

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. 19.11.8.2 refers**), which is almost complete with a move to Unity Trust Bank.

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

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

Recommendation:

That this Council receives and approves the Risk Assessments (circulated & tabled as DPC20.05.06) 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.

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 Clerk/RFO and that 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

Sample Reconciliation Form

Date	Supplier	Invoice No.	For	Gross Amount	Internet Account Running Balance	Explanatory Notes
29/5/**	-----	-----	-----	-----	£1,056.89	This sum brought forward
29/5/**	Jo Smooth	12D56	Grass Cutting	£369.78	£687.21	
3/6/**	Jo Good	May Salary	Clerks Salary	£49.67	£637.54	
15/6/**	EON	98URT345	Electricity – Village Hall	£112.98	£524.56	
26/6/**	Virgin	56TYH743	Broadband Monthly Rental	£29.99	£494.57	
Amount to be verified against Bank Statement					£494.57	This sum should equal the Internet Account Balance
Projected Cash Flow for July						
	Jo Good	June Salary	Clerks Salary	£50.00	£444.57	Rounded sums used as estimates
	Willis & Co		Tree Work in Cemetery	£400.00	£44.57	
	EON		Electricity Village Hall	£120.00	£-75.43.	Effect if no money transferred would be to go into overdraft (prohibited)
	Virgin		Broadband Monthly Rental	£30.00	£-105.43	
	BT		Phone Bill	£95.00	£-200.43	
Suggested Transfer Into Internet Account				£300.00	£99.57	This sum provides for all known expenditure in July and a small amount for urgent items

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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

The risk management procedures, as documented below, were confirmed to be in practice by the Internal Auditor May 2019

FINANCIAL AND MANAGEMENT				
Subject	Risk(s) Identified	H/M/L	Management/Control of Risk	Review/Assess/Revise Staff Action
Precept	Adequacy of precept	L	To determine the precept amount required, the Parish Council regularly receives budget update information and the precept is an agenda item at full Council. update information and the precept is an agenda item at full Council. At the Precept meeting the Council receives a budget update report, including actual position and projected position to end the year and indicative figures or costings obtained by the Finance WG and the Clerk. The Council maps out the required monies for standing costs and projects for the following year and confirms specific figures to budget headings, the total of which is resolved to be the precept amount to be requested from Mid Suffolk District Council.	Existing procedure adequate
	Requirements not submitted to MSDC	L	This figure is submitted by the Clerk in writing to MSDC. Council receives a budget update report, including actual position and projected position to	
	Amount not received by MSDC	L	The Clerk informs Council when the monies are received (approx May time). end the year and indicative figures or costings obtained by the Finance WG and the Clerk.	
		L	The Council maps out the required monies for standing costs and projects for the following year and confirms specific figures to budget headings, the total of which is resolved to be the precept amount to be requested from Mid Suffolk District Council. This figure is submitted by the Clerk in writing to MSDC. The Clerk informs Council when the monies are received (approx May time).	
	<u>Amount not received from MSDC</u>			
Financial	Inadequate records	L	The Council has Financial Regulations which set out the requirements.	Existing procedure adequate.

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Records	Financial irregularities	L		Financial Regs reviewed annually
Bank and banking	Inadequate checks	L	The Council has Financial Regulations which set out the requirements for banking, cheques <u>and the reconciliation of accounts</u>	Existing procedure adequate.
	Bank mistakes	L	and reconciliation of accounts.	Financial Regs reviewed annually
	Loss Charges	L L	The bank does make occasional errors in processing cheques which are discovered when the Clerk reconciles the bank accounts once a month when the statement arrive, these are <u>dealt with immediately by informing the bank and awaiting their correction.</u> dealt with immediately by informing the bank and awaiting their correction. Move to online banking will enable regular checking of transactions and monthly reconciliations <u>Move to internet banking with dual and triple authorisation will ensure that payments set up are checked before authorisation – Clerk to set up payments, members to authorise</u>	and bank signatory list when <u>necessary, especially after an AGM and an election. Monitor the bank statements regularly.</u> necessary, especially after an AGM and an election. Monitor the bank statements regularly.
Internet Banking	<u>BACS payments of Invoices</u>	<u>L</u>	<u>The council appoints two Councillors (who are not payment authorisers) to verify the schedule of payments made from the internet banking account against sample invoices selected at random on a regular basis.</u>	<u>RFO makes schedule of payments available to cllrs by pdf doc prior to each ordinary meeting</u>
	<u>Access codes & passwords</u>	<u>M</u>	<u>The internet banking access codes and passwords are retained securely by the Clerk/RFO and that no internet banking is undertaken on a computer to which the public has access</u>	<u>Computers are password protected and hard copies kept in locked filing cabinet</u>
	<u>Online security</u>	<u>M</u>	<u>The Council installs and keeps updated anti-virus software on all computers used for internet banking.</u>	<u>Clerk to check parish laptops and that Cllrs have virus software on their comuters.</u>
Cash	Loss through theft or dishonesty	L	The Council has Financial Regulations which set out the requirements. Cash received is banked within 3 banking days. There is no petty cash or float. Adequate Fidelity insurance is in place	Existing procedure adequate. Financial Regs reviewed annually
	<u>Cash Handling</u>	<u>L</u>	<u>Cash handling is avoided, but where necessary – appropriate Controls are in place</u>	<u>n.b. Careful attention to ensure receipts attached to claims and where multiple items on receipt, specific item highlighted. Ensure timely submission of expenses claims.</u>

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	<u>Cash Banking</u>	<u>L</u>	<u>Segregate duties. Check to bank statements. Regular bank reconciliations</u>	<u>The RFO has increased the regularity of Bank Reconciliations (at least bi-monthly) which are published on the agenda.</u>
<u>Grants</u>	<u>Claims Procedure</u>	<u>M</u>	<u>Clerk RFO check as required</u>	<u>Di</u>
	<u>Receipt of Grant when due</u>	<u>M</u>	<u>Clerk RFO check as required</u>	<u>Diary</u>
	<u>No Power to pay or no evidence of agreement of Council to pay</u>	<u>M</u>	<u>Minute Council agreement with power used to authorise payment</u>	<u>Member verify</u>
	<u>Conditions Agreed</u>	<u>M</u>	<u>Signatory initials stub & voucher</u>	<u>RFO check</u>
<u>Investment Income</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
<u>Reporting and auditing</u>	<u>Information communication</u>	<u>L</u>	<u>The financial position of the the council is regularly reviewed at meetings</u>	<u>Existing communication procedures adequate.</u>
<u>Direct costs</u>	<u>Goods not supplied but billed</u>	<u>L</u>	<u>At each Council meeting the list of invoices awaiting approval is distributed to Councillors, <u>and considered. Council approves the list of requests for payment. Payments Due which are previously authorised are listed separately with the minute number identifying the authorisation.</u></u>	<u>Existing procedure adequate.</u>
<u>Overhead expenses</u>	<u>Incorrect invoicing</u>	<u>L</u>	<u>and considered.</u>	<u>Financial Regs reviewed annually</u>
	<u>Cheque payable incorrect</u>	<u>L</u>	<u>Council approves the list of requests for payment.</u>	
<u>Debts</u>	<u>Loss of stock</u>	<u>L</u>		
	<u>Unpaid invoices</u>	<u>L</u>		
<u>Best value</u>	<u>Work awarded incorrectly</u>	<u>L</u>	<u>The Council has Financial Regulations which set out the requirements. For major contract services, formal competitive tenders would be sought.</u>	<u>Existing procedure adequate. Financial Regs reviewed annually</u>
	<u>Overspend on services</u>	<u>M</u>		
<u>Salaries and assoc. costs</u>	<u>Salary paid incorrectlyWrong <u>Salary/hours/rate paid</u> Wrong hours paid</u>	<u>LM <u>L</u></u>	<u>Council are registered as an employer for PAYE which is administered by the RFO/CLERKCheck Salary to minute, check hours and rate to contract. Salary rates are assessed annually by the Council Salary analysis and slips produced available for inspection as part of payment authorisation</u>	<u><u>New procedure for authorising additiona hours introduced January 2020</u></u> <u>Review of admin of PAYE</u>

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Wrong deductions – NI & PAYE

~~Wrong rate paid~~

M

~~L~~

Check to PAYE calculations

~~Salary analysis and slips are produced~~

~~These are inspected at the Council meetings and signed off.~~

BASIC PAYE calculates this automatically – ensure that Tax are updated as received and an software updates are installed.
~~carried out, clerk/rfo now admin paye~~

Employees	Fraud by staff Actions undertaken by	L L	The requirements of the Fidelity Guarantee insurance to be adhered to with regards to Fraud. The Clerk should be provided with relevant training, reference books, access to assistance	Existing procedure adequate. Purchase revised books
	<u>Actions undertaken by staff</u>	L	<u>The Clerk should be provided with relevant training, reference books, access to assistance</u> and legal advice required to undertake the role.	<u>Purchase revised books when necessary.</u> <u>Staff undertaking CILCA Training</u>
Election costs	Risk of an election cost	L/M	Risk is higher in an election year. When an election is due the Clerk will obtain an estimate of costs from the District Council for a full election and an uncontested election. There are no measures which can be adopted to minimise the risk of having a contested election as this is a democratic process and should not be stifled.	Existing procedure adequate. within the budget process <u>Budgeting to build up earmarked reserves over 4 years.</u>
VAT Annual return	Re-claiming/charging Submit within time limits	L L	The Council has Financial Regulations which set out the requirements. Annual Return is completed and signed by the Council, submitted to the internal auditor for completion and signing then checked and sent on to the External Auditor within time limit.	Existing procedure adequate. Existing procedures adequate.
	<u>Submit within time limits</u>	L	<u>VAT 126 Claims are now submitted quarterly</u>	<u>Moved to Quarterly submissions in 2019</u>
Minutes/ Agendas/ Notices Statutory documents	Accuracy and legality	L	Minutes and agenda are produced in the prescribed method by the Clerk and adhere to the <u>legal requirements.</u>	Existing procedure adequate.
	Business conduct	L	legal requirements. Minutes are approved and signed at the next Council meeting where possible. Minutes and agenda are displayed according to the legal requirements. Business conducted at Council meetings should be managed by the Chair.	Guidance/training to Chair <u>Training budget for Chair</u> should be given (if required). Members to adhere to Code of Conduct.
Members interests	Conflict of interest	L	Although not a requirement, the d <u>Declaring of interests by members at a meeting should be an part of agenda and distinctions between pecuniary and non-pecuniary recorded.</u>	Existing procedure adequate
	Register of Members interests	M	obvious process to remind Councillors of their duty and should remain on the agenda. Register of Members Interest forms should be reviewed regularly by Councillors.	Members take responsibility <u>Existing procedure adequate to update their Register</u>
Insurance	Adequacy	L	An annual review is undertaken (before the time of the policy renewal) of all insurance	Existing procedure adequate.
	Cost	L	arrangements in place. Employers and Employee liability insurance is a necessity and must	Review insurance provision
	Compliance	L	be paid for. Ensure compliance measures are in place. Ensure Fidelity checks are in place.	annually.
	Fidelity Guarantee	M		Review of compliance.

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Data protection	Policy Provision	L	The Council is aware of and compliant with the newly introduced requirements of GDPR. Council are registered with ICO	Clerk has undergone appropriate training
Freedom of Information Act	Policy Provision	L M	The Council has a model publication scheme for Local Councils in place. The <u>Council & Clerk</u> is <u>are</u> aware that if a substantial request arrives then this may require many hours of additional work.	Monitor and report any impacts of requests made under the F of I Act.
<u>Reserves – General</u>	<u>Adequacy</u>	<u>L</u>	<u>Consider at budget setting and year end</u>	<u>RFO Opinion</u>
<u>Reserves – Earmarked</u>	<u>Adequacy</u>	<u>L</u>	<u>Consider at budget setting and review of final accounts</u> <u>Transfer unspent revenue funds at year end to earmarked reserves</u>	<u>RFO/Member view</u>
	<u>Unidentified Earmarked or Contingent Liability</u>	<u>L</u>	<u>Review Minutes</u>	<u>RFO/Member view</u>

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PHYSICAL EQUIPMENT				
Assets	Loss or Damage Risk/damage to third party(ies)/property	L L	An annual review of assets is undertaken for insurance provision and maintenance provisions.	Review Insurance provision
Maintenance	Poor performance of assets or amenities Loss of income or performance Risk to third parties	L L L	All assets owned by the Parish Council are regularly reviewed and maintained. All repairs and relevant expenditure for these repairs are actioned/authorised in accordance with the correct procedures of the Parish Council. All assets are insured and reviewed annually. Regular inspections of the play equipment are carried out and recorded.	Existing procedure adequate.
Meeting location	Adequacy Health & Safety	L M	The Parish Council Meetings are held at the Village Hall. The premises and the facilities are considered to be adequate for the Clerk, Councillors and Public who attend from Health & Safety and comfort aspects.	Existing locations adequate.
Council records - paper	Loss through: theft fire damage	L M L	The Parish Council records are stored at the home of the Clerk. Records include historical correspondence, minute books and copies, records such as personnel, insurance, salaries etc. Recent materials are in a metal filing cabinet and older more historical records in Local Records Office	Damage (apart from fire) and theft is unlikely and so provision adequate.
Council records - electronic	Loss through: Theft, fire, damage corruption of computer	L M	The Parish Council's electronic records are stored on the Clerks computer. Back-ups of the files are taken at regular intervals <u>least daily</u> and stored on the <u>a remote hard drive</u> councils laptop . A document retention policy is in place and reviewed annually	Existing procedure adequate. Ensure adequate procedure for passing files to new staff is available.
Allotments	Adequacy Health & Safety Risk to third parties	L L L	The facilities are considered adequate for the tenants from a Health & Safety point of view The site is regularly inspected and Insurance is in place and reviewed annually	Existing procedure adequate

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