

## PONTESBURY PARISH COUNCIL

### Financial Risk Assessment and Management Policy September 2021

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 or more often as advised.
<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 along with other council assets.
<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/Building 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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			<p>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.</p> <p>Supplier (procurement) fraud and adequacy of supplier onboarding controls – Internal quarterly checks carried out by a councillor (not bank signatory) include number of checks of suppliers matching internet banking details with invoices</p> <p>When a new supplier is set up for an online payment the supplier is telephoned (using telephone contact from original contact with supplier rather than initial invoice received) to check the veracity of the account details on the invoice to mitigate phishing risk/fraud</p> <p>New suppliers details relating to address and financial health are checked with Companies House</p> <p>When a supplier changes their bank details they must notify the council by email/in writing and the supplier is contacted by telephone using details already held by the council rather than on the written submission to check the veracity of the request. Once checked this hard copy submission from the supplier must be signed by two of the Clerk/RFO/member who have reviewed the process undertaken to verify the supplier details change to mitigate phishing risk/fraud</p> <p>Staff are given regular training to alert them to potential cyber fraud</p> <p>A rolling three-year financial plan for revenue and capital will be in place by November 2021 and reviewed annually</p> <p>A five- year budget forecast will be in place by November 2021 and reviewed annually</p>
	Insufficient reserves	L	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	<p>Use of VAT Help Line when necessary to answer queries.</p> <p>VAT payment and claims verified through accounts package and made <b>annually</b></p> <p>Reconciliation carried out at year end shut down.</p> <p>Internal and external auditor provides further check.</p>
	Sound budgeting to underlie annual precept request	M	<p>Quarterly budget update information given to full council</p> <p>Finance &amp; 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</p>

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			recommendations to be approved by Full Council in January each year. Precept derived directly from this and precept request submitted by RFO 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
<b>Internal Audit</b>	Suitably experienced practitioner employed	L	CIPFA /AAT qualifications (preferred) 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 reviewed and 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

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	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.
<b>Organisational Risk</b>	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
	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 to be in place by November 2021 and 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 BHIB in 2021. This will be repeated in 2024 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
			Advice from HMRC. Internal and external auditor carry out annual checks.

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	Failure to comply with HMRC requirements	L	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.
	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 staff – 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.

Adopted: 13 September 2021  
Review date: September 2022