

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, attached as Appendix A, 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 WPC21.03.06) 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

Topic	Risk Identified	Risk Level H/M/L	Management of Risk	Staff action
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. Ensure timely quarterly submission of expenses claims.
	Banking	L	Segregate duties. Check to bank statements. Regular bank reconciliations 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)
	From Cemetery	M	Burial Register updated for grave allocations as required. Check of burial register to invoices to undertakers. 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
	Wrong deductions – NI and Income tax	M	Check to PAYE Calculations 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 Member to verify

	Cheque payable is excessive or to wrong party	L	Signatory initials Stub & Voucher	Approval check
	BACs payment is excessive or to wrong party	M	Invoices circulated to Cllrs in pdf format with Agenda.	Members to verify
			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 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
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 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 rd Party performance	L	Review adequacy of insurance cover	Diary
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 RFO to identify power for spend when items are identified in reports for authorisation	RFO to check powers when preparing report 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 Ensure consecutively numbered	Diary

Members Interests	Conflict of Interest	M	Ensure register of interests are completed and up to date Declarations of interest and any exclusion of members from relevant agenda items to be documented in minutes.	Diary Ensure members leave room when item under discussion or dispensation has been approved.
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Reviewed 25th March 2021

Next Review: March 2022

Approved and Adopted:

Chair: Cllr J Barton

Dated: