

Princes Risborough Town Council Finance Risk Assessment and Management 2019

Reviewed and agreed 26<sup>th</sup> March 2019

Area	Risk(s) identified	H / M / L	Management/ control of risk	Review/Assess/Revise
Precept	<p>Adequacy of precept</p> <p>Requirements not submitted to WDC</p> <p>Amount not received by PRTC</p>	L	<p>To determine the precept amount. The Council receives a budget update report, including actual position and projected position to end of year against budget and indicative figures of costs and income for the next year obtained by the Clerk. With this information the Council maps out the required monies for standing costs and projects for the following year and applies specific figures to budget headings and agrees the total budget. The amount between income and expenditure is the value that needs to be met and the Council makes a Resolution as to the amount of precept to request.</p> <p>This figure is submitted by the Clerk in writing to WDC.</p> <p>The Clerk informs Council when the monies are received (approx April &amp; September time).</p>	Existing procedure adequate.
<p>Banking Arrangements and Procedures</p> <p>Banking Security &amp; Access to Finances</p>	<p>Accounts &amp; Bank Reconciliation</p> <p>Inadequate checks</p> <p>Bank mistakes</p> <p>Loss</p> <p>Charges</p> <p>Payments</p>	L	<p>One current bank account used daily with RFO &amp;Accounts Assistant. Accounts are reconciled using the RBS Omega system within 5 days of receipt of statement. 32day notice account held for reserve funds not required in the month which pays interest.</p> <p>Transfers are made by Clerk as authorised in the Financial Regulations.</p> <p>No one person has access to monies held in the bank accounts.</p> <p>The Council has Financial Regulations which set out the requirements for banking, cheques and reconciliation of accounts. The bank does make occasional errors in processing cheques which are discovered when the Clerk reconciles the bank accounts once a month when the statement arrives, these are dealt with immediately by informing the bank and awaiting their correction. Finance Committee appoints a CLR to check bank reconciliation and report to the council.</p> <p>Lloyds Bank is used which offers no charges.</p> <p>Each payment is released or signed by 2 Councillors as detailed on the bank mandates.</p>	<p>Existing procedure adequate.</p> <p>Review the Financial Regulations when necessary.</p> <p>Monitor the bank statements monthly.</p> <p>Review bank signatory list annually</p>
<p>Maintaining Financial records &amp; systems that are correct and comply with accounting practice</p>	<p>Inadequate records</p> <p>Financial irregularities</p> <p>Adverse audit reports, legal action and loss of confidence in Town Council.</p> <p>Loss of income through error or fraud</p> <p>Accounts. The RBS Omega accounts system is used which is an accepted accounts package for local authorities.</p> <p>Loss of key staff trained in financial systems and processes</p>	L	<p>The Council has Financial Regulations.</p> <p>Financial transactions are recorded by the Clerk at least monthly and financial reports presented to council on a monthly basis.</p> <p>An independent auditor checks the records on an annual basis ensuring compliance with VAT, tax and NI conditions and accuracy of accounts as part of the internal audit process.</p> <p>Year-end accounts are drawn up and submitted along with the annual return.</p> <p>Clerk keeps up to date with legislative changes.</p> <p>Fidelity Guarantee Insurance.</p> <p>No petty cash arrangements.</p> <p>A back up is also made to the main server at the end of each day and then backed up to a cloud server off site.</p> <p>Hard copies linked to council reports are held on file together with bank reconciliation reports, invoices/receipts/payments and cheques issued.</p> <p>Staffing arrange so that knowledge is distributed between RFO and at least one other member of staff.</p>	<p>Existing procedure adequate.</p> <p>Review the Financial Regulations when necessary.</p> <p>T own Clerk continually reviews controls and current procedures.</p> <p>Review Insurance Policy annually.</p> <p>Existing procedure adequate.</p> <p>Existing procedure adequate.</p> <p>Existing procedure adequate.</p>

Maintaining Financial Control that are correct and comply with accounting practice	Financial Regulations become out of date with change in technology, regulations or business. Lack of budgetary overview/overspend against budget. Lack of finance to meet unbudgeted, urgent commitments (with safety implications)	L	The Clerk to react to any changes in legislation or other areas in order to ensure the regulations are fully compliant and also provides a strong framework compatible with Council's practices.  Monthly review of Income and Expenditure by Finance Committee. Quarterly review of Committee budgets by Committees.  Contingency included in budget.	Review Financial Regulations at least every two years.  Existing procedures adequate  Review reserves annually.
Direct costs Overhead expenses Debts	Goods not supplied but billed  Incorrect invoicing  Loss of stock  Unpaid invoices	L	The Council has Financial Regulations which set out the requirements. At monthly Finance meetings the list of invoices awaiting approval is distributed to Councillors. These are considered and the Councillors approve the list of requests for payment. Two Councillors check each invoice against the cheque book/payment method and associated paperwork and initials the invoice and cheque stub.  The Council has minimal stocks, these are checked and monitored by the Clerk/Maintenance Team.  Unpaid invoices are pursued and where possible, payment is obtained in advance.	Existing procedure adequate. Review the Financial Regulations when necessary
Grants and support -payable	Power to pay Authorisation of Council to pay	L	All such expenditure goes through the required Council process of approval, minuted and listed accordingly. The Town Council has adopted the General Power of Competence.	Existing procedure adequate.
Grants receivable	Receipts of Grant	L	The Town Council does not presently receive any regular grants. One off grants may come with terms and conditions to be satisfied. All monies received are entered and payments made against the project.	Procedure would need to be formed, if required.
Charges -rentals receivable	Receipt of rental Insurance implication	L / M	Rental of the Community Centre, Recreation ground and the Market House - The Clerk issues terms and conditions of usage and a booking form to all applicants. The Town Council copy is held by the Clerk. Invoices are raised on a monthly basis. The cheque is received and banked. The Council is notified accordingly. A Risk Assessment and copy of Insurance is requested of all users who are required to provide a copy to the Town Council. All Town Council property is covered by Public Liability insurance.	Existing procedure adequate. Review agreement and fees annually.  Ensure payment, risk assessment and copy of
All actions taken by the Town Council comply with current legislation	Non-compliance with legislation or practice leading to the Council being "Ultra Vires"  Illegal activity or payments	L	Town Clerk to keep up to date with changes in legislation seeking advice when necessary attending relevant training sessions.  Councillors to attend training sessions when relevant,  Membership of SLCC, BALC and NALC.  All activity and payments within the powers of the Town Council to be resolved and minuted at Finance/ Full Town Council Meetings.	Review training records annually  Review membership annually  Existing procedures adequate.

Best value Accountability	Work awarded incorrectly Overspend on services	L/ M	Town Council practice would be to seek, if possible, three quotations for any work required to be undertaken or goods where the cost is more than £600. For major contract services, where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 which is valued at £25,000 or more, the council will comply with the relevant requirements of the Regulations which require councils to use the Contracts Finder website to advertise contract opportunities.  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.	Existing procedure adequate. Included in Financial Regulations.
Salaries and assoc. costs	Salary paid incorrectly Wrong hours paid Wrong rate paid False employee Wrong deductions of NI or Tax Unpaid Tax & NI contributions to the Inland Revenue. Annual return	L	The Admin &H/R Committee authorises the appointment of all employees. The Council authorises the creation of new roles. Salary rates are agreed in contract and any amendment agreed by council and recorded in personnel files. Salary analysis and slips are produced by the Clerk monthly together with a schedule of payments to the Inland Revenue (for Tax and NI) & pension to the Council. These are inspected at Finance meetings and signed off. All salary, pension, Tax and NI contributions are worked out by the Clerk. All Tax and NI payments are submitted by the Clerk. Each member of staff has a contract of employment and job description. Employer's Annual Return is completed by the Clerk and submitted online to the Inland Revenue within the prescribed time frame. The LGPS Annual Pension return is completed and returned with the prescribed time frame.	Existing appointment and payment system is adequate.  Existing procedures adequate.
Employees	Loss of key personnel  Health & Safety  Actions undertaken by staff  Fraud by staff	L	Long term incapacity of Clerk (more than 3 moths) would be covered by appointment of temporary Clerk Short term illness would be covered by the Deputy Clerk. The Clerk should be provided with relevant training, reference books, access to professional and legal advice required to undertake the role. The Maintenance Team should be provided with adequate direction and safety equipment needed to undertake the roles, ie. protective clothing and training. Ellis Whittam appointed as H/R and H&S Consultants The office staff should be provided with adequate direction and relevant training as necessary. Appraisals are carried out annually with one to one interviews conducted on a quarterly basis. The requirements of the Fidelity Guarantee Insurance to be adhered to with regards to Fraud.	Existing procedure adequate. Purchase revised books. Membership of the SLCC. NALC/BALC renewed annually. Monitor working conditions, safety requirements and insurance regularly. Reviewed every 3 years.  Reviewed annually with Insurance policy
Election costs	Risk of an election cost	L/M	Risk is higher in an election year. When an election is due the Clerk will obtain an estimate of costs from the District Council for a full election and an uncontested election. There are no measures which can be adopted to minimise the risk of having a contested election as this is a democratic process and should not be stifled. The annual budget is set with this in mind.	Existing procedure adequate.
VAT	Re-claiming/charging	L	The Council has Financial Regulations which set out the requirements. VAT returns are lodged on a quarterly basis in line with accepted procedures The Council use the RBS Omega system which incorporates a VAT schedule which is an accepted package.	Existing procedure adequate.
Annual Governance and Accountability Return (AGAR)	Submit within time limits	L	The AGAR is completed by the RFO and Internal Auditor then presented to the Council for approval and is signed by the Chairman of the Council at that meeting. Once approved and signed by the Council it is sent on to the External Auditor within time limit with the supporting information requested.	Existing procedures adequate.

Insurance	Adequacy Cost Compliance Fidelity Guarantee	L/ M	An annual review is undertaken (before the time of the policy renewal) of all insurance arrangements in place. Employers and Employee liability insurance is a necessity and must be paid for.  Ensure compliance measures and Fidelity checks are in place.  Town Council use Zurich who is a recognized provider for Town & Parish Councils.	Existing procedure adequate. Review insurance provision annually.  Review of compliance.
Data Protection	Policy Provision	L	Registration with the Data Protection Agency. Appointment of Data Protection Officer.	Review annually
Freedom of Information Act	Policy Provision	L	The Council has a model publication scheme for Local Councils in place.	Monitor and report any impacts of requests made under the FOI Act.