

# Horrabridge Parish Council

## Financial Risk Assessment and Management Policy

### FINANCIAL MANAGEMENT POLICY

#### Definition of Risk Management

Risk is the threat that an event or action will adversely affect an organisations ability to achieve its objectives and to successfully execute its strategies.

Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements.

#### Risk Policy Statement

Horrabridge Parish Council recognises that it has a responsibility to manage risks effectively in order to protect its members, staff, assets, liabilities and the community against potential losses, to minimise uncertainty in achieving its goals and objectives and to maximise its opportunities.

#### Approach to Risk Management

The council's approach to risk management is to attempt to identify and manage risks in the most cost-effective manner within overall resources available.

Identified risks are recorded in the risk assessments, and the likelihood and impact are assessed. The council is aware that some risks can never be eliminated fully but endeavours to minimise risk by putting control measures in place where possible.

Risk identification forms part of the day to day work of the Clerk, staff and members and is considered throughout all aspects of council business.

#### Responsibility for Risk Management

The Council recognises that it is the responsibility of all members and employees to have regard for risk in carrying out their duties.

If uncontrolled, risk can result in a drain on resources that could better be directed to service provision. This policy recognises that any reduction in the risk of injury, illness, loss or damage benefits the whole community.

#### Review

The Policy and Risk Assessment will be reviewed and updated as and when a new risk is identified, the likelihood or impact changes, or at least annually.

## **FINANCIAL RISK ASSESSMENT**

<b>Subject</b>	<b>Risk/s Identified</b>	<b>Risk Level H/M/L</b>	<b>Potential Impact H/M/L</b>	<b>Management/Control Measurers</b>	<b>Review/Assess/Revise</b>
Payments	Goods not supplied but invoiced, invoices incorrect, invoices unpaid.	L	M	All invoices recorded and filed on receipt. Invoices checked for accuracy and for receipt of goods and signed by Officers. Two Councillors sign cheques and initial stub or payment is made by BACS, the setup being carried out by the Clerk and two Councillors authorise.	Maintain existing procedures.
Cheque books	Loss of cheques, fraudulent use.	L	H	Cheque books kept safely locked away, no blank cheques signed.	Maintain existing procedures.
Invoicing	Services provided by Council but not charged for	L	M	Bookings diary checked weekly, and invoices issued monthly or bi-monthly. Diary updated with invoice numbers and booking spreadsheet updated.	Maintain existing procedures.
Salaries and wages	Incorrect payments to staff (rates, NI, tax). Payments not made to HMRC. Pension contributions not made. Non-compliance with year-end obligations.	L	H	An external payroll provider runs the payroll software on the instruction of the Clerk. Reports are provided and printed by the Clerk. The Clerk to ensure salary and contribution payments are paid on time. Approved at monthly meetings and checked and signed by the Chairman.	Maintain existing procedures.
Election Costs	Inability to meet costs.	L	L	Provision made in budget annually.	Maintain existing procedures.
VAT	Errors in calculation. Payments not made to HMRC.	L	H	RBS software calculates the VAT. The Clerk to check and submit VAT return to HMRC.	Maintain existing procedures. Ongoing Training.
Annual Return	Inability to complete year end close down in time. Not submitted in time.	M	M	Clerk to ensure adequate time to complete procedure. Book internal auditor early.	Maintain existing procedures. Ongoing Training.
Insurance	Inadequate or deficient insurance cover. Over-insurance increasing costs unnecessarily.	L	H	Annual review of insurance needs with brokers. Annual review of asset values.	Maintain existing procedures.
Computer records	Loss of data through system error or theft.	L	H	Back-up data daily. Separate back up of laptop on the desk-top computer and on external hard-drive. Back-up held off site	Maintain existing procedures
Budget	Inadequate budget preparation leading to inability to fulfil obligations.	L	H	Budget considered by all Committees and Council in December. Balance sheet and income and expenditure considered council monthly.	Maintain existing procedures

Buildings	Unexpected repairs - the Council has a number of physical assets.	M	H	Regular inspections of buildings to minimise risk of major failings.	Maintain existing procedures
Precept	Overspend of operational budget and/or inaccurate setting of precept level and realising demands on Precept	L	H	Budget and precept are considered by the Council Committees in December each year. The precept deadline is noted and complied with by the Clerk.	Existing procedures adequate.
Financial controls and records	Inadequate records leading to financial irregularities.	L	M	Financial Regulations reviewed annually. Internal and External Audit presented to the Council.	Continue to review annually.
Bank and banking	Bank errors and/or inadequate checks leading to financial irregularities	L	M	Bank reconciliation carried out each month and checked and approved at Council meetings. Chairman to sign.	Maintain existing procedures
Collection of Income Cash/Chqs/BACS	Loss through theft or dishonesty.	M	H	Funds received by BACS or cash/cheque posted to/ brought to the office and received by the Clerk. All cash is banked regularly. Unbanked cash locked in safe.	Maintain existing procedures. Clerk to check receipts.
Assets	Protection of physical assets	M	H	Buildings and property insured. Fire alarm & fire equipment annual test. Personal Appliances annual electrical test. Annual play equipment checks by RoSPA Insurance policy reviewed annually.	Maintain existing procedures
Assets	Inadequate security of buildings, equipment etc	H	M	Buildings secured outside working hours. Staff vigilance.	Maintain existing procedures.
Councillor	If Councillors fail to complete their initial register of interests, or review them regularly and a conflict of interest occurs, the Council may be brought into disrepute and the business of eh Council adversely affected.	L	L	Newly appointed Councillors to complete a register of interests within 28 days of appointment. Councillors are required to advise the Clerk of any changes as they occur and to review their register of interests annually. This is a standing agenda item.	Maintain existing procedures.
Councillors	Vacancies sometimes occur between elections. If not filled, the Council runs a higher risk of being inquorate and thereby unable to conduct its business.	L	L	Have a procedure by which casual vacancies are filled in a appropriate and timely manner.	Clerk to ensure that the Monitoring Officer is informed and the appropriate notices are displayed as soon as possible.

Councillors/staff	Breach of confidentiality	M	H	Regular reminder to members/staff Complaints Policy & Procedure	Maintain existing procedures.
Councillors	Councillors acting inappropriately and bringing the Council into disrepute.	M	H	Regular reminders of Code of Conduct Complaints Policy & Procedure	Maintain existing procedures.
Councillors Staff – breach of GDPR	Breach of regulations	M	H	Councillor and Staff training and reminders of policy and procedures which are reviewed regularly	Maintain existing procedures
Reports and records	Improper and untimely reporting of meetings via the minutes	M	M	Draft minutes of all meetings to be issued to all Councillors as soon as drafted. All minutes to be approved at following committee meeting. Minutes published on the website and available from the office.	Maintain existing procedures.
Third parties	Risks to third party, property or individuals	M	M	Public & Products liability insurance in place (limit of indemnity £10m)	Insurance cover to be reviewed annually. Risk assessments of individual events.
Staff	Compliance with Employment Law	M	M	Employer Liability insurance in place (limit of indemnity £10m)	Insurance cover to be reviewed annually.
Health & Safety	If members and officers of the Parish Council, or third parties, are exposed to health and safety risks, the Parish Council may become liable. Employees should be exposed to health and safety risks.	M	M	Liability could occur in respect of premises owned and equipment owned by the Parish Council. Liability could occur in respect of unsafe working practice or equipment. Health & Safety policy in place, annual review. Annual risk assessments. Regular training and reminders.	Maintain existing procedures.
Council Records	Unless key records of the Parish Council are duplicated and held on separate sites, the Parish Council is vulnerable to their loss due to fire, flood or theft. Unless the Parish Council has a standalone system, records held on the Parish Clerks computer maybe lost, when they are transferred on one post holder to another. It maybe difficult to comply with the Freedom of Information Act requests.	L	M	Ensure regular back-up of electronic data is made and stored separately to minimise the risk of data loss. Hardcopy documents which are statutorily required to be held are secure in the Council office.	Maintain existing procedures.

