



## Annual Financial Risk Assessment

### 1. Introduction

- 1.1 The Council is expected to carry out an annual assessment of the financial risks it is exposed to and identify any actions it considers necessary to minimise those risks.
- 1.2 The following table attempts to identify the risks involved and recommends the necessary actions. The list is not exhaustive and Council may wish to consider other risks not identified.
- 1.3

Service Area	Risk	Recommendation to Manage Risk	Action Control measures
Insurance	Public Liability (statutory) Inadequate cover	Ensure that the public liability is sufficient to cover all possible risks associated with the running of the council and its services/projects/events. Ensure that in-service delivery where potential risks may happen that staff/volunteers/councillors are appropriately trained to assist in medical emergencies.	Council reviews annually or as and when required. To include projects within JWP, including equipment and outdoor exercise equipment and bungalow.
	Employers Liability (statutory) inadequate cover	Continue existing cover - level of indemnity £10,000,000 (inclusive of costs)	Council reviews annually
	Money	Continue existing cover - level of indemnity - £250,000	As Above. Banking and cash handling procedures in place.

	<b>Fidelity Guarantee</b> <b>Inadequate cover</b> <b>Theft</b> <b>Robbery</b> <b>Fraud</b>	<p>Ensure that adequate cover in insurance for fidelity.</p> <p>Continue existing cover - level of indemnity £500,000.</p>	<p>Council ensures fidelity is adequate amount as outlined by Auditors. Banking and cash handling procedures are in place which includes daily banking so no cash is left on the cafe premises.</p>
	<b>Property/Assets</b> <b>Inadequate cover</b> <b>Maintenance</b>	<p>Ensure that all property of the council is adequately covered in insurance identifying the areas under the 'all risks' section of policy. To include the asset inventory in the cafe and community hub commenced in April 2014. The Council to ensure that an adequate maintenance plan is put in place supported by sufficient funds to reduce risk and support maintenance issues.</p>	<p>Deputy Town Clerk reviews insurance cover and reports to Council annually or as required.</p>
	<b>Legal Expenses</b> <b>Inadequate cover</b>	<p>Limit of indemnity is £200,000 (see policy for individual cover).</p>	<p>Council reviews annually or as and when required.</p>
	<b>Libel &amp; Slander</b> <b>Inadequate cover</b>	<p>Continue with existing cover - level of indemnity £250,000.</p>	<p>Council reviews annually or as and when required.</p>
	<b>Personal Accident.</b> <b>Inadequate cover</b>	<p>All members and employees - cover is limited £500,000 any one person and £2,000,000 any one accident.</p>	<p>Council reviews annually or as and when required.</p>

<b>Service Area</b>	<b>Risk</b>	<b>Recommendation to Manage Risk</b>	<b>Action</b>
<b>Staffing Payroll</b>	<b>Loss of data on PC due to system fault.</b>	Back up made on a daily basis off site (new IT provider 2020) and continue maintenance/updates agreement with payroll package.	
	<b>Incorrect salary paid</b>	Inform Finance & General Purposes Committee to verify action needed to rectify.	
<b>Loss of Key Personnel</b>	<b>Loss of service/skills of employee, or long-term sickness (relating to the Town Clerk)</b>	Immediately advertise any vacancy (if permanent loss) and request help from remaining employees to cover temporary loss or long-term sickness cover for the Town Clerk (Deputy Town Clerk post in place).	Staffing Committee to arrange cover for Town Clerk and to carry out advertisement if required.
	<b>Possibility of fraud by Staff</b>	Ensure Fidelity Guarantee cover is in place with appropriate values	
<b>Administration</b>	<b>Payment arrangements</b>	Report all payments to Finance & General Purposes Committee. Monthly schedule of accounts and bank statements to be checked and signed by a member of the Finance & General Purposes committee. To refer to Financial Regulations with regards to all financial matters and contracts.	Members of Finance & General Purposes committee to approve.
	<b>Reconciliation</b>	Bank reconciliation carried out on the receipt of each statement by RFO.	Signed as correct by a member of F & GP monthly. Town Clerk/RFO to complete and to arrange internal audit review. Daily input of income and expenditure passed to Deputy Town
	<b>Eradicate risk of one person doing too much</b>	Finance is managed by the Town Clerk/RFO with assistance from Rialtas. Town Clerk/RFO to carry out month end reconciliations.	
	<b>i.e. daily finance transactions and then</b>		

	<b>balancing the internal audit/control measures.</b>		Clerk/Administration Officer (separation of duties).
<b>Bank and Banking</b>	<b>Inadequate checks Bank mistakes Loss Charges Loss of funds</b>	<p>The Council has financial regulations which set out the requirements for banking, cheques and reconciliation of accounts. Cheques require two signatories. There are three nominated Councillors as signatories (any two to sign) and the Town Clerk.</p> <p>The Council has adopted banking and cash handling procedures - subject to annual review.</p> <p>If any bank errors in processing cheques are discovered when the Town Clerk/RFO reconciles the bank accounts once a month, these are corrected immediately informing the bank.</p> <p>Cash flow is monitored by the Town Clerk/RFO monthly.</p>	<p>Financial regulations are reviewed annually.</p> <p>Bank statements are monitored monthly by the Town Clerk/RFO.</p>
	<b>Agency advice</b>	Continue with memberships of NALC and SLCC.	Council to approve annual membership
<b>Salaries and associated costs</b>	<b>Wrong salary paid Wrong hours paid Wrong deductions of NI or tax Unpaid Tax &amp; NI contributions to the Inland Revenue</b>	<p>The Council authorises the appointment of all employees. Salary rates are agreed in the contract as per NJC Terms &amp; Conditions of Employment and any amendments agreed by Council and minuted.</p> <p>Salary analysis is produced on a monthly basis using payroll package together with a schedule of payments to the Inland Revenue (for Tax and NI) and pension to the Council.</p>	<p>Existing appointment and payment system is adequate.</p> <p>Additional support available from Stonehouse Bookkeeping..</p>

<b>Precept</b>	<b>Adequacy of precept Lack of consultation when setting budgets with little detailed consideration.</b>	Budget Working Group/Finance & General Purposes committee to review budget and submit proposals to Full Council for approval.	Finance & General Purposes Committee , RFO and Internal Auditor to ensure deadlines are met.
	<b>Precept not submitted on time.</b>	Ensure precept is completed and approved by the Full Council by 31st January for submission to Stockton Borough Council.	Existing procedures adequate.
	<b>Amount not received by Town Council.</b>	The Town Clerk/RFO informs Council should monies not be received by the due date from Local Authority.	
	<b>Inadequate monitoring of performance.</b>	Continue to regularly consider budget monitoring report (quarterly) to actual. Quarterly Income & Expenditure report taken to Finance & General Purposes committee.	Finance & General Purposes committee, RFO and Internal Auditor to ensure deadlines are met.
	<b>Illegal expenditure</b>	Continue to ensure that all expenditure is within legal parameters. Town Clerk to guide Councillors on governance of appropriate expenditure.  Town Clerk CiLCA qualified. General Power of Competence in place and renewed as each new Council term as required.  Use of advice from NALC/CDALC and SLCC.	Finance, & General Purposes committee to approve all expenditure or otherwise advised through financial regulations.
<b>Accounting</b>	<b>Non-standard and/or non-compliant records kept.</b>	Continue to require adequate, complete and statutory financial records and accounts, to appropriate committees	Town Clerk/RFO to produce
	<b>Non-compliance with statutory deadlines for the</b>	Continue to ensure that all accounts and returns are completed and submitted by the deadlines.	Town Clerk/RFO to advise committee/council of audit deadlines

	<b>completion/approval/s ubmission of accounts and other financial returns.</b>	Internal Auditor to support Town Clerk/RFO to ensure deadlines are met and to provide associated reporting mechanisms.	
<b>Financial Controls &amp; Records</b>	<b>Inadequate records Financial irregularities Loss of records</b>	The Council has Financial Regulations. Financial transactions are recorded by the Town Clerk at least monthly and financial reports presented to Council on a monthly basis. 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. Year-end accounts are drawn up and submitted along with the annual return to the external auditor.  RBS involved with the year end accounts.	Existing procedures adequate.  Financial regulations reviewed annually or as and when necessary. . Maintain existing procedures.
<b>Petty Cash</b>	<b>Payments not accounted for. Loss through theft or dishonesty.</b>	Maximum holding £150 Reconciled monthly All payments supported by relevant paperwork and authorised in advance by the RFO.	
<b>VAT</b>	<b>Reclaiming/charging</b>	The Council has Financial Regulations which set out the requirements. All items are listed in the cash book and verified by the Town Clerk/RFO.	Existing procedure adequate
<b>Annual Return</b>	<b>Submit within time frame limits</b>	The Town Clerk/RFO completes the Employer's Annual Return online and submits to HMRC within prescribed time frame. Annual Return is completed and signed by the Council, submitted to the Internal Auditor for completion and signing then checked and sent to External Auditor within time limit.	Existing procedure adequate

		The LGPS Annual Pension return is completed and returned within prescribed time frame.	
<b>Best Value Accountability</b>	<b>Work awarded incorrectly Overspend on services</b>	The Council has Financial Regulations which set out the requirements. Normal practice for Town Council is to seek alternative quotations for goods or works to be undertaken.	Existing procedure adequate
<b>Election Costs</b>	<b>Risk of an election cost</b>	Risk is higher in an election year. When an election is called, the Town Clerk will obtain an estimate of costs from the Local Authority for a full election and an uncontested election. There are no measures that can be adopted to minimise the risk of having a contested election as this is a democratic process and should not be stifled. Annual budget should be set with this in mind.	Town Clerk/RFO to verify. Council to ensure when setting budgets that provision is made to cover any possible by-election costs.
	<b>Invoiced at an agreed rate</b>	RFO check and consider budget to ensure adequate provision is made.	Based on an average of costs supplied by the Local Authority.
	<b>By-election - extra costs needed</b>	Adequate resources to be considered in the budget in the eventuality of a by-election.	
<b>Grants and Support payable</b>	<b>Powers to pay Authorisation of Council to pay</b>	All such expenditure goes through the required Council process of approval, minuted and listed accordingly if a payment is made using General Power of Competence.	Existing procedure adequate
<b>Grants Payable</b>	<b>Authorisation of Council to pay</b>	All such expenditure to go through the required Council process of approval and minuted.	Existing procedure adequate
<b>Legal Powers</b>	<b>Illegal activity or payments</b>	All activity and payments within the powers of the Town Council to be resolved and minuted at Finance & General Purposes Committee/Full Council meeting.	Existing procedure adequate
		Educate Council as to their legal powers.	Town Clerk to advise
<b>Assets</b>	<b>Loss, damage</b>	Annual inspections, update insurance and asset registers.	Existing procedure adequate

	<b>Risk or damage to third party property or individuals</b>	Annual review of Public Liability Insurance	
<b>Reserves</b>	<b>Inadequate reserves</b>	Consider when setting budget. Identify any allocated reserves and surplus funds to be earmarked as general reserves. Council to identify an acceptable amount of reserves required for emergency purposes. Recommended by the Audit Commission to be between 3 and 12 months worth. Reserves Policy adopted in 2021/2022.	Town Clerk/RFO to advise Finance, & General Purposes Committee/ Council of allocated and unallocated reserves at year end and when setting precepts. Where possible build up a level of reserves to cover unforeseen costs and uninsured risks
<b>Contracts</b>	<b>Ensure continued value for money coupled with continuity of work.</b>	Approve the practice of seeking tenders for agreed works/projects every three years. To create new/amended contractors lists by advertising in local press and issuing specifications and tender documents to contractors expressing an interest.  To adhere to standing orders and financial regulations and updated legislation.  Tenders to be opened by the Town Clerk and at least one member of the Council and reported to the next available Council meeting.	Committee to review procedures via Standing orders and Finance Regs. Town Clerk to advise accordingly.
<b>Minutes</b>	<b>Ensure the minutes are accurate and legal</b>	Reviewed at the following council meeting and approved.	Town Clerk to ensure minutes are concise, legible and record proceedings accurately.

Approved at Full Council Meeting on