

Frome Town Council Financial Risk Assessment		Date agreed: 19/04/2017	Version: #1		
		Minute Number:			
		Prepared by: Jackie Wheeler, Responsible Finance Officer			
		Signed by Chair of Council Matters:			
Risk Area	Risk Identified	Controls in place	F Reg	R	I
Financial Management	Incurring expenditure or income without proper legal authority	Quarterly Internal Audit reports noted at Council Matters. Annual External Audit confirm expenditure for the previous financial year was made within the Council's legal powers. The RFO and staff accept responsibility to adhere to the Councils' Financial Regulations.	2.4	2	M
Financial Management	Failure to comply with HMRC regulations	Ensure VAT is administered correctly. Refer to guidance on HMRC site. Omega accounts system used is an accepted software package which calculates VAT automatically providing information is inputted correctly. Ensure output and input tax is recorded accurately. Reconcile VAT claims to cash book. Complete and submit VAT returns online quarterly. VAT returns verified quarterly by the Internal Auditor. Services of a VAT Consultant employed to advise on complex VAT issues. Comprehensive records maintained of all calculations of income tax, national insurance and salaries deductions. Real time information submitted online to HMRC within the monthly timescale. Inspection carried out by HMRC every 3 years.	12.5	3	M
Financial Management	HMRC PAYE, NI contributions administered correctly	EARNIE payroll software used to calculate monthly salaries including HMRC payments. Software automatically updated to comply with the current HMRC legislation. Monthly staff records of PAYE, National Insurance Contributions maintained. HMRC Real Time payments checked online for discrepancies. Prompt monthly payments to HMRC organised.	10.1	3	M

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I= Impact on the Council: low, medium, high

Financial Management	Recording of staff and councillor expenses	Staff and councillors (mileage, training, eye sight tests etc) expenses claimed paid on completion of the relevant expense claim form. Claim form authorised by the staff's line manager or the Town Clerk in the case of councillors.	10.7	2	M
Financial Management	Salary agreements and payroll monitoring	Salaries paid to approved National Joint Council's Pay Scales and increases reported to Council Matters. The Town Clerk authorises any additional payments, including payment for additional working outside normal hours. Monthly payroll backed up on the server and hard copies filed. Salary payments including HMRC, Superannuation reported to Council Matters as payments over £500. Monthly salary bank payment template checked by the Town Clerk and RFO. Payroll records retained for 12 years in a strong room. End of year superannuation and payroll information supplied to the appropriate bodies for inspection.	10.6	2	M
Financial Management	Failure to maintain an effective payment system	Determine responsibility for control of expenditure. Staff advised before submitting purchase orders to check sufficient funds are available in the budget. The RFO regularly monitors budget expenditure and purchase orders.	1.3	2	M
Financial Management	Appropriate Banking arrangements and procedures	One bank account at Barclays used for day to day business banking. Invoices cross referenced against Purchase Order before inputting into the accounts system. Barclays.net imports invoices to be paid directly from Omega accounts. Invoices paid online in batches. Online BACS payments administered by the RFO and Finance Apprentice under supervision of the RFO and approved by the Town Clerk. Process ensures no one person has access to the online banking. Batch payments do not exceed £50,000 over a three-day period. Batch payments are approved retrospectively by two councillors signatories to the Barclay's account. Bank statements reconciled monthly and audited quarterly. Payments reported to Council Matters.	8.1	2	M

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Financial Management	Petty Cash receipts and reconciliation	One petty cash account held. Money drawn with the Council's debit card for petty cash purposes will not exceed £200 per withdrawal. Petty cash account is administered by the Finance Apprentice under the supervision of the RFO. No cash is reimbursed without a relevant receipt. All receipts and cash reconciled monthly and audited quarterly.	8.10	2	M
Financial Management	Loss of income through theft, error or fraud	Fidelity Guarantee limit of cover £10,000,000. Internal controls and procedures regularly reviewed. Income banked as approved by Council. All income recorded in accordance with the current Accounts and Audit Regulations.	13	3	M
Financial Management	Personal injury theft while carrying cash to bank	Amount kept limited as specified in the insurance policy. Money is out of sight during transit to the bank. Regular pattern of banking avoided. Personal panic alarm carried.	12.7	2	M
Financial Management	Risk to a third party as a consequence of providing a service	Sufficient public liability insurance in place with a limit of cover £10,000,000. Appropriate insurance cover is in place for all contractors before contracts carried out on behalf of the council. All staff trained to adhere to approved working practices. Correct, properly maintained equipment risk assessments available as appropriate. Appropriate disclaimer notices, warning signs are in place. Any risks to the public are minimised and eliminated where possible. Records of staff training maintained. Records of any accidents, injuries or incidents maintained. Responsibility defined in staff job descriptions.	13.9	3	M
Financial Management	Systems in place to record accurate accounting	Omega Accounting Software is a recognised accounts package. Regular back up of the software is stored on the Council's server. Hard copies of invoices, payments, receipts kept for 12 years.	9.1	2	M
Financial Management	Lack of finance to meet unbudgeted, urgent expenditure	General Reserves equivalent to at least three month's expenditure held.	5.2	2	M
Investments	Investment Strategy and inappropriate investment	Agreed Investment Strategy reviewed regularly by Council Matters.	6.1	3	M

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		Investments made prudently and adhere to the Council's Investment Strategy and Ethical Decision Making Matrix. Investment strategy includes monitoring for security, liquidity and ethical investments. Effective internal control for investments maintained. Investments are reported to each Council Matters meeting.			
Investments	Failure to review investment rates Financial loss	Investments made prudently and adhere to the Council's Investment Strategy and Ethical Decision Making Matrix. On maturity, investments reviewed for maximum return before reinvestment.	6.1	2	M
Asset Register	Failure to maintain a record of Council assets	Sigma, a recognised software package records all assets. Asset Register updated when a capital item purchased, sold or disposed. Periodical inventory checks made at least once a year. Asset Register reviewed annually by Outside and Central Services staff to ensure all items are on the list.	13.16	2	M
Asset Register	Maintenance and security of Deeds of ownership	All deeds and relevant documentation held in a fire proof cabinet. A soft copy of each deed kept on the server for administrative purposes.	13.20	2	M
Council Property and Documents	Legal liability as a result of Asset Ownership	Adequate Public Liability in place.	13	2	H
Council Property and Documents	Loss of assets	Responsibility allocated to maintain effective security of all Council owned assets. Asset Register updated to ensure appropriate insurance cover in place.	13.16	3	H
Council Property and Documents	Loss or damage to Civic Regalia	Civic Regalia listed in asset register and kept updated. Adequate insurance against damage and theft in place. Users made aware of their responsibility when regalia is in their care and is returned and collected under secure conditions. Civic Regalia is suitably cleaned, maintained and kept in a secure place.	13	3	M
Council Property and Documents	Failure to effectively process documents	Responsibility allocated to maintain effective control of documentation. Defined procedure in place to record document's receipt, circulation, response, handling and filing.		2	M
Data Protection	Breach of confidentiality	The Council is registered under the Data Protection Act. Registration is reviewed annually. Staff and councillors trained and updated and a formalised procedure in place for dealing with confidential data.		2	M

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Employment of Staff	Failure to comply with current Employment Law	Contracts of employment issued to all staff and updated accordingly. Six-month review held with staff and an annual appraisal. Necessary training arranged to fulfil required skills. Staff contracts reviewed as business needs require. All staff made aware of the government initiative, automatic enrolment, that entitles them to be part of a pension scheme.	10	2	M
Employment of Staff	Awareness of new legislation	Annual subscription held with South West Council's HR advisory service. South West Councils notification of new legislation circulated to staff. Staff encouraged to register for Peninsula Pensions online services.		2	M
Employment of Staff	Lack of staff training	A policy for staff training in place. Annual appraisal highlights staff training requirements. Advantage taken of localised training through local associations, SLCC, SALC and SWC. Staff training records kept and certification kept updated. Staff encouraged to network with other officers in the local area.		2	M
Employment of Staff	Inability to recruit staff	Review recruitment policy. All staff paid above living wage and in accordance with responsibility and duties of their role.		2	M
Employment of Staff	Staff contravene Health and Safety regulations	Staff Health and Safety and First Aid training records maintained and certification kept up to date. Risk assessments regularly checked and updated accordingly.		2	M
Employment of Staff	Loss of key staff	Roles with key functions are documented and where possible other staff are familiar with the procedures. The Council is committed to six monthly reviews and annual appraisals. The Council's Internal Controls Policy is updated regularly to minimise business interruption.		3	M
Employment of Staff	Inability to retain staff	Staff have access to the staff handbook which is updated regularly in line with legislation. Policies relating to HR are reviewed regularly. Six monthly staff review and annual appraisal in place. Exit questionnaire requested to be completed by staff leaving.		3	M
Employment of Staff	Compensation claims from staff for contractual employment flaws	Contract of employment in place. Staff Handbook including policies reviewed regularly and kept up to date with current legislation.	13	2	M

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		HR advice sought from South West Council as and when required.			
Employment of Staff	Lack of staff motivation/efficiency	Each employee has an up to date job description to meet the requirements of the role. Defined training policy and budget in place. Appropriate training highlighted in the appraisal process. Appropriate staff personnel record maintained.		3	M
Employment of Staff	Verbally or physically aggressive customers	An effective security system is in operation. An effective panic alarm is in place for vulnerable front line staff. Appropriate insurance cover is in place. Staff are aware and observe the Council's lone working policy. All staff have telephone access at all times. Staff use the 'in-out' board and are aware of which staff are in. Personal safety is raised with staff at annual and six monthly appraisals. Staff receive necessary training and support to deal with aggressive customers.		4	M

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