annually.</p> <p>Existing procedure adequate.</p> <p>Look into setting up second tier authorisation on internet payments</p>
Fraud - payroll	Inadequate checks	L / L	<p>Clerk maintains payroll records including RTI for PAYE/NI.</p> <p>Clerk's salary is based on SLCC scales and reviewed/approved annually in budget process</p> <p>Monthly salary payments (together with deductions for HMRC and pension) are reviewed and approved by Full Council.</p> <p>The Chair of the Finance Committee periodically reviews HMRC records to ensure all payments up to date.</p>	<p>Review and assess annually.</p> <p>Existing procedure adequate.</p>
Clerk and Assistant Clerk	Appointment of Assistant Clerk and access to finance system could create confusion and potential increase risk of fraud	L / M	<p>The regular financial reporting and checks will highlight if there are any errors or irregularities in transaction</p>	<p>Review and assess annually.</p>

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Best value accountability	Work awarded inappropriately. Overspend on services.	L / L M / L	Normal Parish Council practice would be to seek, if possible, 3 quotes for any orders over £750. For major work, competitive tenders would be sought. If problems are encountered with a contract the Clerk would investigate the situation and report to the Council.	Review and assess annually. Existing procedure adequate.
VAT	Failure to levy and pay on VAT when required, incorrect treatment of VAT incurred, loss of income to parishioners by failure to claim recoverable VAT	L / L	Included in Financial Regulations. Cash Accounting basis adopted in 2016. External advice taken and review of prior 4 years undertaken; adjustments recorded and effected in quarter to 30 September 2016. VAT claim submitted quarterly; reconciled to cash book. Review whether external advice is required when commencing new project / initiative which requires donations and grants and / or generates income.	Review and assess annually. Existing procedure adequate.
Legal powers	Ultra vires activities or payments	M / M	All activity and payments are assessed to confirm they are within the powers of the Parish Council, they are resolved at Full Council meetings and reviewed by Internal Auditor. Where necessary advice sought from HALC or another external independent source. Clerk receives HALC newsletters and invitations to seminars on new requirements. Clerk and Councilor training budget exists.	Continued monitoring by Clerk and Chairs of Finance Committee and Full Council. Existing procedure adequate.
Inadequate insurance cover	Loss of capital or income to parishioners (due to costs paid to 3 rd parties or loss to Council not recovered).	L / H	Annual review undertaken by Clerk and reviewed by Finance Committee. Public liability insurance (£10m) Libel & Slander (£250k) assets covered at replacement value. Presented to and confirmed by Full Council. Periodic and specific risk assessments carried out e.g. play equipment inspections.	Review and assess annually. Existing procedure adequate.

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Electronic records	Loss of vital information including failure to meet statutory retention requirements	L / L	Drive is stored on Cloud, so always accessible. April 2019 commence digital financial recording, which will all be kept on a server with Edge IT.	Review and assess annually.
Legal records	Inadequate application of, or loss, of rights arising from contracts and title to property due to inability to locate legal documents	H / L	Clerk maintains recent files of contracts and title at home.	Review and assess annually. <u>Consider:</u> identification and collation of key historic documents.
Website and Information service	Inadequate or outdated information and lack of public engagement with use of website and email and Facebook information services.	H/L	Website (WordPress) and Information Service (Mail Chimp) maintained by Clerk and updated as necessary. Ensure the website software is updated regularly, with software provider security updates.	Review and assess quarterly. <u>Consider</u> 1) review of security including passwords; and 2) training (or contracting out) to improve website format.
Elections costs.	By-elections or full elections may be both necessary and costly.	L / M	Funds are maintained at a level sufficient to meet election costs.	Review and assess annually. Existing procedure adequate.

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Annual Returns.	Return submitted late.	L / L	Annual Returns completed by the end of April. Annual Return approved by whole Council before submission. Employers PAYE & P60 returns submitted to HMRC.	Review and assess annually. Existing procedure adequate.
Non availability of Clerk/RFO	Ineffective administration of Council	M / L	Temporary cover possible via use of locum. Potential to use HALC to assist.	Review and assess annually. Consider adequacy of reserves on quarterly basis to cover locum costs for 6 months.
Council Minutes	Lack of transparency, no proper, timely and accurate reporting of council business in the minutes.	L / L	Draft meeting minutes promptly circulated by e-mail and Clerk notified of any proposed amendments; draft adopted at next meeting of the FPC or committee then signed and dated by the Chair.	Review and assess annually. Existing procedure adequate.
Conflicts and gifts	Inadequate identification and control of conflicts of interest.	L / M	Conflicts declarations (Code of Conduct and Acceptance form) reviewed and revised at the Annual Parish Council meeting. Copied and sent to be filed at WCC. Chair seeks declaration of any conflicts at each meeting and enforces participation restrictions appropriately.	Review and assess annually. Existing procedure adequate.
Access to Funds	Inability of Council to promptly access banked funds due to failure to update authorised signatories or for those persons to provide satisfactory ID verification documents to the bank.	M / M	Four authorised Councilor signatories plus the Clerk to be maintained to ensure sufficient cover for the requirement for 2 signatories. Authorised signatories list reviewed annually by Finance Committee to ensure it remains up to date. Bank statements checked monthly to ensure Council address details are up to date.	Review and assess annually. Existing procedure adequate.

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Notices	Failure to receive communications for the attention of the Council	L / M	<p>clerk@twyfordhants.org.uk is a generic address that enables immediate transfer to any new clerk, locum or other cover. It can also be monitored by a second person.</p> <p>The website and WCC records show the postal address for communications.</p> <p>Financial records with invoices enable identification of suppliers who can be contacted and requested to change the address for further communications.</p> <p>The PO Box 741 is a generic address that enables immediate transfer to any new clerk, locum or other cover.</p>	Review and assess annually.
Business disruption	<p>Loss of income due to inability to provide access to the Pavilion or sports pitches.</p> <p>Failure of a third party to provide services.</p>	L / M	<p>Non Precept income is not material to the Council's financial standing.</p> <p>Alternative suppliers of services can be contracted (e.g. for grass and hedge cutting).</p> <p>Essential services suppliers (e.g. electricity, water, telephone/internet) have robust business recovery for disaster scenarios.</p>	<p>Review and assess annually.</p> <p>Existing procedure adequate.</p>

Subject	Risk(s) identified	H/M/L Likelihood <i>Impact</i>	Management/Control of Risk	Review/Assess Frequency
Electronic Data Storage	Risk of storing personal details on file is non-compliant with new legislation, GDPR in effect May 2018	M	Clerk to attend courses required to stay up to date with the new legislation, and to make recommendations to the FPC to implement in accordance with requirements. All Councillors have Cllr specific email addresses, and link to shared drive to be utilized rather than email attachments	Review annually

PHYSICAL ASSETS

Loss or damage to physical assets	Loss of use or capital loss to parishioners	H / L	Annual review of Asset Register ensures all assets are identified for insurance purposes; and for budgeting for repair or replacement. Hunter Park equipment is in locked metal containers. Pavilion key code is changed periodically	Review and assess annually. Existing procedure adequate
Maintenance of assets	Loss of use of, or injury to, parishioners	M / H	Annual review of assets apart from play areas (grounds maintenance contractors review play and other areas regularly; and Meads (reviewed more regularly). PAT testing of pavilion electrics & fire extinguishers. Play areas reviewed by independent assessor annually. Clerk reviews play area on a periodic basis. Tennis Court maintenance is responsibility of Tennis Association under user agreement.	Review and assess annually. Existing procedure adequate.