

DRINKSTONE PARISH COUNCIL – Risk assessment and management (financial)

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:

The risk management procedures, as documented below, were confirmed to be in practice by the Internal Auditor May 2020/21

Subject	Risk(s) Identified	H/M/L	Management/Control of Risk	Staff Action
Precept	Adequacy of precept Requirements not submitted to MSDC Amount not received by MSDC	L L 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. 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. This figure is submitted by the Clerk in writing to MSDC. The Clerk informs Council when the monies are received (approx May time).	Existing procedure adequate
Financial Records	Inadequate records Financial irregularities	L L	The Council has Financial Regulations which set out the requirements.	Existing procedure adequate. Financial Regs reviewed annually
Bank and banking	Inadequate checks Bank mistakes Loss Charges	L L L L	The Council has Financial Regulations which set out the requirements for banking, cheques and the reconciliation of accounts 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 dealt with immediately by informing the bank and awaiting their correction. Move to online banking will enable regular checking of transactions and monthly reconciliations	Existing procedure adequate. Financial Regs reviewed annually and bank signatory list when necessary, especially after an AGM and an election. Monitor the bank statements regularly

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			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	
Internet Banking	BACS payments of Invoices	L	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.	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 that no internet banking is undertaken on a computer to which the public has 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.
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
	Cash Handling	L	Cash handling is avoided, but where necessary – appropriate Controls are in place	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.
	Cash Banking	L	Segregate duties. Check to bank statements. Regular bank reconciliations	The RFO has increased the regularity of Bank Reconciliations (at least bi-monthly) which are published on the agenda.
Grants	Claims Procedure	M	Clerk RFO check as required	Diary
	Receipt of Grant when due	M	Clerk RFO check as required	Diary
	No Power to pay or no evidence of agreement of Council to pay	M	Minute Council agreement with power used to authorise payment	Member verify
	Conditions Agreed	M	Signatory initials stub & voucher	RFO check
Investment Income	n/a	n/a	n/a	n/a
Reporting	Information	L	The financial position of the council is regularly reviewed at meetings	Existing communication

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and auditing	communication			procedures adequate.
Direct costs	Goods not supplied but billed	L	At each Council meeting the list of invoices awaiting approval is distributed to Councillors, 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.	Existing procedure adequate.
Overhead expenses	Incorrect invoicing	L		Financial Regs reviewed annually
Debts	Cheque payable incorrect	L		
	Loss of stock	L		
	Unpaid invoices	L		
Best value	Work awarded incorrectly	L	The Council has Financial Regulations which set out the requirements. For major contract services, formal competitive tenders would be sought.	Existing procedure adequate.
Accountability	Overspend on services	M		Financial Regs reviewed annually
Salaries and assoc. costs	Wrong Salary/hours/rate paid	M	Check Salary to minute, check hours and rate to contract. Salary analysis and slips produced available for inspection as part of payment authorisation	New procedure for authorising additional hours introduced January 2020
	Wrong deductions – NI & PAYE	M	Check to PAYE calculations	BASIC PAYE calculates this automatically – ensure that Tax are updated as received and an software updates are installed.

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Employees	Fraud by staff	L	The requirements of the Fidelity Guarantee insurance to be adhered to with regards to Fraud.	Existing procedure adequate.
	Actions undertaken by staff	L	The Clerk should be provided with relevant training, reference books, access to assistance and legal advice required to undertake the role.	Purchase revised books when necessary. Staff undertaking CILCA Training
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. Budgeting to build up earmarked reserves over 4 years.
VAT Annual return	Re-claiming/charging	L	The Council has Financial Regulations which set out the requirements.	Existing procedure adequate.
	Submit within time limits	L	VAT 126 Claims are now submitted quarterly	Moved to Quarterly submissions in 2019
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 legal requirements.	Existing procedure adequate.
	Business conduct	L	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.	Training budget for Chair Members to adhere to Code of Conduct.
Members interests	Conflict of interest	L	Declaring of interests by members at a meeting part of agenda and distinctions between pecuniary and non-pecuniary recorded.	Members take responsibility Existing procedure adequate.
	Register of Members interests	M	Register of Members Interest forms should be reviewed regularly by Councillors.	
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	annually.
	Fidelity Guarantee	M	place.	Review of compliance.
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

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Freedom of Information Act	Policy Provision	L M	The Council has a model publication scheme for Local Councils in place. The Council & Clerk are 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.
Reserves – General	Adequacy	L	Consider at budget setting and year end	RFO Opinion
Reserves – Earmarked	Adequacy	L	Consider at budget setting and review of final accounts Transfer unspent revenue funds at year end to earmarked reserves	RFO/Member view
	Unidentified Earmarked or Contingent Liability	L	Review Minutes	RFO/Member view

Signed:

Date

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