

## Review of Financial Risk Assessment for 2020-2021

The Parish Council reviews its risk assessment annually to take account of any changes to financial risk and management.

The key change in terms of financial arrangements and risk which have been considered in this review relate to the Parish Council's decision to move to internet banking and on-line payments (**Min. 19.09.11.2 refers**), with a move to Unity Trust Bank and switch to BACS payments as a default completed in June 2020.

Suffolk Association of Local Councils produced an advice note, which has been referred to in reviewing the Council's Financial Risk.

Although it has not been possible to complete the internal control report with the appointed Councillor due to COVID regulations, the Clerk has referred to this in completing this Financial Risk Assessment.

A draft reviewed Financial Risk Assessment is attached as Appendix B.

**Recommendation:**

**That this Council receives and approves the Risk Assessments (circulated & tabled as DPC.21.04.04) as being a proper assessment of the risks facing the Council and that they demonstrate that appropriate management of those risks is in place and that the Chairman of this Meeting should sign the Financial Risk Assessment thereby tabled as properly reflecting the assessment of the Council's financial risk.**

## Drinkstone Parish Council

This document has been produced to enable the Parish Council to assess the risks that it faces and satisfy itself that it has taken adequate steps to minimise them. In conducting this exercise, the following plan was followed:

### Risk assessment and management (financial) for the period 1 April 2020 to 31 March 2021

| <b>Topic</b> | <b>Risk Identified</b> | <b>Risk Level<br/>H/M/L</b> | <b>Management of Risk</b>   | <b>Staff action</b>  |
|--------------|------------------------|-----------------------------|---|--|
| Precept      | Not submitted          | L                           | Full Minute – RFO follow up   | Diary  |
|              | Not paid by DC         | L                           | Confirm receipt – check correct bank details when submitting precept request form   | Diary  |
|              | Adequacy of precept    | M                           | Quarterly review of budget to actual  | Diary  |
| Other Income | Cash handling          | L                           | There is no cash handling – all payments are now done by means of submission of an expenses claim and receipts  | n.b. Careful attention to ensure receipts attached to claims and where multiple items on receipt, specific item highlighted.<br>Ensure timely quarterly submission of expenses claims. |
|              | Banking                | L                           | Segregate duties.<br>Check to bank statements.<br>Regular bank reconciliations<br>Move to online banking has enabled regular checking of transactions and monthly reconciliations | The Clerk has increased the regularity of Bank Reconciliations (at least bimonthly which are published on the agenda)  |

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|-------------------|------------------------------|-----------------------------|--|--|
|                   | From Cemetery                | M                           | Burial Register updated for grave allocations as required.<br>Check of burial register to invoices to undertakers.<br>Check of memorial fees work dockets to invoicing.  | Clerk has introduced receipts for payments and new cemetery management has been installed and implemented recording transactions |
| Internet Banking  | BACs Payments of Invoices    | L                           | 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. | RFO makes schedule of payments available to Cllrs by pdf doc prior to each ordinary meeting                                      |
|                   | Access codes & passwords     | M                           | The internet banking access codes and passwords are retained securely by the Clerk/RFO and no internet banking is undertaken on a computer to which the public have access.                                    | Computers are password protected and hard copies kept in locked filing cabinet.  |
|                   | Online security              | M                           | The Council installs, and keeps updated, anti-virus software on all computers used for Internet Banking.   | Clerk to check parish laptops and that Cllrs have virus software on their computers  |
| Grants            | Claims procedure             | M                           | Clerk/RFO check as required  | Diary  |
|                   | Receipt of grant when due    | M                           | Clerk/RFO check as required  | Diary  |
| Investment Income | Receipt when due             | L                           | Clerk/RFO check as required – no current investment income   | n/a  |
|                   | Surplus funds                | L                           | Review levels and investment policy annually – no current investment income  | n/a  |
| Salaries          | Wrong salary/hours/rate paid | M                           | Check salary to minute, check hours and rate to contract   | Member to verify   |

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|------------------------------------|---|-----------------------------|---|--|
|                                    | Wrong deductions – NI and Income tax                          | M                           | Check to PAYE Calculations<br>PAYE calculations undertaken by appointed third party payroll provider                | Member to verify                       |
| Direct Costs and overhead expenses | Goods not supplied to Council                                 | M                           | Follow up on all orders   | Approval check                         |
|                                    | Invoice incorrectly calculated or recorded                    | L                           | Check arithmetic on invoices and perform bank reconciliations on at least bi-monthly basis                          | Clerk to undertake<br>Member to verify |
|                                    | Cheque payable is excessive or to wrong party                 | L                           | Signatory initials Stub & Voucher   | Approval check                         |
|                                    | BACs payment is   | M                           | Invoices circulated to Cllrs in pdf format with Agenda.   | Members to verify                      |
|                                    | excessive or to wrong party                                   |                             | Authorised signatories to check payment transaction against invoice before approving.                               |  |
| Grants & support                   | No power to pay or no evidence of agreement of Council to pay | M                           | Minute Council agreement with the power used to authorize payment   | RFO check<br>Member verify             |
|                                    | Conditions agreed   | L                           | Agree and document any reasonable conditions  | RFO check                              |
| Election Costs                     | Invoice at agreed rate  | L                           | RFO check and consider budget   | RFO verify                             |
| VAT                                | VAT analysis  | M                           | All items in cash book lists  | RFO verify                             |
|                                    | Charged on purchases  | L                           | Consider all items per cash book lists  | RFO verify                             |
|                                    | Claimed within time limits                                    | M                           | RFO to submit at least quarterly and report on next agenda. Payment received to be reported on agenda under income. | RFO verify                             |

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|----------------------|--|-----------------------------|--|--|
|                      |  |                             |  |  |
| Reserves – General   | Adequacy   | L                           | Consider at Budget setting and review quarterly and at year end  | RFO opinion. 3 year plan   |
| Reserves – Earmarked | Adequacy   | L                           | Consider at Budget, quarterly and at year end to move unspent funds into relevant ear-marked reserves. RFO to ensure that spend from reserves is authorised by full council. | RFO opinion Reserves have been considered at year end 201920 and adjustments made. |
|                      | Unidentified Earmarked or Contingent liability                                 | L                           | Review minutes   | RFO/member view  |
| Assets               | Loss, Damage etc   | M                           | Annual inspection, update insurance and asset registers  | Diary  |
|                      | Risk or damage to third party property or individuals                          | M                           | Review adequacy of Public Liability Insurance  | Diary  |
|                      | Loss of financial assets   | L                           | The Council advises its insurers and introduces such further safeguards, such as increased fidelity insurance, as may be required by the Insurers.                           | RFO to advise  |
| Staff                | Loss of key personnel (Clerk)  | L                           | Hours, health, stress, training, long term sick, early departure – risk monitored and managed as appropriate   | RFO/member view<br>2 month contingency reserve added to 2020-21 budget             |
|                      | Fraud by Staff   | L                           | Fidelity Guarantee value appropriately set   | Council to review annually as part of insurance plan                               |
| Loss                 | Consequential loss due to critical damage or 3 <sup>rd</sup> Party performance | L                           | Review adequacy of insurance cover   | Diary  |

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|-------------------|--|-----------------------------|--|--|
| Maintenance       | Reduced value of assets or amenities – loss of income or performance | M                           | Annual Maintenance Inspection  | Diary  |
| Legal Powers      | Illegal activity or payment  | M                           | Educate councillors as to their legal powers<br>RFO to identify power for spend when items are identified in reports for authorisation                                     | RFO to check powers when preparing report<br>Updating of Financial Standing orders July 2020     |
| Financial Records | Inadequate Records   | L                           | RFO/Clerk check annual & internal audit review   | Diary  |
| Minutes           | Accurate & Legal   | L                           | Review at following meeting<br>Ensure consecutively numbered   | Diary  |
| Members Interests | Conflict of Interest   | M                           | Ensure register of interests are completed and up to date<br>Declarations of interest and any exclusion of members from relevant agenda items to be documented in minutes. | Diary<br>Ensure members leave room when item under discussion or dispensation has been approved. |

**Reviewed 12<sup>th</sup> April 2021**

**Next Review: March 2022**

**Approved and Adopted:**

**Chair: Cllr R Edmondson**

**Dated:**