

## Cotton Parish Council Financial Risk Assessment.

Likelihood/Severity 1= Low 2 = Medium 3 = High

The likelihood score is multiplied by the Severity score to give an overall score. The higher this is, the greater the need to implement measures to reduce the score.

<b>DOCUMENT CONTROL</b>		
<b>Agreed:</b>	17 February 2022	<b>Minute ref.:</b> 170222/25
<b>Next Review:</b>	February 2023	

Subject	Risk(s) identified				Control Measure				Monitoring and Further Action Required
		Likelihood	Severity	Risk		Likelihood	Severity	Risk	
Precept	Inadequacy of precept	2	2	4	The Council regularly receives a budget to actual statement.	1	1	1	Covered in the Parish Councils Financial Regulations (3) which are viewed annually or when an update from NALC is received
	Precept request not submitted to the principal authority by the required date.	1	2	2	At the budget and precept meeting Council receives a budget update report including actual position and projected position to the year end. With this information the Council maps out the required monies for standing costs and projects for the year and applies specific figures to budget headings both receipts and expenses; the difference in which is resolved to be the precept amount to be requested.	1	2	2	Clerk to ascertain dates for submission and receipt of funds
	Precept not paid by District Council	1	3	3	Clerk to submit the precept before the deadline confirming to full Council submission receipt by MSDC	1	3	3	

### Cotton Parish Council Financial Risk Assessment.

					Clerk informs Council when precept money received (or if not received by expected date)				
Financial records	Inadequate Records leading to financial Irregularities	2	2	4	Regular financial reviews by full Council	1	2	2	Financial regulations reviewed and adopted annually by full Council
	Loss of electronic records	1	2	2	Financial regulations set out the requirements  Internal Controls are carried out twice yearly appointed members of the Council.  Periodic review of Computer System  All necessary documents published on the website	1	1	1	Regular back ups.
Assets	Loss or damage Risk to third party	2	2	4	An annual review of assets is undertaken for insurance and maintenance provision and asset register updated  Compare insurance schedule with asset register at least annually.  Review adequacy of public liability insurance.	1	2	2	Existing procedures are adequate.  Diary the annual renewal.  Consider potential losses in Council owned property let to third parties
Maintenance of assets	Reduced value of assets or amenities. Loss of income or performance	2	2	4	All repairs and relevant expenditure for these repairs are actioned/authorised in accordance with the correct procedures of the	1	2	2	Weekly visual inspection reporting urgent problems to the Parish Clerk for rapid response. Monthly summary reports given at regular Parish Council meetings.

### Cotton Parish Council Financial Risk Assessment.

					Parish Council.  Assets owned by the Parish Council should be inspected regularly and all repairs actioned in accordance with procedures.  All assets are insured and reviewed annually				
Insurance	Uninsured risks  Inadequate level of cover  Cover not renewed	2	5	10	An annual review is undertaken (before the time of the policy renewal) of all insurance arrangements including: employers and employee liability, fidelity, public liability an assets/equipment. Insurance is a necessity and must be paid for. Ensure compliance measures are in place.	1	2	2	Existing procedure adequate.  Review insurance provision at least annually and when necessary i.e. additional assets, increase in receipts.
Members interests	Conflict of Interest  Code of Conduct	1  1	2  2	2  2	An item on the agenda to remind all Cllrs of their duty to declare any interest. Declarations of interest to be documented. Any conflict addressed as appropriate. Register of members interest forms to be reviewed regularly by Councillors Council has adopted the Suffolk Code of Conduct	1  1	2  2	2  2	Existing procedure adequate.  Members take responsibility to update their Register
Minutes/ Agendas/ Notices	Accuracy and legality Business conduct	1	2	2	Minutes and agenda are produced in the prescribed method by the Clerk and adhere to the legal requirements	1	2	2	Existing procedure adequate. Guidance/training to Chair should be given (if required). Members to adhere to Code

### Cotton Parish Council Financial Risk Assessment.

Statutory documents					and best practice guidelines.  Minutes are approved and signed at the following Council meeting.  Minutes and agenda are displayed according to the legal requirements.  Business conducted at Council meetings should be managed by the Chair.				of Conduct
Legal Powers	Illegal activity or payment	2	4	8	All activity and payments within the powers of the Parish Council to be resolved and minuted at Full Parish Council Meetings, including a reference to the power used.  Councillors and staff receive relevant training as to their legal powers	1	2	2	Existing procedure adequate.
Annual Return	Completion/Submission within time limits	1	2	2	Annual Return is completed and signed by the Council, submitted to the internal auditor for completion and signing then checked and sent on to the External Auditor within time limit.	1	1	1	Existing procedure adequate

### Cotton Parish Council Financial Risk Assessment.

Audit - Internal	Audit Completion within time limits	1	2	2	Internal auditor is appointed by the Council with clear terms in January. Internal auditor is supplied with the relevant documents to audit and the form to complete and sign for the External Auditor.	1	1	1	Existing procedure adequate
VAT	Loss due to failing to reclaim	2	4	8	The Council has Financial Regulations which set out the requirements.  VAT is considered as part of the regular financial reviews by full Council.  VAT is reclaimed annually.	1	2	2	Existing procedure adequate
Election costs	Risk of an election cost due to more candidates than seats in an election year resulting in a poll being require.	1	2	2	Risk is higher in an election year. When a scheduled election is due the Clerk will obtain an estimate of costs from the District Council. There are no measures which can be adopted to minimise the risk of having elections, as this is a democratic process.  Reserves to be held to cover/part cover the cost.	1	1	1	Potential election costs to be reviewed and allowed for in annual budget

### Cotton Parish Council Financial Risk Assessment.

CIL Reporting	CIL Income and Expenditure	1	1	1	Council to understand restrictions for spending CIL income and to allocate money within 5 years of receipt.	1	1	1	Annual Report to be submitted to MSDC by the Clerk.
Employees	Sudden and unexpected loss of employee requiring possibly higher cost of temporary/locum while recruiting replacement	3	3	9	Reference to a Continuity Plan should be made in case of loss of key personnel.  Annual review and appraisal to ensure job, pay and conditions are acceptable to the employee	2	2	4	Existing procedure adequate.
Salaries and associated costs	Salary paid incorrectly: wrong hours or pay rate paid.  False employee  Wrong deductions of NI or Tax  Unpaid Tax & NI contributions to the Inland Revenue  Council not meeting legislative requirements re workplace pensions	1	2	2	Salary rates and hours of work are set annually by the full Council with reference to contract and salary scales provided by NALC.  The Clerk's financial report to regular Council meetings details actual hours worked and salary due.  Tax and NI is calculated by the Clerk using an Inland Revenue computer programme updated annually.  The Clerk has a contract of employment and job description and pension arrangements comply with current legislation.  Annual reviews of staff performance and pay are agreed by full Council in	1	1	1	Existing appointment system adequate. A Confidential session, at a nominated PC meeting, needs to be held to carry out an annual review.

### Cotton Parish Council Financial Risk Assessment.

					a closed meeting.				
Grants and supports	No Power to pay.  No evidence or agreement of Council to pay.	2	4	8	Minute Council agreement with the power used to authorise the payment	1	2	2	Existing procedure adequate. Parish Councillors request S137 rules if required.
Access to paper files	Loss of access	2	3	6	Paper records are stored securely in a cabinet at the Clerks address. The cabinet is in a cabinet in a garage which is secured by a steel door double locked.	1	3	3	Damage is unlikely. Important records are stored electronically and could be picked up from the Parish Council website or my contacting suppliers and third party.
Access to electronic files	Loss of access	2	3	6	All passwords are retained securely by the Clerk in a locked cabinet within the Clerks office. Copies of all passwords are given to the Chairman.  No work is to be undertaken on a computer to which the public has access.  Computer and sites are password protected.	1	3	3	Existing procedure adequate..
Bank and banking	Inadequate checks on transactions  Bank errors	2	4	8	The Council has Financial Regulations which set out the requirements for banking, cheques and reconciliation	1	2	2	Existing procedures adequate.

### Cotton Parish Council Financial Risk Assessment.

	<p>Unexpected charges incurred</p> <p>Internet Fraud</p> <p>Inability to make necessary payments due to insufficient signatories</p>				<p>of accounts.</p> <p>The Clerk reviews and reconciles the bank accounts monthly when the bank statement arrives. Any problems/irregularities are dealt with immediately by informing the bank and awaiting their correction. Clerk investigates queries in the interim by viewing the account outline.</p> <p>Council carry out an internal audit at least annually to ensure compliance with Fidelity guarantee</p> <p>Two signatories are required to authorise online payments and cheques. At least three members are authorised on the bank mandate.</p> <p>Protection is in place in the Parish Councils Financial Regulations to prevent internet fraud.</p>				
Reserves – earmarked	<p>Adequacy</p> <p>Maintenance</p> <p>Movement</p>	2	4	8	<p>Levels of reserves to be considered at Budget setting and regularly during the year</p>	1	2	2	<p>Existing procedure adequate.</p> <p>Financial reports are issued regularly.</p> <p>The Council reviews its Financial Regulations regularly.</p>



### Cotton Parish Council Financial Risk Assessment.

Data Protection	Compliance with General Data Protection Policy (GDPR)	1	3	3	Clerk to ensure monthly the website complies with latest legislation.	1	2	2	Existing procedure adequate
Cash / Loss	Loss through theft or dishonesty	1	1	1	The Council has no petty cash	1	1	1	Existing procedure adequate
Payments	Goods not supplied; Invoice incorrectly calculated or recorded Cheque made out incorrectly Internet payment made to the wrong account	2	2	4	Purchase invoices matched to goods receipt notes where appropriate  Arithmetic checked on all invoices.  List of payments agreed by Council and signed by two signatories.  Payments compared to invoices and counterfoil and invoice signed.  Payments listed in meeting minutes	1	1	1	Existing procedure adequate

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