

REPORT 20.060 (2)

Laverstock & Ford Parish Council Financial Risk Assessment 2020

Presented to Council for Approval 20 July 2020

Purpose of Document

This document has been produced to enable the Parish Council to assess the risks that it faces and satisfy itself that it has taken adequate steps to minimise them. The Risk Assessment was conducted as follows: -

1. Identify the **Area** to be reviewed.
2. **Identify the Risk.**
3. Assess the **Risk Level** and categorise. 1 = Low, 5 = High.
4. Decide on how to **Manage & Control the Risk.**
5. Identify any **Action Required.**

Area	Risk Identified	Risk Level	Management & Control of Risk	Action Required	Date last monitored
Precept	Adequacy of Precept	2	PC has budget and actual information every month. The Precept is agreed at a dedicated full meeting of Council. RFO to monitor in April & September	None	20 January 2020
	Non-receipt of Precept	1		None	22 April 2020
Financial Records	Inadequate Records	2	The records required are stated in Financial Regulations.	None	12 June 2020
	Financial irregularities	2	Monthly checks by nominated Councillor Annual Internal audit	None Booked for online upload of documents- not yet complete	12 June 2020 18 June 2020
Banking	Loss of cheques	1	Cheques copied & banked by mail Deposit slips reconciled to statements. Monthly reconciliation to Receipts & Payments Spreadsheet	None	13 Mar 2020
	Bank errors	1		None	12 June 2020
Cash & Petty Cash	Fraud or Theft	2	Cash payments discouraged No petty cash held.	None	No cash receipts since January 2013

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Area	Risk Identified	Risk Level	Management & Control of Risk	Action Required	Date last monitored
Financial Reporting	Information Communication	1	Financial Statements and other documents are prepared monthly before each Parish Council meeting. These include bank reconciliation, budget update, a breakdown of receipts & payments and a statement of reserves.	None	15 June 2020
Costs & Expenses	Incorrect invoicing. Incorrect cheque for payment	1	Invoices checked & passed by RFO Invoices checked and initialled by Councillor (Finance) & 3 other cheque signatories. Cheque stubs initialled by Councillor (Finance) & 3 other cheque signatories. Cheque payments approved by full Council.	None	15 June 2020
Best Value & Accountability	Overspending & Poor Value	3	Three quotes mandatory for all contracts above £25,000. Between £1000 & £25,000 three quotes required with some exceptions. Between £100 & £1000 three quotes advised.	Controlled by Financial Regulations. Review annually.	Regulations reviewed July 2020. Approved July 2020.
Debit Card	Fraudulent or inappropriate use	3	Use restricted to £500 for any single item. All transactions checked monthly by Councillor (Finance) & approved by full Council.	Controlled by Financial Regulations. Reviewed annually	Regulations revised Nov 2018. Approved July 2020.

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Area	Risk Identified	Risk Level	Management & Control of Risk	Action Required	Date last monitored
Salaries	Incorrect Rate paid. NI & Tax not paid	1 1	Two employees – the Clerk & RFO, and the Assistant to the Clerk. Salaries in accordance with National Joint Council for Local Government Services guidelines including annual increments & Pay awards. Calculated by external pay-roll service provider.	Monitored through NALC and SLCC by HR Sub-group. Paid monthly.	Review agreed by Full Council on 15 April 2019. Assistant Pay scale agreed by HR Subgroup on 15 April 2020. 15 June 2020
Overtime payments	Excessive claims	2	Two employees – the Clerk & RFO, and the Assistant to the Clerk. Timesheets prepared weekly and reconciled monthly.	Timesheets monitored by Staff Management Sub-group. Payments or time off in lieu approved by Chairman. No Chairman's approval for 3 months.	Mar 2020 April 2020 May 2020 June 2020
Expenses	Expenses over-claimed	1	All expenses claimed to be supported by receipts.	Expenses approved monthly by Councillor (Finance)	15 June 2020

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Area	Risk Identified	Risk Level	Management & Control of Risk	Action Required	Date last monitored
VAT	Not reclaimed	1	VAT recovery to be claimed annually by RFO in accordance with Financial Regulations unless directed otherwise by the Parish Council. VAT recovery to be claimed whenever the recoverable amount exceeds £10,000.	Claim for April 18 to Mar 19 made 27 July 19. Claim for April 19 to June 19 made 15 Aug19. Claim for July 19 to Sept 19 made 13 Dec 19. Claim for Oct 19 to Dec 19 made 24 Jan 20. Claim for Jan 20 made 20 Feb 20. Claim for Feb 20 to Mar 20 made 17 Jun 20. Claim for Apr 20 to Jun 20 (£33228.07)	Paid 12 Aug 19 Paid 29 Aug 19 Paid 27 Dec 19 Paid 31 Jan 20 Paid 3 Mar 20 Paid 26 Jun 20. Overdue
Election Costs	Risk of Election Cost	2	The risk might be higher in an election year. Wiltshire Council have in March 2015 said that all parish council election costs will in future be charged back to the parish council and that the cost could be up to £5000. There are no measures that can minimise the risk of a contested election.	Ensure that the General Reserve is sufficient to meet a possible election cost.	31 March 2020
Annual Return	Late submission	1	Annual return to be approved by the Parish Council and completed by the internal auditor before the required submission date.	Approval planned for Parish Council meeting on 17 August 2020.	Approval given for late submission by PKF Littlejohn SBA Team

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Area	Risk Identified	Risk Level	Management & Control of Risk	Action Required	Date last monitored
Insurance	Adequacy of Insurance Cover Cost Compliance	1	<p>An Annual review of assets and insurance risk.</p> <p>A review whenever the Council acquires or assumes responsibility for new assets.</p> <p>A review whenever the Council plans a Special Event.</p>	<p>Report to and approval by Council.</p> <p>RFO to review cover & increase if required.</p> <p>RFO to complete & submit Special Event proposal.</p>	<p>19 May 2020</p> <p>24 Jan 2020 PL for Liddell Gardens & Middleton Green.</p> <p>None in 2019-2020</p>
Asset Control	Record of Council's Assets and Investments	2	Review to ensure that insurance cover is adequate and necessary.	An annual review prior to annual renewal of insurance.	19 May 2020
Fidelity Guarantee Insurance	Loss of money or other property belonging to the Council as a result of fraud or dishonesty by employees.	3	Review to ensure that Fidelity Guarantee Insurance is adequate for the funds and property held.	Review annually.	19 May 2020

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Lease of land at Cow Lane to Vodafone Ltd	1. Non-payment of rent.	2	Confirm payment received quarterly in March, June, September & December.	Check monthly bank statements.	9 March 2020
	2. Rent not reviewed at 3-year anniversary of Lease dated 6 February 2009.	2	Confirm new RPI indexed rent review at each 3-year anniversary. 2012, 2015, 2018, 2021 etc.	Calculate new rent and confirm with Vodafone or their agent, Cluttons. Reviewed June 2018. Back rent to Feb 18 paid.	12 June 2018 Next due June 2021
Lease of land at Whitebridge Road to Paget.	Non-payment of rent	2	Invoice Annual Rent on 1 June each year.	Confirm on bank statement that rent has been received.	6 July 2018 13 July 2020
Recovery of VAT from the non-business activities of the Council.	The refusal by HMRC to permit the recovery of VAT by the Council because it does not comply with the regulations contained in VAT Notice 749.	4	Whenever the VAT on a single invoice will exceed £10,000 the RFO shall seek the confirmation of the Finance subgroup that they agree it complies with VAT Notice 749. If there is any doubt a written confirmation shall be sought from HMRC.	Review before any Purchase Order is placed.	
All new developments	Failure to pay S106 funds by trigger points.	4	List all S106 payments and keep a record of when they are due and when paid.	Chase developer or Wiltshire Council for payment. YAOR funds from OS Local Centre. £18,839.20 due RPI'd from 21 Nov 13.	£19,429.56 paid to WC 17 Apr 19. Not yet paid to LFPC. Underpayment £1892.61.

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Litigation, liabilities or commitments, events or transactions that might have a financial impact.	Uninsured risk of litigation expenses, fines and compensation. Purchases outside the funding ability of the Council.	4	A thorough risk assessment of all Council Assets. A comprehensive Insurance policy that includes Public Liability, Employers Liability and Legal Expenses. Transactions above £2000 restricted to Full Council.	Monthly risk assessment of Assets. Annual Review Controlled by Financial Regulations	19 May 2020 18 July 2020

Updated 18 July 2020. AP.