

## 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**), 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 WPC20.04.06) 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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WICKHAMBROOK PARISH COUNCIL  
Risk assessment and management (financial) for the period 1 April 2019 to 31 March 2020

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	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 <u>quarterly</u> submission of expenses claims.
	<del>Cash handling</del> Banking	L	Segregate duties. Check to bank statements. Regular bank reconciliations <u>Move to online banking will enable regular checking of transactions and monthly reconciliations</u>	The Clerk has increased the regularity of Bank Reconciliations (at least bi-monthly 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 <u>software-to-behas been installed and implemented recording transactions-2019-20</u>
Internet Banking	<u>BACs Payments of Invoices</u>	L	<u>The Council appoints two Councillors (who are not cheque signatories) to verify the schedule of payments made from the internet banking account</u>	<u>RFO makes schedule of payments available to cllrs by pdf doc prior to each ordinary</u>

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			<u>against sample invoices selected at random on a regular basis.</u>	<u>meeting</u>
	<u>Access codes &amp; passwords</u>	M	<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 have access.</u>	<u>Computers are password protected and hard copies kept in locked filing cabinet.</u>
	<u>Online security</u>	M	<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 Clrs have virus software on their computers</u>
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

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**Risk assessment and management (financial) for the period 1 April 2019 to 31 March 2020**

Topic	Risk Identified	Risk Level H/M/L	Management of Risk	Staff action
Salaries	Wrong salary/hours/rate	M	Check salary to minute, check hours and rate to contract	Member to verify



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	paid Wrong deductions – NI and Income tax	M	Check to PAYE Calculations <u>PAYE calculations undertaken by appointed third party payroll provider</u>	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 <u>quarterly-bi-monthly</u> basis	Member to verify
	Cheque payable is excessive or to wrong party	M	Signatory initials Stub & Voucher	Approval check Recommended move to BACS payments with Member authorisation – RFO Investigating
	<u>BACs payment is excessive or to wrong party</u>	<u>M</u>	<u>Invoices circulated to Cllrs in pdf format with Agenda. Authorised signatories to check payment transaction against invoice before approving.</u>	<u>Members to verify</u>
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	<u>RFO check</u> 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	<u>RFO to submit at least bi-annually</u> Agree returns submitted	RFO verify

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Risk assessment and management (financial) for the period 1 April ~~2019-2020~~ to 31 March ~~2020~~2021

Topic	Risk Identified	Risk Level H/M/L	Management of Risk	Staff action
Reserves – General	Adequacy	L	Consider at Budget setting	RFO opinion. 3 year plan
Reserves – Earmarked	Adequacy	L	Consider at Budget and review of final accounts	RFO opinion Reserves have been considered at <del>2018-19</del> year end <del>2019-20</del> 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
	<u>Loss of financial assets</u>	<u>L</u>	<u>The Council advises its insurers and introduces such further safeguards, such as increased fidelity insurance, as may be required by the Insurers. .</u>	<u>RFO to advise</u>
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 <u>2 month contingency reserve added to 2020-21 budget</u>
	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 third party performance	L	Review adequacy of Insurance cover	Diary
Maintenance	Reduced value of assets or amenities – loss of	M	Annual maintenance inspection	Diary <u>Consider depreciation of</u>

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	income or performance			<i>Assets?</i>
Legal Powers	Illegal activity or payment	H	Educate Council as to their legal powers	Diary <i>Review Financial Standing Orders and recommend adoption of NALC FSO'S Financial Standing Orders updated August 2019</i>
Financial Records	Inadequate records	L	RFO/clerk check regularly + internal audit review	Diary
Minutes	Accurate and legal	L	Review at following meeting	Diary
Members interests	Conflict of interest	M	Declarations of interest to be documented/minuted and any conflict addressed as appropriate	Diary Ensure Cllrs leave room when item under discussion if they have declared pecuniary interest.

Reviewed: ~~16<sup>th</sup> May 2019~~ 28 April 2020

Next Review date: March ~~2020~~ 2021

Approved and Adopted:

Cllr John Barton

Date:

Note: Risk assessment must be reviewed and adopted by council/meeting/board/body annually during the financial year and before 31 March.