

Hamble-Le-Rice Parish Council**Financial Risk Assessment**

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Minute Number:
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Text in red reflects updates in March 2018.

RISK AREA	RISK IDENTIFIED	MITIGATION	NOTES
To provide and maintain standards for Parish Council services to the residents of Hamble –Le- Rice	The risk of legislative change which will have an impact on the Parish Councils powers, duties and funding	Parish Clerk and staff keep apprised of developments. Members to receive regular updates as needed.	
	The protection of physical assets owned by the Parish Council including buildings and equipment (loss or damage)	All physical assets insured All assets checked regularly and training arranged to facilitate this. Management Systems being put in place	Asset Management Committee established and meeting to review assets including land, buildings, equipment and information.
	The risk of damage to third party property or individuals as a consequence of the Parish Council providing services (public liability)	Public liability Insurance renewed annually	Tree survey work now underway and policy agreed Health and Safety Action Plan being concluded.
	Insufficient staff or other resources to deliver the service needs	Staff have general awareness of other team members essential tasks and can provide cover when required. Parish Clerk to formally monitor and review staff and work levels. Any concerns regarding this to then be brought to Council	Monthly staff meetings taking place to share knowledge and information. Restructure in progress (12.03.18) and additional resources agreed including the use of bank staff and appointment of Admin

			Assistant (12.02.18) Additional risk arising from the work associated
To provide a safe and fulfilling working environment for staff	Employees contravene H & S Regs	H & S and First Aid training, insurance, Risk Assessments regularly checked, work practices observed and updated	Investigate need for legionella controls Legionella survey in place but training and systems still needed* Action Plan in place and work being taken to conclude it Risk Assessments concluded and checked by H&S external auditor Team meetings monitoring work practices
	Potential legal proceedings up to corporate manslaughter	Employers Liability insurance. Employee and Members training and awareness	Further training for staff as part of Appraisal process. Member training needed
	Staff retention issues	Staff training where appropriate	Low staff turnover but arrangements needed when staff hand in notice
To maintain financial records that are correct and comply with all recommended accounting practice	Adverse audit reports, legal action and loss of confidence in Parish Council	Parish Clerk keeps up to date with legislative changes, discusses latest requirements with internal and external auditors	Financial Working Group in place to check compliance
	Loss of income through error or fraud	Fidelity Guarantee Insurance Parish Clerk continually review controls and current procedures	

To ensure that all actions taken by the Parish Council comply with all current Legislation	Non-compliance with legislation or practice Council being 'Ultra Vires'	Parish Clerk to keep up to date with changes in legislation, seek advice from SLCC, HALC, NALC and others as necessary	Review Section 137 Grants for compliance
Cemetery	Inadequate space to meet demand Loss of income	Identify additional land for allocation if needed and flag up with EBC Local Plan.	
Employment Contract	Compensation claims from employee for contractual employment defects (including statutory failure)	Contract of employment in place Matters relating to staff discussed in confidential session and discussed by working party Parish Clerk/RFO to keep up to date with employment law and seek HR advice where appropriate Other policies in place and costed	Consultant appointed and handbooks and contracts completed.
	Compensation claim from employee for contractual employment defects (including statutory failure)	Legal insurance in place	
Staff	Loss of services of employee	By distributing knowledge and roles ensure, so far as reasonably practical, that loss of any one employee does not cause unrecoverable damage to business	Needs to be reviewed when new staff are appointed
	Loss of key staff trained in financial systems, process or rules	Staffing arranged so that knowledge is distributed between Parish Clerk/RFO and at least two other staff	Will be improved when new staff retained
Financial Control	Inappropriate expenditure made	Payments reported to Parish Council for review and corrective action if necessary	
	Financial Regulations become out of date with change in technology, regulation or business	Council to review financial regulations once a year The Parish Clerk/RFO can react to any changes in legislation or other areas in order to ensure the regulations are fully compliant and also provide a	

		strong framework compatible with Council's practices	
	Lack of budgetary overview/overspend against budget	Quarterly review of normal ledger Monthly review of income and expenditure	New arrangements being developed to improve scrutiny and accountability at member level. Accountant recruited to assist
	Lack of finance to meet unbudgeted, urgent commitments (with safety or other critical implications)	Contingency included in budget Reserves equivalent to at least three months spend available	Reserves above minimum level and precept increased
Financial Systems & Records	Accounts The RBS Omega accounts system is used which is an accepted accounts package	A back up is also made to the main server at the end of each day. Hard copies linked to Council reports are held on file together with bank reconciliation reports, invoices/receipts/payments and cheques issued All cheques issued from the main account are authorised by the Parish Council Documents are retained for 6 years	To be reviewed in the light of electronic banking and storage – Risk has increased*
	Vat The RBS Omega system incorporates a Vat schedule which is an accepted package which allows differentiation between tax rates etc. which is itemised in a full report relating back to the original item within the accounts	Vat is applied to all mileage payments at the rate applicable at the time as advise by HMRC Vat returns are lodged on a quarterly basis in line with accepted procedures Procedures have been inspected by HMRC every three/four years and have been approved	Current arrangement with Bank relies on a single point of contact for contractual payments to be made in a timely fashion. Needs urgent review. E banking has reduced this risk and statutory payments could be delegated to accountant in the event that the Clerk is not in post or

			unavailable
	<p>Payroll</p> <p>The payroll system is used which is an accepted payroll package</p>	<p>The Parish Clerk authorises any overtime, mileage, on a monthly basis</p> <p>SW Payroll – outsourced</p> <p>Hard copies linked to pay roll reports are held on file together with payslips, BACs payments and cheques issued to the pension fund provider</p> <p>BACs payments and cheques to the pension fund are authorised by Council</p> <p>Payments can only be issued for the nominated employees, which must be authorised in advance of the payment</p> <p>Documents are retained for 6 years</p> <p>Annual pension and year end payroll returns are issued in a timely manner to the appropriate bodies that inspect the information & highlight any discrepancies</p>	<p>Current arrangement with Bank relies on a single point of contact for contractual payments to be made in a timely fashion. Needs urgent review.</p>
<p>Banking Arrangements & Procedures</p> <p>Banking Security/Access to Finances</p>	<p>The Barclays Bank is used which offers no Bank charges</p> <p>Accounts</p>	<p>Bank account information used daily with Parish Clerk/RFO and Administrative Assistant</p> <p>Reviewing how much is placed into a higher rate deposit account</p>	<p>Council continues to pay bank charges each month but these are significantly lower with electronic banking.</p> <p>Working balance needs to be moved to the savings account within Barclays and the reserves invested in a higher yield account. Approved but still outstanding*</p>
	<p>Cheques</p>	<p>Each cheque from the main account must be signed by 2 Councillors as detailed on the</p>	<p>No longer using cheques</p>

		mandates (which are amended when required to ensure that sufficient signatories are available at all times)	
	Transfers	Monies may be transferred between the Councils accounts authorised by the Parish Clerk.	
	Bank Reconciliation	<p>All accounts are reconciled using the RBS Omega system</p> <p>Any discrepancies are immediately reported to the bank for investigation</p> <p>All petty cash accounts which do not have statements are reconciled on a monthly basis by the Administrative Assistant against the cash held and any discrepancies are immediately reported to the Parish Clerk. Members sign off the reconciliation monthly against the cash balances held.</p>	
	Separation of Duties	The office has established separation of duties over the last few years to ensure that no one person has access to the bank balances or cash wherever possible	This is not feasible given the need to ensure business continuity arrangements are developed. This will be easier to achieve when the Admin Assistant post is filled.
	Access to the main bank accounts Cheques	<p>As detailed under Banking arrangements and Procedures above, no one person has access to monies held in the main accounts</p> <p>All invoices are checked by the Administrative Assistant in advance of payment and if related to an order, this has passed through the ordering procedure which has numerous stages of authorisation to ensure that fraudulent activities are not taking place (please refer to the Ordering</p>	<p>Receipt of goods and services is checked and disputes identified if needed.</p> <p>The payments are approved at Council, the invoices are reconciled to the payment list by a councillor and initialled by them, the Clerk inputs the payment on the system and</p>

		Procedure section)	another councillor authorises them
	Access to petty cash accounts	The Financial Regulations specify maximum balances to ensure that individuals do not have access to large amounts of money	
	Cheques	All payments must be authorised by the Parish Clerk/RFO before any cheque is issued. The RFO is to sign the invoice to confirm and record that the cheques have been authorised. All payments accepted and are reported to the Parish Council	This process is very rarely used/no longer relevant but is followed if needed.
	Petty Cash – Cash Payments	All payments made in cash must be substantiated by an invoice etc. which has been authorised by the Parish Clerk All payments are reported to the Parish Council with a full reconciliation report for sign-off	
	Hire Charges	Council set the charges subject too periodic review The office must abide by these rates and any requests for preferential rates must be made by the hirer to Council for their approval All bookings must be paid for in advance to avoid bad debts, other block bookers are invoiced or given the option of paying the sites on a weekly basis	Recommended that no monthly payments are agreed for football as the rate of default and bad debt has been higher than the norm and is an overhead cost. Pay in advance for the first 5 matches.
	Hire charges received within the office	All post is logged and Any payments received are itemised and processed by the Administrative Assistant All cash received from hirers that visit the office is	Recommended that hire charges are paid electronically except in exceptional circumstances.

		itemised on the Omega system	
	Cash collected from car parks	All cash collected from the car park machines is collected by appointed staff. The cash is emptied and counted manually the following working day by at least two members of staff.	Cash is counted by one member of staff but it is reconciled against machine receipt. Ringo will reduce the volume of cash and the scope for errors or misappropriation. Radom cross checks of cash balances against the machine receipt to be introduced.
	Processing and banking	<p>When the money is received it is balanced against any receipts/invoices and any discrepancies are followed up</p> <p>When the monies have been balanced, it is input onto the RBS Omega system and all entry references are printed out and retained</p> <p>The hire charges are banked when received</p> <p>The cash element is usually below £500-800</p> <p>A unique pay in reference is applied to each batch of banking which is loaded onto the RBS Omega system which is then checked against the bank reconciliation</p>	No unique reference is given when its entered onto the system but the money is attributed by either name or a service request number (dinghy park number/grave etc) or by date in the case of car park income.
Financial Administration	Records non-compliant or inadequate	<p>Internal auditor reviews record keeping annually</p> <p>Advice taken from internal auditor, external auditor, accountant, SLCC + NALC on changes in regulation</p>	Auditor has raised concerns about the capacity of the office to manage the complexity of work hence the new appointment
	Expenditure/income coded incorrectly	Parish Clerk checks nominal ledger every quarter	Descriptors to be identified for codes to ensure correct

		Items are coded	allocation in the next year
	<p>Standing Orders</p> <p>Standing Orders are reviewed and approved by Parish Council on an annual basis at the AGM</p>	Parish Clerk reacts to any changes in legislation, requests from Parish Council or other areas in order to ensure the regulations are fully compliant and also provide a strong framework compatible with Council practices	
	Non-compliance with statutory deadlines for the completion/approval/submission of accounts and other financial returns	Programme of meetings to meet statutory deadlines	
	Invoice payment without authority	<p>All payments reviewed against purchase order</p> <p>Parish Clerk authorises two councillors to sign cheques</p>	Only in urgent circumstances with a report back or within the scheme of delegation
	Incoming cash and cheque misappropriation	Individual receipts to be issued for all cash payments and for cheque payments on request	Receipts not issued for Parking Permits and Dinghy Park but a monthly reconciliation against sales is complete and variations reported monthly.
	Theft of funds	<p>Bank statements reconciled monthly, Fidelity Insurance in place against theft of funds by staff, Councillors and other persons</p> <p>Cash and cheques stored securely and banked within 5 working days of receipt</p>	Electronic payments will reduce the risk further.
	Incorrect entries by bank	Bank statements reconciled monthly	
Ordering Procedure	To avoid fraud and ensure authority of expenditure	This system incorporates the RBS Omega codes so that any order can be traced from origin to finish across a variety of systems	Not all order forms do include the codes. The forms are basic and need review.
Annual Budget & Precept	The annual budget and precept calculations	The annual budget and precept calculations are initially calculated in October/November based	Need to review fees and charges in September based

Calculations		<p>upon the performance of the prior year and incorporating projected requirements which have been lodged by the office and council members</p> <p>The Parish Clerk also completes a mid-year review in October for the current year to calculate possible year end surpluses which may be incorporated within the future budget. The actual precept level is then calculated from the balance sheet assuming that the remainder of the current year's budget will be utilised in order to estimate the year end bank balance</p> <p>The new budgeted income, expenditure and reserves are then set against this balance in order to calculate a budget shortfall on which the future precept is based</p> <p>The new budget is discussed and fine-tuned through the October, November and December Council and Committee meetings after the up to date number of band D properties have been confirmed by Eastleigh BC discuss and amend any highlighted budget levels in order to best achieve, an acceptable precept level</p> <p>Comprehensive minutes are recorded at each stage to substantiate the budget development</p> <p>The final budget is approved in January and Eastleigh BC is immediately advised of the precept</p>	on a cost of living increase.
Monitoring of Budgets	Comprehensive budgets	Comprehensive budgets are set for each committee and these are loaded onto RBS Omega accounts system at the start of the new financial year	
	Monitoring	On-going daily expenditures have already been incorporated within the budget and the Parish	

		<p>Clerk/RFO monitors invoices etc. against the budget schedule to confirm that they are within the limits</p> <p>All orders are checked against the accounts system to verify expenditure within the account code to date and the remaining budget</p> <p>Any over expenditure is highlighted and brought to the attention of the Parish Clerk/RFO</p>	<p>Need to develop this from 2018/9. Not been a focus this year as underspends elsewhere in budget and the advice on virements has not helped to clarify it.</p>
	Reporting	<p>A full report of expenditures against budget is lodged with council at each quarter</p> <p>This incorporates a print out of the income and expenditure against each annual budget and the cashbook extract</p> <p>Any that do not meet the budget levels are highlighted by member if needed along with committed expenditure</p>	<p>Information is also published on the website to ensure compliance with the Transparency Act</p> <p>Spend against budget will be reported to the working group and then to Council to identify variances.</p>
Insurable Risks	Public Liability	<p>Insurance cover</p> <p>In addition, weekly, annual checks of play equipment</p>	<p>Limit of cover £10,000,000</p> <p>Public conveniences, dinghy park, cemetery and playing pitches and pavilions are inspected on a regular basis (daily, weekly or monthly/bimonthly) and recorded.</p>
	Employers Liability	<p>Insurance cover</p>	<p>Limit cover £10,000,000</p> <p>Staff handbook and H&S audit now in place alongside PAT testing and other DSE</p>

			assessments to minimise risk
	Theft of money by third party	Insurance cover	Cover varies depending on situation Reviewed annually
	Theft of money by employee or member	Fidelity Guarantee cover	Limit of cover £500,000
	Property	Cover for buildings & contents All risks cover for selected items	
	Officials Indemnity	Continue with existing cover (£250k)	
	Libel and Slander	Continued existing cover (£250k)	Limit of cover £250,000
	Personal Accident	Continue with existing cover (scale benefits)	
	Legal disputes	Cover for specified legal disputes	Limit of cover £10,000,000
	Long term sickness of employee	Not covered Liability limited by contract	
	Business interruption	Potential alternative premises, IT back-up off site and ability to restore onto hired equipment etc Cover in place for excess costs	Limit of cover £50,000
	Loss/destruction of financial records	Key financial data held electronically and backed up off site All electronic documents backed up daily offsite	Residual risk considered acceptable Documents are now being scanned and backed up daily off site.
Loss of Records	Loss of documentation	Deeds and other legal documents relating to real estate stored in the office in a fire retardant cabinet. Historic information and minutes are held at the	

		County Archive.	
Asset List	Purchased	<p>An asset list is maintained by the Parish Council Office on an excel spread sheet</p> <p>This is updated throughout the year from new assets which are in addition, a schedule of road furniture/bins/dog bins/bus shelters play area equipment etc., is kept on a secondary list</p> <p>The asset list is circulated to staff on an annual basis to ensure that all items are correct</p>	When the asset list is updated it will be sent to Zurich
Internal Audit	Internal Audit	<p>The Internal Auditor is approved annually by Council at the AGM and attends the office to complete the internal audit in May of each year</p> <p>The report is presented to Council for acceptance</p>	
Annual Audit	Annual Audit	<p>The annual auditor is appointed and directs the format and structure of the audit in line with current legislation and requirements</p> <p>Audit costs and levels of requirement are determined by government legislation based upon the annual income or expenditure levels</p> <p>The Parish Clerk and Administrative Assistant completes the year end accounts to audit trial level and prepares any additional reports required by the external auditor</p> <p>The Parish Clerk presents the completed Annual Return, Financial Statement and other documentation required to Council in line with the timescales provided by the external auditor</p> <p>Once these have been formally adopted and signed</p>	This will be done alongside the Councils Accountant

		<p>by Council, they are lodged with external auditors</p> <p>Any queries raised by the auditors are dealt with by the Parish Clerk in the first instance</p> <p>Final sign-off by the external auditor is presented to Council</p>	
Insurance	Fidelity Insurance	<p>Fidelity insurance levels have been set after taking into account the possibility of fraudulent activities gaining access to the bank accounts</p> <p>Procedures in place (as previously detailed) have been established over the past few years incorporating separation of duties, cross referenced receipts of income and the decision not to currently use e-banking</p> <p>These provisions have ensured that no individual is able to gain access to withdraw funds without due process</p>	
	Insurance	<p>Zurich has been used as a recognised Parish Council provider</p> <p>Annual reviews are carried out to ensure sufficient cover is in place</p>	

Reviews will take place yearly unless clearly stated differently within each section.