

Ashurst Wood Village Council Financial Risk Assessment

Reviewed: 5th May 2020

Notes:

“The greatest risk facing a local authority is not being able to deliver the activity or services expected of the Council.”

Risk assessment is a systematic general examination of working conditions, workplace activities and environmental factors that will enable the employer to identify any and all potential risks inherent in the place or practices. Based on a recorded assessment the employer should then take all practical and necessary steps to reduce or eliminate the risks, insofar as is practically possible; making sure that all employees are made aware of the results of the risk assessment.

This document has been produced to enable Ashurst Wood Village 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:

- Identify the areas to be reviewed
- Identify what the risk may be
- Evaluate the management and control of the risk and record all findings
- Review, assess and revise if required

FINANCIAL AND MANAGEMENT				
Subject	Risk(s) Identified	H / M / L	Management/Control of Risk	Review/Assess/Revise
Councillors	Losing Councillor membership or having more than 6 vacancies at any one time	L L	When a vacancy arises there is a legal process to follow. This either leads to a bye-election or into a co-option process. An election is out of the Village Council’s control. The co-option process begins with an advert, acceptance of applications, consideration of applicants and co-option vote at a Council meeting; then appointment. If there are more than 6 vacancies at any one time on the Council it becomes inquorate. The legal process of the District Council appointing members takes place.	Existing procedures adequate Procedures of another body are adequate
Business continuity	Risk of Council not being able to continue its business due to an unexpected or tragic circumstance	L	Refer to the Council’s Standing Orders in the event of an emergency. In the case that the Council is inquorate refer to District Council.	Review plan when necessary

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Subject	Risk(s) Identified	H / M / L	Management/Control of Risk	Review/Assess/Revise
Precept	Adequacy of precept	L	To determine the precept amount required, the Village Council regularly receives budget update information (quarterly) and the precept is an agenda item at full Council in Oct/Nov. At the precept meeting Council receives a budget update report, including actual position and projected position to end of year and indicative figures or costings obtained by the Clerk. With this information, the required monies are mapped out for standing costs and projects for the following year and these specific figures are applied to budget headings. Current reserves are taken into account. From these figures the precept amount to be requested from Mid Sussex District Council is ascertained. This figure is submitted by the Clerk in writing to MSDC.	Existing procedure adequate
	Requirements not submitted to MSDC in time	L	Precept should be considered by Council before the deadline, which is ascertained from MSDC annually (Budget meeting is October; Precept meeting is November; draft budget published December; budget approved at VC meeting January/February after which MSDC are advised of Precept). The Clerk informs Council when monies are received throughout the year (monthly Council meetings).	
	Amount not received by AWVC	L		
Financial records	Inadequate records	L	The Council has Financial Standing Orders which set out the requirements.	Existing procedure adequate Review of Financial Standing Orders annually (March)
	Financial irregularities	L		
Bank and banking	Inadequate checks	L	The Council has Financial Standing Orders which set out the requirements for banking, cheques and reconciliation of accounts (monthly reconciliation/checks)	Existing procedures adequate Majority payments by BACS
	Bank mistakes	L	The bank does make occasional errors in processing transactions which are discovered when the Clerk reconciles the bank accounts once a month via the statement. The bank is informed immediately and correction is monitored by Clerk.	
	Charges	L	Clerk ensures sufficient funds are in Current Account to cover the monthly payments and ensure the account is never overdrawn.	
	Loss of Signatories	L	Three signatories are held to ensure that two signatories are available at all Times; (the clerk is not a signatory and can only raise payments).	

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Cash / Loss	Loss through theft or dishonesty	L	The Council has Financial Standing Orders which set out the requirements. Cash/cheques are kept in a locked safe and banked within a reasonable period (monthly payments). There is no petty cash or float held by the Clerk. Banking procedure audited by the internal auditor annually.	Existing procedure adequate
Litigation	Potential risk of legal action being taken against the Council	M	Public liability insurance covers general personal injury claims where the Council is found to be at fault, but not spurious or frivolous claims – these cannot be insured against. A VC broker advises of requirements.	Insurance is adequate for requirements but there is still risk of other claims.
Reporting and auditing	Information communication Compliance	L M	A monitoring statement is produced regularly and presented to Council, discussed and approved at the meeting. This statement includes bank reconciliation, budget update and a breakdown of receipts and payments balanced against the bank. Council should regularly audit internally to comply with the Fidelity Guarantee. Internal audit takes place twice-yearly. Payments are ratified and approved at monthly VC meetings; payments are available to view at each meeting. F&A Committee can appoint a councillor to carry-out spot checks,	Existing procedure adequate
Direct costs Overhead expenses Debts	Goods not supplied but billed Incorrect invoicing Cheque/BACS payable incorrect Loss of stock Unpaid invoices	L L L L	The Council has Financial Standing Orders which set out the requirements. Payment is usually made after goods supplied. At each Council meeting the list of invoices awaiting approval is distributed to all Councillors and considered. Council ratifies and approves the list of requests for payment. Two Cllrs approve/authorise online payments. The Council has minimal stocks; these are checked and monitored by the Clerk (mainly stationery and ink/toner). Payment in advance for services is always obtained. Clerk monitors payments (mainly RMA agreement for John Pears).	Existing procedures adequate
Grants and support – payable	Power to pay Authorisation to Council to pay	 L	All such expenditure goes through the required Council process of approval, minutes and listing accordingly.	Existing procedure adequate (Councillors request S137 rules if required); Council holds GPC.
Grants – receivable	Receipts of Grant	L	The Council does not presently receive any regular grants. One-off grants would come with terms and conditions to be satisfied.	Procedure would need to be formed, if required.

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Best Value Accountability	Work awarded incorrectly	L	Wherever possible more than one quotation for any substantial work or goods would be sought. For major contract services, formal competitive tenders would be sought.	Existing procedure adequate Financial Standing Orders to be reviewed annually (March)
	Overspend on services	M	If a problem is encountered with a contract the Clerk would investigate the situation, check the quotation/tender, research the problem and report to Council. This is covered in the Financial Standing Orders.	
Salaries & associated costs	Salary paid incorrectly	L	The Village Council authorises the appointment of all employees. Salary rates are assessed annually and applied. Salary analysis and slips are produced by the Clerk monthly together with a schedule of payments to the Inland Revenue (Tax / NI) using PayrollMaster. A nominated councillor checks all hours (as submitted by employees and processed by the Clerk) And salary payments before monthly salaries are paid. These are ratified at the Council meetings. Corrections are amended in following pay month Employees have a contract of employment and job description.	Existing appointment system adequate. Existing payment system. Financial Regulations detail procedures.
	Wrong hours paid	L		
	Wrong rate paid	L		
	False employee	L		
	Wrong deductions of NI/Tax Unpaid Tax/NI contributions to the Inland Revenue	M		
Employees	Loss of key personnel	L	Reference to the Continuity Plan should be made in case of loss of key personnel. Clerk and Assistant Clerk producing a 'how to do' manual and record of passwords.	Existing procedures adequate
	Fraud by staff	L	The requirements of the Fidelity Guarantee insurance to be adhered to with regard to fraud.	Training and guidance book updates on-going Monitor working conditions, safety requirements, insurance regularly
	Actions undertaken by staff	L	Clerk given relevant training, reference books, access to assistance and legal advice required to undertake the role.	
	Health & Safety	L	Employees provided with adequate direction and safety equipment needed to undertake role i.e.: protective clothing. Risk assessments carried out by Clerk (and Public Services Committee).	
Councillor allowances	Councillors overpaid Income tax deduction	N/A	Councillors are not paid an allowance	No procedure necessary

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Election Costs	Risk of an election cost	M	Risk is higher in an election year although a bye-election could be called for any casual vacancies. When a scheduled election is due the Clerk will obtain an estimate of costs from the District Council for a full election and an un-contested election. There are no measures which can be adopted to minimise the risk of having elections, as this is a democratic process. The Council saves a sum each year to carry forward in case of an election at a four-year interval.	Existing procedure adequate:
VAT	Re-claiming	L	The Council has Financial Standing Orders which set out the requirements. VAT is claimed regularly (quarterly).	Existing procedure adequate.
Employer's Annual Return	Paying and accounting for NI and Tax of employees' salaries	L	Employer's Annual Return is completed and submitted online to the Inland Revenue within the prescribed timeframe by the Clerk. RTIs returned monthly using Payroll Master by the Clerk.	Existing procedure adequate.
Audit – Internal Audit	Completion within time limits	L	Internal auditor is appointed by the Council. Internal auditor is supplied with the relevant documents to audit and the form to complete and sign for the External Auditor by the Clerk at required time. Procedures of internal audit are fully compliant with current audit requirements.	Existing procedure adequate.
Annual Return	Completion/Submission within time limits	L	Annual Return is completed and signed by the Council, submitted to the internal auditor for completion and signing, then checked and sent to the External Auditor by the Clerk within the time limit.	Existing procedure adequate.
Legal powers	Illegal activity or payments	L	All activity and payments within the powers of the Village Council to be resolved and minuted at Full Village Council Meetings,(including a reference to the power used).	Existing procedure adequate:
Minutes, Agendas, Notices	Accuracy and legality	L	Minutes and agenda are produced in the necessary prescribed method by the Clerk and adhere to the legal requirements & best practice guidelines. Minutes are approved & signed at the following meeting.	Existing procedure adequate.
Statutory Docs	Code of Conduct Declaration of Interests	L L	Declarations of Interests are made at the first meeting of the new council Members responsible to update; Clerk holds members DofIs.	Members to adhere to Code of Conduct

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Members Interests	Conflict of Interest Register of Members Interests	L M	Declaring of interests by members at a meeting remains on every agenda. Register of Members' Interests forms should be reviewed regularly by Councillors	Existing procedure adequate. Members take responsibility to update their own Register
Insurance	Adequacy Cost Compliance Guarantee	L L L M	An annual review is undertaken (before time of the policy renewal) of all insurance arrangements in place. Employers and employee liability, together with buildings, contents and assets insurance is a necessity and must be paid for. Ensure compliance measurers are in place. Renewal of Council's insurance approved at May AVCM.	Existing procedure adequate. Review insurance provision annually.
Freedom of Information Act	Policy Provision	L M	The Council has a model publication scheme for Local Councils in place. The Clerk is aware that if a substantial request arrives then this may require many hours of additional work.	Monitor and report any impacts of request made under the F of I Act

PHYSICAL EQUIPMENT OR AREAS

Subject	Risk(s) Identified	H / M / L	Management/Control of Risk	Review/Assess/Revise
Assets	Loss or Damage Risk/damage to third party(ies)/property	M L	An annual review is undertaken for insurance provision, storage and maintenance provisions.	Asset register to be updated as appropriate and reviewed annually
Maintenance	Poor performance of assets or amenities Loss of income or performance Risk to third parties	L L L	All assets owned by the Village Council are regularly reviewed and maintained. All repairs and relevant expenditure for these repairs are actioned/authorised in accordance with the correct procedures of the Village Council. All assets are insured and reviewed annually. All public amenity land and assets are inspected regularly by parish employees	Existing procedure adequate. Ensure inspections carried out.
Noticeboards	Risk/damage/injury to third parties.	L	The Village Council has three notice boards sited in the village. All have insurance cover and are inspected regularly. Any repair/maintenance requirements brought to the attention of the Clerk.	Existing procedure adequate.
Street furniture	Risk/damage/injury to third parties.	L	The Village Council is responsible for boundary signs, dog bins, some streetlights, 4 bus shelters, war memorial, litter bins and grit bins all are covered by insurance. Regular inspections are carried out and any repair/maintenance requirements brought to the attention of the Clerk.	Existing procedure adequate.

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Meeting location	Adequacy	L	The Village Council Meetings are normally held at the Council Office. AVM at Village Centre)	Existing location adequate.
	Health and Safety	L	The premises and the facilities are considered to be adequate for the Clerk, Councillors and Public who attend from Health & Safety and comfort aspects.	
Council records – paper	Loss through: Theft	L	The Village Council records are stored in the office. Records include historical correspondence, minute files, leases for land, records such as personnel, insurance, accounts, etc. Confidential information i.e personnel records, are kept in locked filing cabinet.	Damage (apart from fire) and theft is unlikely and so provision adequate.
	Fire	M		
	Damage	L		
Council records - electronic	Loss through: Theft, fire, damage or corruption	L M	The Village Council's electronic records are stored on the Clerk's computer (VC owned). Back-up of files taken weekly (minimum).	External drive back-up of files kept by Clerk off site.

Reviewed 5th May 2020

Examining Village Council Financial Risk Assessment: Summary Schedule

Item	Frequency	Reviewed	Actions
<u>Parish Council Insurance</u>			
Public & Liability Insurance	Annual	On-going	
Money & Fidelity Guarantee	Annual		
Personal Accident	Annual		
<u>Other Inspections/Maintenance</u>			
<u>Financial Matters</u>			
Banking Arrangements	Annual	On-going	
VAT Returns	¼ -ly / EoYr	On-going	June, Sept, Dec, March
PAYE Returns	¼ -ly / EoYr	On-going	June, Sept, Dec, March
Salaries review	Annual	On-going	
Budget agreement	Oct/Nov	On-going	At VC Meetings (F&A Committee make recommendation)
Budget monitoring	¼ -ly	On-going	VC & F&A meetings
Precept request	January	On-going	
Payments approval procedure	Monthly	On-going	At VC Meetings
Bank reconciliations	Monthly	On-going	Nominated Councillor checks the reconciliations and bank statements; noted at F&A meetings
Internal Audit	April/Oct	On-going	
External Audit	June		
<u>Recordkeeping</u>			
Minute numbering	Monthly	On-going	After VC Meetings
Assets documented	March	On-going	As required; inc in annual audit
Financial Standing Orders updated	March	On-going	
Standing Orders updated	March	On-going	
Computer Records backup	Weekly	On-going	Daily to Ext Hard Drive
<u>Employees</u>			
Contracts of employment review	December		Annual appraisal
Job Description review	December		Annual appraisal
<u>Members' Responsibilities</u>			
Code of Conduct adopted	Annual	On-going	
Register of Interests updated	Annual	On-going	New Cllr(s) on being co-opted
Declarations of Interests Minute	Monthly	On-going	At VC Meetings