

Risk Assessment – Financial

TUNSTALL PARISH COUNCIL

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CLERK, TUNSTALL PARISH COUNCIL

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1. Scope and Objectives

The purpose of this document is to identify potential financial risks facing Tunstall Parish Council ('the Council') and how those risks can be managed to ensure the Council is able to deliver the services expected of it.

This document will be reviewed by the Council annually (preferably at the March meeting), enabling the Council to:

- a) appraise itself of identified risks
- b) agree appropriate actions to minimise the impact of the risks
- c) identify new risks and appropriate measures to manage them
- d) ensure the Council's insurance is adequate for the forthcoming year

2. Introduction

Risk management is NOT just about financial management, but about achieving the objectives of the organisation to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation, reputation, and the ability to deliver the expected services.

The new approach to local Council audit seeks to address these issues by placing emphasis on local Council's strengthening their own corporate governance arrangements, improving their stewardship of public funds, and improving assurances to taxpayers. In other words, 'the buck' stops with you, the Councillors!

Members are ultimately responsible for risk management because risk threatens achieving the objectives of the Council. As a minimum, members should:

- a) Take steps to identify key risks facing the Council
- b) Evaluate the potential consequences to the Council in the event of an identified risk occurring
- c) Agree upon appropriate measures to avoid, reduce, or control the risk or its consequences

All of the above objectives should be served by this document. If they are not, then it is up to the Council to determine how they should be met and to put in place appropriate measures.

This document should be read in conjunction with the current Insurance Policy in force for the Council.

3. Risk Analysis

The following table attempts to identify all financial risks and to assign a probability ('Prob') of that risk occurring, and should it occur, its impact ('Imp') on the Council. Both the 'Probability' and 'Impact' of a risk are scored on a 1 – 5 scale: 1 being the lowest score (i.e., very improbable, or very low risk) and 5 the highest (i.e., highly probable or very high impact). Both these scores are multiplied to give an Overall Risk Rating (ORR). Any risks over ORR 20 will be reviewed on a monthly basis.

The 'Managed by' column details how the risk is managed, either by protecting the Council from its impact (typically by way of insurance) or by reducing the probability of that risk occurring. All Councillors should be aware of the importance of keeping their register up to date and declaring any interests at meetings as and when appropriate. The below list is not exhaustive, and items can be added, amended, or removed as and when appropriate.

Number	Details	Prob	Imp	Overall Risk Rating	Managed by...	Last Reviewed Date	Action Required
1	Council under insured	1	5	5	<ul style="list-style-type: none"> The Council's insurance to be reviewed annually by the Clerk and at least one Councillor as part of the annual risk review process 	10 th February 2021	<ul style="list-style-type: none"> Annual review at renewal
2	Loss of income or the need to provide essential services following critical damage, loss or non-performance by a third-party consequential loss	1	3	3	<ul style="list-style-type: none"> Annual monitoring of performance/deliverables against Service Level Agreement (SLA) or other appropriate criteria Clerk to request PL Insurance Certificates from all Contractors, annually Council to only use Contractors who can show a valid Public Liability Insurance Certificate 	10 th February 2021	<ul style="list-style-type: none"> None

Number	Details	Prob	Imp	Overall Risk Rating	Managed by...	Last Reviewed Date	Action Required
3	Theft of petty cash	1	1	1	<ul style="list-style-type: none"> The Council currently does not handle petty cash, except where parishioners make donations for gifts, etc. Insurance - £200 maximum for theft from Clerk's home 	<ul style="list-style-type: none"> 10th February 2021 	<ul style="list-style-type: none"> None
4	Loss of money through theft, dishonesty, or fraud	1	5	5	<ul style="list-style-type: none"> Insurance – Fidelity guarantee to maximum of £250,000, must be reported within 36 months Councillors are responsible for agreeing the Council's accounts Clerk writes the cheques with two Councillors signing Major loss would be through dishonesty or fraud, possibly through use of cheques. This would involve the Clerk and two Councillors Strict adherence to Financial Regulations 	<ul style="list-style-type: none"> 10th February 2021 	<ul style="list-style-type: none"> None
5	Inadequate annual Precept	1	5	5	<ul style="list-style-type: none"> Annual budget Councillors take joint responsibility for approving the budget General Reserves held for emergency 	<ul style="list-style-type: none"> 10th February 2021 	<ul style="list-style-type: none"> None

Number	Details	Prob	Imp	Overall Risk Rating	Managed by...	Last Reviewed Date	Action Required
6	Financial records not meeting current statutory requirements	1	1	1	<ul style="list-style-type: none"> • Appropriate training for Clerk, RFO and Councillors • Retained membership of SALC/NALC who provide information and guidance • Purchase of appropriate documentation and supporting material • Competent Internal audit and processes followed 	<ul style="list-style-type: none"> • 10th February 2021 	<ul style="list-style-type: none"> • None
7	Not meeting the Customs and Excise regulations (especially VAT)	1	1	1	<ul style="list-style-type: none"> • Appropriate training for Clerk/RFO • Retained membership of SALC who provide information and guidance 	<ul style="list-style-type: none"> • 10th February 2021 	<ul style="list-style-type: none"> • None
8	Not fulfilling the requirements of the Annual Return and the audit procedures, including right of inspection	1	5	5	<ul style="list-style-type: none"> • Councillors to be responsible for checking and approving the Annual Return prior to submission to the external auditor, with particular emphasis on Section 2 – Statement of Assurance • The use of competent Internal Auditor to identify any inappropriate practices • Adequate training for Clerk/RFO 	<ul style="list-style-type: none"> • 10th February 2021 	<ul style="list-style-type: none"> • None
9	Grant moneys not applied for	1	1	1	<ul style="list-style-type: none"> • Clerk to monitor grant facilities and work closely with SCDC/SCC/SALC to obtain current details should monies be required 	<ul style="list-style-type: none"> • 10th February 2021 	<ul style="list-style-type: none"> • None

Number	Details	Prob	Imp	Overall Risk Rating	Managed by...	Last Reviewed Date	Action Required
10	Inappropriate use of CIL Funds	2	2	4	<ul style="list-style-type: none"> Now referred to as Community Infrastructure Levy (CIL). Funds are sent automatically to the Council in March and November, where applicable Clerk to notify Council if/when funds are received 	10 th February 2021	None
11	Misappropriation of Councillor's expenses	1	5	5	<ul style="list-style-type: none"> Appropriate training Expenses policy adopted in May 2014 	10 th February 2021	None
12	Internal Audit ineffective	1	4	4	<ul style="list-style-type: none"> Annual review of the effectiveness of the internal audit to take place between RFO/Clerk and Internal Auditors (currently Mr Trevor Brown) 	10 th February 2021	None
13	Non-compliance with Data Protection Regulations	2	5	10	<ul style="list-style-type: none"> Adequate/appropriate training and research for/by Clerk Training for Councillors Support from ICO and SALC 	10 th February 2021	Monitoring by Clerk and Councillors
14	MUGA does not generate enough income to cover annual costs (also on TPC MUGA RA)	2	5	10	<ul style="list-style-type: none"> First year's costs set aside by TPC Charging Policy established and to be reviewed often, not less than annually 	10 th February 2021	Clubs and groups encouraged to book the facility during the day in term-time

Adopted by the Parish Council at a meeting on: *10th February 2021*

Signed:

J Hallett

Mrs Judi Hallett
Clerk

S Smith

Cllr. Steve Smith
Chair

Change History

Version	Description	Date
March 2014	Original document drawn up	12 th March 2014
March 2016	Amendments after review	9 th March 2016
March 2017	Amendments after review	8 th March 2017
March 2018	Slight amendments, item 14 added and Chair name	14 th March 2018
March 2019	Review and small amendments	13 th March 20019
March 2020	Review and small amendments	11 th March 2020
February 2021	Review and additional items added	10 th February 2021