

## PONTESBURY PARISH COUNCIL

### Financial Risk Assessment and Management Policy December 2020

Area	Risk	Risk Level	Control
<b>Assets</b>	Protection of physical assets	L	Buildings and fixed assets insured Value reviewed annually. Physical/visual check of assets annually.
<b>Security</b>	Security of Buildings and Equipment	H	Fire and Smoke Alarms installed on Pavilion building. Passwords and keys strictly restricted to nominated personnel. Pavilion and Trading Post Building and contents insured.
<b>Finance</b>	Banking / Investments	M	Maximum use of higher interest account with regular transfers into current account. Monthly cash flow analysis.
	Salaries and associated costs: Salary repaid incorrectly Wrong hours paid Wrong deduction of NI or Tax Unpaid Tax & NI	L L L L	Salary rates are reviewed annually. Any salary updates are agreed by full council and recorded and signed by Staff and Chair of Council as an update to the staff contract. Salary analysis and payslip are produced monthly by DM Payroll monthly together with any HMRC payments due. These are reported to full council. Tax and NI are reported monthly in accordance with HMRC Real Time reporting requirements. Annual Tax Return completed by DM Payroll
	Loss of funds through theft or dishonesty	H	Fidelity Guarantee reviewed annually (end of year balances plus ½ yearly precept). Cheque book, unbanked cheques and debit/credit cards kept in locked cabinet. Office keys strictly restricted to nominated personnel. No use of petty cash/cash not received.
	Financial Controls and records	M	The Council adopts Financial Regulations which set out the requirements for all financial processes for the council, banking, payments, procurement etc. Two Councillor signatories on cheques and two councillors required to authorise online payments. Electronic payments policy in place along with Financial Regulations – both reviewed annually. Monthly accounts reconciled and reported to full Council on a quarterly basis. Any bank errors in processing payments discovered during reconciliation dealt with immediately by informing the bank and awaiting correction.

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			Independent Internal Auditor checks procedures annually and External Auditors review accounts. Internal Councillor (not bank signatory) nominated to carry out quarterly financial checks completion of which and any issues raised, reported to full council.
	Insufficient reserves	L	Reserves policy to be agreed by full council in 2021 Earmarked reserves reviewed as part of budget process and at end of financial year and agreed by full council
	Financial Regulations	L	Financial Regulations are reviewed annually at full council
	Compliance with Customs and Excise Regulations	L	Use of VAT Help Line when necessary to answer queries. VAT payment and claims verified through accounts package and made <b>annually</b> Reconciliation carried out at year end shut down. Internal and external auditor provides further check.
	Sound budgeting to underlie annual precept request	M	Quarterly budget update information given to full council Finance & General Purposes Committee receive and discuss details of draft budgets, budget update report, (including actual position and projected position at year end and indicative figures or costings obtained by Clerk linked to Parish Council Strategic Plan) and make recommendations to be approved by Full Council in January each year. Precept derived directly from this and precept request submitted by Clerk to Unitary Authority before 31 January or as stipulated by Shropshire Council. Clerk reports to full council when monies are received in April/May.
<b>Grants</b>	Power to pay Authorisation of Council to pay Repayment of any grant received	L	Clerk clarifies the legal position on any new proposals/requests Legal advice sought if necessary All such expenditure goes through the required Council process of approval and is minuted. Any grants received by Council come with terms and conditions to be satisfied and are reported to council
<b>Procurement</b>	Inadequate procedures Value for money	L	The Council has Financial Regulations which set out procurement requirements and procedures Procurement training for staff
			CIPFA /AAT qualifications (preferred)

Draft risk assessment for approval at Full Council Meeting on 14/12/2020

Area	Risk	Risk Level	Control
Internal Audit	Suitably experienced practitioner employed	L	or must have: an understanding of basic accounting processes & ability to review systems & awareness of risk assessment issues & an understanding of accounting requirements of the legal framework and powers of local councils. Appointment agreed annually. Re-tender every 3 years (2023)
	Internal Audit Plan	M	Internal auditor to check on a test basis the following: Receipts and payments records, including monthly reconciliations Use of petty cash accounts Banking procedures Statutory compliance (NI, PAYE, VAT) Payments of superannuation and salaries Compliance with Financial Regulations Financial procedures and audit trails Corporate Risk Assessments
	Frequency of work: Internal auditor	L	Annual inspection
	Independence	L	Statement of independence made annually
	Reports	L	Full copies of the auditor's reports reviewed at Full Council. Outcome of discussions minuted any required / recommended improvements actioned and monitored
	Suspicion of Fraud	M	The auditor to report any suspicion of fraud in the first instance to the RFO, except where the RFO may be implicated in any possible fraud, in which case the auditor should report directly to the Chair of the Council.
	Roles of auditor, officers and members	L	The roles of different partners to be explicitly identified and recorded. Ongoing training for councillors.
Organisational Risk	Insufficient resources to carry out the Council's business	L	The RFO to present an organisational risk assessment of the Council's controls and procedures to minimise the possibility of the Council being unable to function or implement its budgeted activities. Expenditure against budget reviewed quarterly

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Area	Risk	Risk Level	Control
	Council no longer able to predict the cost to tax payers of any function or service. Annual income subject to change at short notice. Possible future introduction of capping.	H	Control of reserves and contingencies against future changes. Five year budget forecast reviewed annually.
<b>Liability</b>	Risk to third party, property or individuals	M	Insurance in place. Regular inspections and investigations when repairs or damage reported. Written reports maintained. Staff training maintained. Annual review of insurance undertaken by council. Full insurance review undertaken with external agent from Came & Company in 2018. This will be repeated in 2021 when three year insurance commitment reviewed.
<b>Employer Liability</b>	Failure to comply with Employment Law	M	Employer's Liability Insurance in place for parish council and for Pavilion staff Membership of NALC and SLCC Receive ACAS updates Use of Shropshire HR services where required
	Failure to comply with HMRC requirements	L	Advice from HMRC. Internal and external auditor carry out annual checks. Use of external payroll. Bulletins with updates from NALC
	Safety of Staff and visitors	M	Regular Health & Safety Risk Assessment checks of Pavilion, and rooms hired out for events, particularly before public events. Health & Safety training in place for staff.
<b>Legal Liability</b>	Ensuring activities are within legal powers	M	The Clerk clarifies legal position on any new proposal. All activity and payments within the powers of the Parish Council are resolved and minuted at Parish Council meetings. Legal advice sought where necessary. Use of NALC / SLCC advice service.
	Proper and timely reporting of Minutes.	L	Full Council meets eleven times per year and receives and reviews cycle of minutes from other committees. Draft Minutes on website within 10 days replaced by signed minutes after agreed by full council at next meeting.

Area	Risk	Risk Level	Control
	Proper document control	L	Leases and legal documents and Personnel details locked in cabinets. Other data storage to comply with GDPR
	Introduction of new requirements under GDPR	L	External Data Protection Officer employed. Annual review of GDPR policies undertaken
<b>Administration</b>	Data integrity and resilience	M	Accounting data accessed through cloud location. Microsoft 365 used by Clerk – use of One Drive
<b>Councillors Propriety</b>	Registers of Interest	M	Compliance with Code of Conduct. Members' Registers of Interests completed by all members and reviewed regularly. Gifts and hospitality register available by prior appointment.