

## **Financial & Management Risk Assessment V11**

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| **Adopted** | **Jan 2025** |
| **Agenda Reference** | **24/148/FPC** |
| **Review Date** | **6m (June 25)** |

## **Introduction**

Risk assessment must be in place as part of NMPC internal controls. The Financial and Management Risk assessment must be reviewed and adopted by council at least annually. Assessing risk is an essential action to enable council to propose a positive assertion when signing the Annual Governance Statement *(Assertion 5 — Risk management)[[1]](#footnote-2)*

Assertion 5 — Risk management

**We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.**

In order to warrant a positive response to this assertion, the authority needs to have the following arrangements in place:

1.31 Identifying and assessing risks — The authority needs to identify, assess, and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences.

1.32 Addressing risks — Having identified, assessed, and recorded the risks, the authority needs to address them by ensuring that appropriate measures are in place to mitigate and manage risk. This might include the introduction of internal controls and/or appropriate use of insurance cover.

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| **May 2023 NMPC appointed a Cllr responsible for internal controls who will ensure that the practices contained within this document are embedded in the procedures used by NMPC. This Cllr will have no access to the bank accounts to evidence an independent level of scrutiny.** | | | | |
| **Risk Area** | **Description of risk** | **Risk Level** | **Management of risk** | **Staff/Cllr Actions** |
| **Precept** | Not submitted | L | Full Minute to sign off of precept demand– RFO follow up | Diary - **January** NMPC Meeting |
|  | Not paid by DC | L | Confirm receipt | Diary- **April** |
|  | Adequacy of precept | H | Precept demand in line with proposed/agreed Budget  Monthly review of budget to actual | Diary **Monthly** |
| **Other Income** | Cash handling | L | Cash handling is avoided, but where necessary – appropriate  controls are in place | Annual review of documented controls |
|  | Cash banking | L | Segregate duties. Check to bank statements. Regular bank  reconciliations  Clerk to create payments via online banking  2x Councillors (normally Chair and lead Cllr finance) to check payments to monthly schedule and invoices and release payments from bank account | Member to verify reconciliations taking place  Bank reconciliation to be checked by lead Cllr finance and then signed by Chairman at **monthly** meetings.  Quarterly an alternate Cllr to sign off as per fin regs-this is the duty of the Cllr designated as Cllr for Internal Controls. |
| **Risk Area** | **Description of risk** | **Risk Level** | **Management of risk** | **Staff/Cllr Actions** |
| **Grants** | Claims procedure | M | Clerk/RFO check as required | Diary **January** to check concurrent services grant in line with precept demand |
|  | Receipt of grant when due | M | Clerk/RFO check as required | Diary April |
| **Investment Income** | Receipt when due | L | Clerk/RFO check as required | Diary dependent on investment  Currently various Investment. a/cs held  See Investment strategy June 2024 |
|  | Surplus funds | L | Review levels and Reserves policy annually | Diary **May** following year end.  Or review prior to new projects/as part of project planning  Reserves policy created |
| **Risk Area** | **Description of risk** | **Risk Level** | **Management of risk** | **Staff/Cllr Actions** |
| **Salaries** | Wrong salary/hours/rate paid | M | Check salary to minutes, check hours and rate to contract | RFO to check Paybureau calculations.  Chairman or lead Cllr finance to sign schedule evidencing deductions.  **March** Annually RFO to check rates for payment and notify Chairman Personnel and if necessary, add to agenda for approval following pay scale national awards and autumn review of salaries.  Chairman personnel to be copied into any salary amendments communicated to payroll provider.  Quarterly checks by Cllr for Internal Controls. |
| **Salaries** | Wrong deductions – NI and Income tax | M | Check to PAYE Calculations | RFO to check Paybureau Calculations.  RFO to check **March** annually to ensure correct deduction rates being used.  Chairman to sign schedule evidencing deductions.  RFO has obtained PAYE log in to check submissions are being made.  Quarterly checks by Cllr for Internal Controls. |
| **Risk Area** | **Description of risk** | **Risk Level** | **Management of risk** | **Staff/Cllr Actions** |
| **Direct Costs and overhead expenses** | Goods not supplied to Council | M | Follow up on all orders | Approval minuted /check invoice and receipt to minutes. |
|  | Invoice incorrectly calculated or recorded | L | Check arithmetic on invoices and perform bank reconciliations on monthly basis  Follow accounting procedures | Invoices to be checked to monthly schedule and signed by lead Cllr finance and Chairman  All approved invoices to have initials of Clerk and 2 additional Councillor’s prior to payment.  Agenda item number to be placed on all approved invoices.  Quarterly checks by Cllr for Internal Controls. |
|  | Cheque payable is excessive or to wrong party | M | Signatory initials Stub & Voucher  3 signatories on all cheques. | Approval check-cheques not routinely used. |
|  | Excessive Claim for cost of home office | L | Same value as used by previous Clerk was Incr April 2022 | Overseen by Chairman  Amends reviewed with salaries.  Payments approved by 2 Councillors on schedule |
| **Expenses Fraud or misuse of NMPC Debit Card.** | Own card only to be used in exceptional circumstances. NMPC debit card should be used as primary card. | L | Completed expenses form and all receipts to be submitted for scrutiny prior to expenses being paid.  All use on NMPC debit card to be in line with usual limits for delegated expenditure within financial regulations. | Any expenses or use of NMPC debit card to be reported on the payment schedule at the next scheduled council meeting. |
| **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  Approval to be given at Council meeting  Grant and Donation Policy in place  If council applying for grants criteria to be met, verified and progress monitored. | Member verify – ensure all awards are minuted.  GPC now attained.  Place minute number on monthly schedule to tie in payments/approval.  Clerk action  Review at annual meeting if compliance with GPC is still attained. (not strictly needed every year but required in an election year) |
| **Risk Area** | **Description of risk** | **Risk Level** | **Management of risk** | **Staff/Cllr Actions** |
|  | Conditions agreed | L | Agree and document any reasonable conditions | RFO check |
| **VAT** | VAT analysis | M | All items in cash book lists | RFO verify |
|  | Charged on sales | M | Consider quarterly | RFO verify |
|  | Charged on purchases | L | Consider all items per cash book lists/monthly schedule and bank reconciliation. | RFO verify |
|  | Claimed within time limits | M | Agree returns submitted  HMRC email reminder service used. | RFO verify – ¼ly return to be actioned.  Lead Cllr Finance and Chairman emailed once return submitted with copy of return  RFO shows credit on bank reconciliation and checks amount tallies to return submitted.  Chairman to sign quarterly return. |
| **Reserves – General** | Adequacy | L | Consider at Budget setting | RFO opinion. 3-year plan  Reserves policy in place (adopted 9/12/19) review annually |
| **Reserves – Earmarked** | Adequacy | L | Consider at Budget and review of final accounts | RFO opinion  See above  Annual Review with 4yr plan. Council to consider project expenditure and any ongoing maintenance before committing.  Council to ensure that savings income is maximised without compromising fund security by using savings accounts where appropriate. Council must also ensure that funds are not tied up for too long to enable access should they be needed.  Investment strategy held (reviewed June 2024) |
| **Risk Area** | **Description of risk** | **Risk Level** | **Management of risk** | **Staff/Cllr Actions** |
|  | Unidentified Earmarked or Contingent liability | L | Review minutes | RFO/member view  See reserve policy. Council to consider project expenditure and any ongoing maintenance before committing. |
| **Assets** | Loss, Damage etc | M | Annual inspection, update insurance and asset registers | Diary – **April** annually for desktop review pre audit.  To be updated as soon as new equipment purchased  Summer annual review with warden.  June 23 IA suggested adding a photographic record. |
|  | Risk or damage to third party property or individuals | M | Review adequacy of Public Liability Insurance | Diary –**March** Annually  June 2023 renewed with BHIB on a 3 year LTU |
| **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  Chairman of Personnel Committee to monitor.  Regular appraisals  Council to consider clerk workload/availability before committing to new projects. |
| **Clerk WFH risks** **Clerk safety in unlocking hall** | Workplace risk assessment undertaken upon appointment | M | Chairman actioned | Councillors to assist so no lone opening or locking up of hall. |
| **Risk Area** | **Description of risk** | **Risk Level** | **Management of risk** | **Staff/Cllr Actions** |
| **Warden risk of injury**  **Manual handling** **Hazardous items** | Risk Assessment for Warden  Direct warden to HSE website for guidance re manual handling | H | Risk Assessment in place  Annual review  Direct warden to HSE website for guidance re manual handling | Reviews annually. |
| **Reputational Risks** | Activities unsafe  Long term planning not suitable | H | Action plan to be reviewed annually.  Risk assessments to be created for each new activity as and when required  Full assessment should be taken prior to new projects being undertaken, including financial assessment of ongoing maintenance/costs. | Clerk/Cllrs to action. |
| **FOI Requests/Data protection** | Data must be kept safe in line with procedures outlined in the Practitioners Guide 2023 | H | Policies in place  All Cllrs to have new .gov.uk email addresses that keeps them secure for FOI and SAR purposes.  NMPC have membership of the ICO | Clerk/WG to action  New Cllr email addresses now in place.  Ensure Cllr safe use of data forms are reviewed annually and completed post elections.  **Ensure GDPR data audit is undertaken annually**  Magazine advertisers/contributors to complete data consent forms -to be reviewed periodically. (Diary Note Sept annually)  Create new Cllr folder each term of office and archive old folders or delete as appropriate. |
| **Risk Area** | **Description of risk** | **Risk Level** | **Management of risk** | **Staff/Cllr Actions** |
| **Fraud** | Fraud by staff  Fraud by bank signatories | L  M | Fidelity Guarantee value appropriately set  Current;  Legal £500,000  Internet & Email £500,000  Employee dishonesty £200,000  Monthly sign off of bank reconciliation by lead Cllr finance and chairman  Safe banking arrangements (see detail above under other income)  Monthly bank reconciliation report to council with statements being signed | Council to review annually  **March**  Insurance with BHIB June 2023 with 3 year LTU.  Clerk to ensure regular bank rec undertaken/Cllrs to ensure it is an monthly agenda item and adequate scrutiny is undertaken.  (an anomaly in the NatWest online banking system can mean that occasionally they link business profiles with personal profiles-all signatories to notify the clerk immediately should this happen) |
| **Loss/Injury** | Consequential loss due to critical damage or third-party performance | L | Review adequacy of Insurance cover | Review **March**  Relevant risk assessments adopted for events |
| **Maintenance** | Reduced value of assets or amenities – loss of income or performance | M | Quarterly inspection schedule with external provider | Diary **September** to liaise with Warden |
|  | Injury due to damaged equipment/hazardous waste. | M | Quarterly playpark inspection schedule with external provider  Warden conducts daily checks of Parish  Assets and written records kept | Weekly reports to Clerk  Play Equip Risk Assessment |
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| **Legal Powers** | Illegal activity or payment  Fraud | H | Educate Council as to their legal powers | **Jan/May annually** review standing orders  **June/Dec annually review** financial regulations  **May** update delegation of powers once new Councillors in place.  All of the above are on a regular review schedule  Offer training to new Councillor’s  Maintain clerks CPD with adequate training budget  HAPTC service/FAQ/Advice  Annual schedule of policy and procedure review. |
| **Financial Records** | Inadequate records  Fraud  Loss of computerised records  Maintenance of cashbook  Lack of skill in systems | L  M  M | RFO/clerk check regularly + internal audit review  Monthly sign off by Chair and lead Cllr Finance  Back up to cloud storage  Rialtas Accounting Software used.  Training for RFO | **Jan** review financial risk asses  **June** review fin risk asses and regs  **April** Internal Audit  **June** external audit  RFO to action  Monthly sign off from chairman on all inc/exp and returns  Regular attendance on relevant training courses  RFO  Full Council  Annual Review of internal controls procedures  **Dec** review fin regs |
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| **Minutes** | Accurate and legal | L | Review at following meeting | Agenda item at each meeting  Signed copy to be held on file subject to covid restrictions.  Retention in line with recommended (Permanent)  Ongoing training  **Historic minutes moved to county archive August 2023** |
| **Data** | Accurate/Legal/Stored Securely | M | IT backed up to secure storage (cloud back up)  Password and 2-bit authentication protection.  Firewall and anti-virus software kept up to date  Password locker used (not for banking apps)  All paperwork stored in a locked filing cabinet  GDPR training undertaken (Clerk Aug 2022)  Data controller registration (ZA 105644)  Annual data audit  Parish magazine-Data consent held  Councillors-safe use of data consent held. Appropriate measures taken to secure their own devices. | Review **Feb** Annually  New IT package with regular cloud back up purchased.  Ongoing training  ICO cover in place  Annual March Ensure GDPR data audit is undertaken annually  Magazine advertisers/contributors to complete data consent forms -to be reviewed periodically. (Diary Note Sept annually)  Create new Cllr folder each term of office and archive old folders or delete as appropriate.  Clerk to provide Chairman with laptop password secured in an envelope and only to be opened under dual control.  2 factor authentication to be considered by council July 2024 |
|  | GDPR Breach  Theft of personal data | M | Ongoing assessment of all documentation/website/communication  Adopted SLCC policies  Councillors-safe use of data consent held. Appropriate measures taken to secure their own devices. | Ongoing training  Banner in place on website advising of privacy and cookie policy.  Log of any breaches.  Ensure Cllr safe use of data forms are reviewed annually and completed post elections.  Jan 2023 domain registered for Govt security monitoring [support@domains.gov.uk](mailto:support@domains.gov.uk)  new Cllr email addresses in place for new council term. |
| **Members interests** | Conflict of interest | M | Declarations of interest to be documented/minuted and any conflict /addressed as appropriate | Agenda item at each meeting.  Care during election years that correct registration paperwork completed.  Review **May** Annually |
|  | Legal/Statutory Support for Clerk & Councillor’s lapses | L | Subscriptions to HAPTC/SLCC/ICO | Review Ongoing  Ensure subscriptions remitted upon approval of invoice  SLCC/HAPTC **Dec** Annually  ICO **March** Annually |

1. JPAG -Joint Panel on Accountability and Governance ‘Practitioners Guide’ 2023. [↑](#footnote-ref-2)