

# FAIRLIGHT PARISH COUNCIL FINANCIAL RISK ASSESSMENT

## Notes

This document has been produced to enable the Parish Council to assess the Financial risks that it faces and satisfy itself that it has taken adequate steps to minimise them. In conducting this exercise, the following was followed:

- Identify the areas to be reviewed
- Identify what the risk may be
- Evaluate the management and control of the risk and record all findings
- Review, assess and revise if required

<b>FINANCIAL AND MANAGEMENT</b>				
<b>Subject</b>	<b>Risk(s) Identified</b>	<b>H/M/L Likelihood/Impact</b>	<b>Management/Control of Risk</b>	<b>Review/Assess/Revise</b>
Councillors	Losing Councillor membership or having more than 6 vacancies at any one time	L/H	When a vacancy arises, there is a legal process to follow. This either leads to a by-election or into a co-option process. An election is out of the Parish Council's 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 6 vacancies at any one time on the Council it becomes non quorate. The legal process of the District Council appointing members takes places.	Existing procedures adequate  Procedures of another body are adequate
Precept	Adequacy of precept Requirements not submitted to Rother DC in time Amount not received by FPC	L/H	To determine the precept amount required, the Parish Council regularly receives budget update information and the precept is an agenda item at full Council. The Council receives a budget update report including actual and projected position to end of year and indicative figures and costings supplied by the Clerk. With this information the Council determines the required monies for standing costs and project for the	Existing procedure adequate  Review and assess annually  Restrictions: The Council must balance the public's desire for services with the ability to pay for them

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			<p>following year. This figure is submitted by the Clerk to RDC.</p> <p>Precept should be considered by the Council before the deadline – deadline should be ascertained from RDC asap</p> <p>The Council maintains reserves which equates to 6 – 12 months budgeted expenditure for ongoing costs.</p> <p>The Clerk informs Council when the monies are received (approx. April and Sept time)</p>	
Financial records	<p>Inadequate records</p> <p>Financial irregularities</p>	L/H	<p>The Council has Financial Regulations which set out the requirements</p> <p>The Council records are maintained on RBS accounting package</p> <p>Payments and receipts are reported and approved monthly to the Council</p>	<p>Existing procedure adequate</p> <p>Financial Regulations reviewed annually Last review and adopted 25/05/21</p>
Bank and banking Paypal	<p>Inadequate checks</p> <p>Bank mistakes</p> <p>Loss</p> <p>Charges</p> <p>Loss of signatories</p>	L/H	<p>The Council has Financial Regulations which set out the requirements for banking, cheques and reconciliation of accounts</p> <p>The Clerk reconciles the bank/paypal account once a month when the statements arrive, any problems or irregularities are dealt with immediately by informing the bank/paypal and awaiting their correction. Monitor the bank statements monthly. Bank reconciliation checked and signed by Chair monthly.</p> <p>Council chose replacement signatories but the Bank takes time to implement changes, this mostly happens after an AGM/election</p>	<p>Existing procedures adequate</p> <p>Review and assess annually</p>
Cash/Loss	<p>Loss through theft or dishonesty</p>	L/L	<p>The Council has Financial Regulations which set out the requirements</p> <p>Cash/cheques received are banked within 3 days.</p> <p>There is no petty cash or float</p> <p>This is audited by the Internal Auditor annually</p>	<p>Existing procedures adequate</p> <p>Review and assess annually</p>

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Reporting and auditing	Information communication Compliance	L/H	A monitoring statement is produced regularly and presented to Council, discussed and approved at the meeting. These statements include, bank reconciliations, budget update and breakdown of receipts and payments. Council should regularly audit internally to comply with the Fidelity Guarantee	Existing procedures adequate  Review and assess annually
Direct costs Overhead expenses Debts	Goods not supplied but billed Incorrect invoicing Cheque payable incorrect Loss of stock Unpaid invoices	L/M	The Council has Financial Regulations which set out the requirements At each Council meeting the list of invoices awaiting approval is distributed to Councillors and considered. Two Councillors check each invoice against the cheque book and associated paperwork and initial the invoices, cheque stubs and payment schedule. Council approves the list of requests for payment The Council has minimal stocks, these are checked and monitored by the Clerk Unpaid invoice to the Council for rents and services are pursued and where possible, payment is obtained in advance	Existing procedures adequate  Review and assess annually
Litigation	Potential risk of legal action being taken against the Council	L/H	Public liability insurance covers 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
Grants and support – payable	Power to pay Authorisation of the Council	L/L	All such expenditure goes through the required Council process of approval, minuted and listed accordingly if a payment is made under S137 power of expenditure Grants are applied for by organisations using an application form and amounts awarded are decided by a panel of Councillors	Existing procedures adequate Parish councillors to request S137 rules if required Review and assess annually

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Grants receivable	Receipt of grants	L/L	The Parish Council does not presently receive any regular grants. One off grants would come with terms and conditions to be satisfied	Procedure would need to be formed, if required
Charge – rental payable	Payment of charges, leases, rentals	L/L	The Parish Council does not at present hold any leases or rental agreements. The Village Hall is booked in advance and billed monthly.	Existing procedures adequate
Charges – rentals receiveable	Receipt of rental	L/L	Peppercorn rents are received from local clubs for land owned by the Parish Council. Rents are reviewed, and minuted regularly. Invoices are raised annually.	Existing procedures adequate Review and assess annually
Best value Accountability	Work awarded incorrectly Overspend on services	L/H	Normal Parish Council practice would be to seek, if possible, more than one quotation for any substantial work require 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 by the Financial Regulations	Existing procedures adequate Council need to specify exactly how it wants a contract to be carried.
Salaries and associated 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/M	The Parish Council authorises the appointment of all employees Salary rates are assessed annually and applied on 1 <sup>st</sup> April each year. Salary analysis and slips are produced by an external payroll company monthly together with a schedule of payments to the Inland Revenue These are inspected at the Council meetings and signed off The Tax and NI payments are worked out by the external payroll company. All Tax and NI payments are submitted quarterly in line the Inland Revenue regulations.	Existing procedures adequate Review and assess annually

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			<p>The Clerk submits a monthly time sheet containing hours. These are checked and approved by the Chair of the Council.</p> <p>The Clerk has a contract of employment and job description</p> <p>Salary cheques are written out in advance and paid on time</p>	
Employees	<p>Loss of key personnel</p> <p>Fraud by staff</p> <p>Actions undertaken by staff</p> <p>Health &amp; Safety</p>	M/L	<p>The Clerk is required to give notice when leaving their employment. Locum clerks are available to cover short periods</p> <p>Th Council holds Fidelity Insurance to protect against fraud</p> <p>The Clerk should be provided with relevant training, reference books, access to assistance and legal advice required to undertake their role</p> <p>Employees should be provided with adequate direction and safety equipment needed to undertake their roles i.e. protective clothing and training</p>	<p>Existing procedures adequate</p> <p>Purchase of revised books</p> <p>Clerk required to work towards Cilca qualification</p> <p>Membership of ESALC/SLCC</p> <p>Monitor working conditions, safety regulations and insurance regularly</p>
Councillors allowances	<p>Councillors over-paid</p> <p>Income tax deduction</p>	L/L	No allowances are allocated to Parish Councillors	No procedure required
Election Costs	Risk of an election cost	L/M	<p>Risk is higher in an election year, but still a risk of a by-election is called by a casual vacancy</p> <p>When a scheduled election is due, Clerk obtains estimate of costs from RDC for a full election and n uncontested election. No measures can be adopted to minimise the risk of having elections, as this is a democratic process. Council holds enough monies in Reserves in case of an election at a four-year interval, by-elections are not accounted for</p>	Council should precept an amount annually for four-year period to build up the fund

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VAT	Reclaiming/charging	L/L	The Council has Financial Regulations which set out the requirements. Vat is reclaimed annually at year end	Existing procedures adequate Review and assess annually
Employers Annual Return	Paying and accounting for Tax and NI of employees' salaries	L/L	Employers' annual return is completed and submitted by an external payroll company within the prescribed time. Employees P60s are completed and issued by an external payroll company within the prescribed time	Existing procedures adequate Review and assess annually
Audit- Internal Audit	Completion within time limits	L/L	Internal auditor is appointed by the Council Internal auditor is supplied with the relevant documents Audits carried out annually	Existing procedures adequate Internal auditor appointed annually
Annual return	Completion/submission within time limits	L/L	Annual return is completed and signed by the Council, submitted to the internal auditor for completion and signing then checked and sent to the External auditor within time limit	Existing procedures adequate Review and assess annually
Legal Powers	Illegal activity or payments	L/L	All activity and payments within the powers of the Parish Council to be resolved and minuted at Full Parish Council Meeting, including reference to the power used. As per the Financial Regulations	Existing procedures adequate Review and assess annually
Minutes/Agendas/Notices Statutory documents	Accuracy and legality Business conduct	L/L	Minutes and agendas 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 agendas are displayed according to the legal requirements Business conducted at Council meetings should be managed by the Chair	Existing procedures adequate
Members Interests	Conflict of interest Register of Members Interests	L/L	The declaring of interest by members at a meeting is on the agenda to remind councillors of their duty	Existing procedures adequate

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			Register of Members Interest forms should be regularly reviewed by Councillors	Members to take responsibility to update their register
Insurance	Adequacy Cost Compliance Fidelity Guarantee	L/H	A review is undertaken (before the time of the policy renewal) of all insurance arrangements in place Employers and employee's liability insurance is a necessity and must be paid for. Insurance compliance measures are in place. Insurance Fidelity checks are in place.	Existing procedures adequate Review insurance provision annually Review of compliance
Data Protection/GDPR	Policy Provision	L/H	The Council is registered with the Information Commission and contracts a Data Protection Officer	Ensure that annual renewal of registration
Freedom of Information	Policy Provision	L/M	The Council has a model publication scheme for Local Councils in place The Clerk/Council are aware that if a substantial request arrives then thus may require many hours of additional work. The Council is able to request a fee if the work will take more than 15 hours but the applicant also has the right to re-submit the request broken down into sections, thus negating the payment of a fee.	Monitor and report any impacts of requests made under the F of I Act

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<b>FINANCIAL RISK THROUGH EQUIPMENT LOSS OR DAMAGE</b>				
<b>Subject</b>	<b>Risk(s) identified</b>	<b>H/M/L</b>	<b>Management/Control of risk</b>	<b>Review/Assess/Revise</b>
Assets	Loss or damage Risk/damage to third party/party's property	H/L	An annual review of assets is undertaken for insurance purposes, storage and maintenance provisions	Asset register updated regularly and review annually
Maintenance	Poor performance of assets Loss of income or performance Risk to third parties	M/H	All assets owned by the Parish Council are regularly reviewed and maintained. All repairs and relevant expenditure for these repairs are actioned/authorised with the correct procedures of the Parish Council All assets are insured and reviewed annually	Existing procedure adequate Ensure inspections carried out
Asset damage/loss	Street furniture/noticeboards etc damage or loss or in need of repair	M/H	The Parish Council is responsible for 3 bus shelters, grit bins, dog waste bins, children's play equipment etc – all covered by insurance No formalised programme of inspections is carried out, all reports of damage or faults are reported to Council and/or dealt with. Problems will be reported to the Clerk An annual inspection is carried out of the Children's play area by an external contractor	Clerk regularly inspects assets and requests repairs/replacements
Notice boards & Village Map	Risk/damage/injury to third parties Road side safety	L/L	The Parish Council have 6 noticeboards sited in the village and a village map Locations have approval by the relevant parties, insurance cover, inspected regularly by the Clerk – any repairs/maintenance requirements brought to the attention of the Parish Council. Keys held by the Clerk and Chair.	Existing procedure adequate
Asset damage/loss	Office equipment	L/L	The Parish Council's computer, printer and laptop is covered by insurance and kept in the Clerk's home.	Existing procedure adequate
Meeting location	Adequacy Health & Safety	L/L	The Parish Council meetings are held in the village hall. The premises and the facilities are considered to be adequate for Clerk, Councillors and public who attend from Health and Safety and comfort aspect.	Existing location adequate
Council records – paper	Loss through: theft/fire/damage	L/H	The Parish Council records are stored at the home of the Clerk. Records include minutes and copies, records such as personal, insurance, salaries etc. Recent materials are in a filing cabinet (not fire proof) and old more historical records are sent to the Keep	Damage (apart from fire) and theft is unlikely and so provision is adequate



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Council records - digital	Loss through Theft/fire/damage/computer corruption	L/H	The Parish Council's electronic records are stored on the Parish Council's computer Backups are taken daily and files are stored on a cloud provider	Cloud provision reviewed and renewed annually
Damage	Wilful damage and graffiti	L/L	Monitored and reported by all to the Clerk for quick repairs/cleaning	Existing procedure adequate

Signed \_\_\_\_\_ Dated \_\_\_\_\_

(Chair)

Review date May 2022