

TALATON PARISH COUNCIL – Financial Risk Assessment

Adopted 6th September 2023

FINANCIAL AND MANAGEMENT				
Subject	Risks Identified	H/M/L	Management control of risks	Review/Assess/Revise
Councillors	Losing Councillor membership or having more than 5 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 Talaton Parish Council's ('the Council') 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 5 vacancies at any one time on the Council, it becomes inquorate. The legal process of East Devon District Council ('EDDC') appointing members takes place.	Existing procedures adequate. Procedures of another body are adequate
Precept	Adequacy of precept Requirements not submitted to EDDC in time Amount not received by the Council.	L L L	Regular budget reviews prepared by Clerk and considered by Full Council The proposed Precept amount is considered by the Council in December/January and finalised and submitted to EDDC before the EDDC deadline date (as advised by EDDC) The Clerk informs Council when monies are received (approx April/May and September)	Existing procedure adequate
Financial records	Inadequate records Financial irregularities	L L	The Council has Financial Regulations which set out the requirements	Existing procedure adequate. Review of Financial Regulations Annually.
Bank and banking including internet banking	Inadequate checks Bank mistakes Loss Charges Loss of signatories	L L L L L	The Council has Financial Regulations which set out the requirements for banking, cheques and reconciliation of accounts. The Clerk reconciles the bank accounts once a month when the statement arrives. Any problems/irregularities are dealt with immediately by informing the bank and awaiting their correction. The Council chooses replacement signatories for the mandate ('as and when' required but the bank takes time to implement changes; this mostly happens after an AGM/election. Six councillors are bank signatories (for cheques) so financial authorisations can still be made even with the loss of a signatory. All payments by cheque require signature by 2 Cllrs. Three councillors are authorised by the Council, to 'trigger' the on-line payments set up by the Clerk. The Clerk will request that one of the three authorised councillors trigger the payments at the relevant time. Money transferred from the savings account to the current account (to cover cheques and internet payments) shall ensure that a reserve of no less than £500 approx is retained in the current account. The amount to be transferred, to be approved in advance at a Council meeting and a copy of the transfer transaction to be retained by the Clerk	Existing procedures adequate.

			<p>Internet banking sites will only be accessed directly and not via a search engine.</p> <p>Any transactions to be carried out electronically/or by cheque must be agreed by Full Council in advance. The Clerk will provide a schedule of payments for authorisation by the Council at each council meeting. Counterfoils and invoices are also initialled by two councillors.</p>	
Cash / Loss	Loss through theft or dishonesty	L	The Council has Financial Regulations which set out the requirements.	Existing procedure adequate.

			<p>Cash/cheques received are banked as soon is practicable.</p> <p>The Clerk maintains a petty cash float of £50 for the purpose of defraying operational and other expenses and keeps a separate record of payments</p>	<p>Vouchers/receipts for payments made from petty cash are kept to substantiate the payment.</p> <p>Income received is not paid into the petty cash float but is separately banked. Payments to maintain the petty cash float are shown separately on the schedule of payments presented to the Council</p>
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.	Insurance is adequate for requirements but there is still risk of other claims.
Reporting and auditing	Information communication Compliance	L M	<p>The Clerk produces a monthly financial report presented to Council, which is discussed and approved at the meeting. This report includes, bank reconciliation and a break down of receipts and payments balanced against the bank, plus payments to approve</p> <p>The Internal Auditor carries out a mid term audit of the Council's accountancy systems as well as an annual audit</p>	Existing procedure adequate.
Council run activities	Risk of financial loss	L	Activities previously held, such as Coronation celebrations, have been financed by advance ticket sales and/or donations prior to events thus reducing the risk of financial loss to the Council. If finance is not secured in advance there may be some financial risk which would need to be covered by the council's reserves or monies set aside for the event	Existing procedure adequate. Each activity needs to be assessed on an individual basis.
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. A grant policy and application form will be devised to keep up to date records of applications.	Existing procedure adequate.
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.	A procedure would need to be implemented , if required
Best value Accountability	Work awarded incorrectly Overspend on services	L M	Normal Council practice would be to seek, if possible, more than one quotation for any substantial work required to be undertaken or goods. For major contract services, formal competitive tenders would be sought. 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 Regulations.	Existing procedure adequate. Include when reviewing Financial Regulations Annually.

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	L L L L	The Council authorises the appointment of all employees through all council meetings. Salary rates are assessed annually by the Council but the Clerk is to be paid in accordance with the provisions contained in her contract of employment. The Clerk's Financial Report details payments to the Inland Revenue (for Tax and NI) which is worked out using an Inland Revenue computer programme PAYE Basic Tools. The Clerk has a contract of employment and job description. Salaries are paid in arrears, but if a meeting is cancelled or moved then payments could be late or missed.	Existing appointment system adequate. A Confidential session, at a nominated PC meeting, needs to be held to carry out an annual review.
Employees	Loss of Clerk	L	An arrangement with a neighbouring parish council to cover an unexpected loss of the clerk should be made in case of loss of key personnel. Assistance should also be sought from DALC and SLCC	Membership of the SLCC/ DALC

	Fraud by Clerk Actions undertaken by clerk. Health and Safety	L L	The Clerk should be provided with relevant training, reference books, access to assistance and legal advice required to undertake the role. Health & Safety issues relating to the clerk are with regard to working at home and driving to/from Council meetings. The clerk's own car insurance covers travel to and from a place of work.	Monitor working conditions, safety requirements and insurance regularly.
Councillor allowances	Councillors over-paid Income tax deduction	Negative	No allowances are allocated to Parish Councillors.	No procedure required.
Election costs	Risk of an election cost	H	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.	Council should consider saving each year to cover all costs
VAT	Re-claiming/charging	L	The Council has Financial Regulations which set out the requirements. VAT is claimed regularly.	Existing procedure adequate
Employers 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 time frame by the Clerk.	Existing procedure adequate
Audit - Internal	Audit completion within time limits	L	The Internal Auditor is appointed by the Council. The Internal auditor is supplied with the relevant documents to audit and the Small Authorities Accountability form to complete and sign. The Internal Auditor also carries out a mid term audit	Existing procedure adequate
Annual Return	Completion/Submission within time limits	L	All documents that form the Small Authorities Accountability are completed and signed by the Council and are submitted to the Internal Auditor for completion. The required documentation is then sent to the External Auditor.	Existing procedure adequate
Legal powers	Illegal activity or payments	L	All activity and payments within the powers of the Parish Council to be resolved and minuted at Full Parish Council Meetings, as per the Financial Regulations prescribe.	Existing procedure adequate.

Minutes/ Agendas/ Notices Statutory documents	Accuracy and legality Business conduct	L L	Minutes and agenda are produced in the prescribed method by the Clerk and adhere to the legal requirements 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.	Existing procedure adequate. Guidance/training to Chair should be given (if required). Members to adhere to Code of Conduct
Members interests	Conflict of interest Register of Members interests	L M	Although not a requirement, the declaring of interests by members at a meeting should be an obvious process to remind Councillors of their duty and should remain on the agenda. Register of Members Interest forms should be reviewed regularly by Councillors and any amendments notified and submitted to EDDC	Existing procedure adequate. Members take responsibility to update their Register
Insurance	Adequacy Cost Compliance	L L L	An annual review is undertaken (before the time of the policy renewal) of all insurance arrangements in place. Ensure compliance measures are in place.	Existing procedure adequate. Review insurance provision annually.
General Data Protection Act	Non compliance with the Act Data breach	L M	Recommended policies approved. The Council is registered with the ICO. Records and communications that do not legally need to be stored are destroyed in accordance with the Council's Records Retention Policy	

	Fidelity Guarantee			Review of compliance
Assets	Loss or Damage Risk/damage to third party(ies)/property	L L	An annual review of assets is undertaken for insurance provision, storage and maintenance provisions.	Asset register to be updated Annually
Maintenance	Poor performance of assets or amenities Risk to third parties	L L	All assets owned by the Parish 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 Parish Council. All assets are insured and reviewed annually.	Existing procedure adequate.
Assets	Loss/damage/injury to third parties	L L	Insurance and asset registers are updated annually.	Existing procedure adequate
Meeting location	Adequacy Health & Safety	L M	The Parish Council Meetings are held at Talaton Parish Hall. The premises and the facilities are considered to be adequate for the Clerk, Councillors and Public who attend from Health & Safety, Disability Discrimination and comfort aspects	Existing location adequate.
Council records - electronic The Parish	Loss through: Theft, fire, damage corruption of computer	L M	Council's electronic records are stored on the Clerks computer and are backed up remotely.	Existing procedure adequate.
Council records - paper	Loss through: Theft, fire, damage	L	The Council's records are stored at the home of the Clerk. Records include minutes, back correspondence and documents of land ownership. However records prior to 2014 are stored at County Records, Devon County Council	Damage (apart from fire) and theft is unlikely. A fire proof container should be considered

