

Belper Town Council

2023-24 Financial Risk Assessment & Matrix

RISK ASSESSMENT 1: FINANCIAL

TRIGGER	RISK AS PER MATRIX			CONTROLS, CHECKS & BALANCES IN ACCORDANCE WITH FINANCIAL REGULATIONS & INTERNAL CONTROLS POLICY
	LIKELIHOOD	IMPACT	RISK RATING	
1.1 PRECEPT	1	2	1	<ul style="list-style-type: none"> Timely and accurate financial information available for key decisions Sufficient time allowed for full consideration of future Precept deadline noted and monitored by RFO
1.1.1 Inadequate				
1.1.2 Not submitted in time				
1.1.3 Unexpected expenditure				
1.2 ANNUAL RETURN	1	2	2	<ul style="list-style-type: none"> Electronic records facilitate preparation of evidenced AGAR Primary and secondary records auditable, copies kept in hard copy and electronic format RFO monitors required timescales Approved Financial Instructions, Standing Orders
1.2.1 Incorrectly completed				
1.2.2 Poorly evidenced				
1.2.3 Not submitted on time				
1.2.4 Audit failure				
1.3 TREASURY MANAGEMENT	1	2	2	<ul style="list-style-type: none"> Regular monitoring/reconciliation of accounts Spread of funds across low-risk UK-based accounts as per Treasury Management Policy Adequate general reserve Follow up/resolve unidentified transactions Internal Audit
1.3.1 Current Account				
1.3.2 Investment Accounts				
1.3.3 No deposit protection by FSCS				
1.3.4 Internal/External Errors				
1.4 BORROWINGS	1	1	1	<ul style="list-style-type: none"> No borrowing in place
1.4.1 Unable to meet commitments				
1.5 CASH FLOW & WORKING CAPITAL	1	2	1	<ul style="list-style-type: none"> Regular monitoring of commitments/expenditure against budgets Regular monitoring of banking Adequacy of general reserve kept under review Reserve Policy
1.5.1 Shortfall of funding level needed to protect services				
1.5.2 Fall in income levels				
1.5.3 Lack of short-term funding for new initiatives				
1.5.4 Insufficient funds to meet planned/unplanned expenditure				
1.6 CORPORATE CARD	1	1	1	<ul style="list-style-type: none"> Card use restricted to Clerk Maximum/single use expenditure in place Statements/receipts validated by RFO (Programme Administrator)
1.6.1 Fraudulent use				
1.6.2 Loss or theft				
1.7 EXPENDITURE	1	2	1	<ul style="list-style-type: none"> Separation of responsibilities for purchasing and payment All expenditure checked/ authorised by Council Monthly Financial Reports provided to Council Checks made prior to funding agreement Reports provided by grant recipients
1.7.1 Unauthorised Purchases				
1.7.2 Incorrect Invoices				
1.7.3 Fraud				
1.7.4 Inappropriate use of Grant Funding				
1.8 FINANCIAL CONTROLS & RECORDS	1	2	1	<ul style="list-style-type: none"> Records kept up to date and reconciled Financial Instructions/Standing Orders monitored and reviewed Accounts audited by independent internal and external auditors Transactions monitored by councillors Monthly financial reports provided to Council
1.8.1 Financial irregularities arising from poor record keeping				
1.8.2 Falsification of records				
1.9 HIGHER INSURANCE PREMIUMS	1	2	1	<ul style="list-style-type: none"> Regular review of Asset Register to ensure optimum cover Claims management
1.9.1 Asset Purchases				
1.9.2 Claims				
1.10 INCOME	2	1	1	<ul style="list-style-type: none"> Regular review of debtors, statements and follow up Payment terms in advance where possible Annual review of fees and charges Precept request made in accordance with timescale Adequate general reserve to optimise cash flow
1.10.1 Outstanding debts				
1.10.2 Loss of income				
1.10.3 Potential income not identified				
1.10.4 Precept late or not received				
1.11 ELECTIONS	1	1	1	<ul style="list-style-type: none"> Obtain costings, monitor against budget Earmarked Reserve funds increased annually
1.11.1 Unscheduled by-elections				
1.11.2 Full term elections				
1.12 LOSS OF SERVICE	1	2	1	<ul style="list-style-type: none"> Funding allocated in specific budgets, adequate General Reserve Insurance cover
1.12.1 Incident requiring additional staffing, material/repair costs, short-term alternative locations, recovery investment				
1.13 PAY & PENSIONS	1	1	1	<ul style="list-style-type: none"> Id Evidence on HR Record Starter form completed/signed by employee and Clerk Ad hoc payments to employees identified by timesheet/email Automated payroll system balanced by monthly journal Knowledge of HMRC/LGPA timescales and deadlines
1.13.1 Incorrect employee details				
1.13.2 Incorrect payments to employees				
1.13.3 Ghost staff				
1.13.4 Pension rules not followed				
1.13.5 Inaccurate returns/payments to HMRC				
1.13.6 Inaccurate returns/payments to LGPS				
1.14 STAFF ABSENCE & VACANCIES	1	2	1	<ul style="list-style-type: none"> Allowance in existing budget Keep recruitment advertising local Cross cover from other staff/locum Additional costs identified and approved by Council
1.14.1 Long term sick leave				
1.14.2 Statutory leave				
1.14.3 Resignation				
1.14.4 Inability to recruit				
1.14.5 Additional costs for locum cover, recruitment				
1.15 SERVICE LEVEL AGREEMENTS & GRANTS	1	1	1	<ul style="list-style-type: none"> Application/record keeping procedure All applications reviewed by Clerk for compliance with terms, robustness, financial stability and probity All applications reviewed and approved by Council Annual review provided by SLA Grantee Councillor liaison with SLA Grantees End of project report provided by Grantee
1.15.1 Improper use of grant				
1.15.2 Failure of grantee				
1.15.3 Fraud				

RISK ASSESSMENT 2: PREMISES & PROPERTY

<u>TRIGGER</u>	<u>RISK AS PER MATRIX</u>			<u>CONTROLS, CHECKS & BALANCES IN ACCORDANCE WITH FINANCIAL REGULATIONS & INTERNAL CONTROLS POLICY</u>
	<u>LIKELIHOOD</u>	<u>IMPACT</u>	<u>RISK RATING</u>	
2.1 PREMISES/PROPERTY	1	2	1	<ul style="list-style-type: none"> • Regular checks and maintenance as required • Earmarked Reserve provision made for large scale • Insurance kept up to date and provision level reviewed • Alarms serviced annually • Premises secured outside working hours • Regular checks of toilets and car parks • Regular utility meter readings • Compliance with insurance conditions • Health & Safety/Fire Inspections
2.1.1 Damage caused by fire, flood, leaks, weather, vandalism				
2.1.2 Accidental damage				
2.1.3 Risk to staff/public				

RISK ASSESSMENT 3: COMPLIANCE

<u>TRIGGER</u>	<u>RISK AS PER MATRIX</u>			<u>CONTROLS, CHECKS & BALANCES IN ACCORDANCE WITH FINANCIAL REGULATIONS & INTERNAL CONTROLS POLICY</u>
	<u>LIKELIHOOD</u>	<u>IMPACT</u>	<u>RISK RATING</u>	
3.1 ELECTRONIC STORAGE OF RECORDS	1	2	1	<ul style="list-style-type: none"> • Automated backups to hard drive • Support contract with IT provider • Install/update recommended anti-virus software • Current software licences • Essential documents and reports kept as hard copies
3.1.1 System Reliability/Limited Upgrade Capacity				
3.1.2 Loss of data through system failure, power outage theft, damage				
3.1.3 Data corruption from viruses or hacking				
3.1.4 Software change removes access to cloud-based data				
3.2 COUNCIL NOT ACTING WITHIN ITS LEGAL POWERS	1	2	1	<ul style="list-style-type: none"> • Town Clerk is CiILCA qualified • General Powers of Competence in place with annual review • Use of advice from DALC/NALC/SLCC & professionals • Councillors follow the Code of Contract • Councillor training
3.2.1 Ultra vires acts including fiscal				
3.3 DOCUMENT CONTROL	1	1	1	<ul style="list-style-type: none"> • Physical/electronic filing systems • GDPR requirements in place and Council registered with ICO • Incoming electronic hard copy documents date-stamped and to appropriate staff/councillors • E-mails containing attachments kept • Staff/councillor training
3.3.1 Documents lost				
3.3.2 Incorrect version of document in use				
3.3.3 No proof of documents received				
3.3.4 Documents not updated on website				
3.4 EMPLOYMENT LAW	1	1	1	<ul style="list-style-type: none"> • Legally compliant employment contract and HR files • Legally compliant policies • Advice sought from DALC/NALC/SLCC and professionals • Recommended level of public liability insurance in place
3.4.1 Ultra vires acts				
3.4.2 Employee grievances				
3.5 HEALTH & SAFETY/DUTY OF CARE	1	2	2	<ul style="list-style-type: none"> • Risk assessments and/or method statements for events • Risk assessments and/or method statements for contracting work • Environmental health procedures followed • Optimum insurance cover in place • Lone working minimalised/managed • First aid training • Service contracts • H&S support contract
3.5.1 Accidents whereby Council are found to be at fault				
2.5.2 Non-compliance				
3.6 INSURANCE	1	1	1	<ul style="list-style-type: none"> • Insurance schedule reviewed each year • Asset register up to date with additions/disposals • RFO aware of timescales for renewals • Specialist insurers for public bodies
3.6.1 Inadequate cover				
3.6.2 Assets uninsured				
3.6.3 Lapsed policy				
3.7 INTERNAL FINANCIAL CONTROLS & AUDIT	1	2	1	<ul style="list-style-type: none"> • Financial Regulations/Internal Controls Policies • Primary and secondary accounting records auditable, documents held electronically and in hard copy • Monthly financial reports to Council (with audit trail) • Internal Audit • RFO training
3.7.1 Inadequate accounting procedures				
3.7.2 Proper financial controls not maintained				
3.7.3 True financial position not known				
3.8 LEGAL LIABILITY/CONSEQUENCE OF ASSET OWNERSHIP	1	2	1	<ul style="list-style-type: none"> • Premises, equipment regularly monitored and maintained • Annual service agreements • Annual pat testing • Adequate public liability and indemnity insurance • Staff training • Appropriate provision of PPE • H&S support contract
3.8.1 Injury caused through fault with asset				
3.8.2 Inadequate/out of date operator training				
3.8.3 Poor maintenance of asset				
3.8.4 Lack of PPE				
3.9 REGISTER OF MEMBERS' INTERESTS	1	1	1	<ul style="list-style-type: none"> • Clerk is CILCA qualified • Code of Conduct adopted by Council • Declaration of interests required/minuted at each meeting
3.9.1 Not maintained in accordance with				
3.9.2 Code of Practice				
3.10 COUNCIL MINUTES, RECORDS & REPORTS	1	1	1	<ul style="list-style-type: none"> • Clerk is CILCA qualified • Agendas/Minutes/Documents managed in accordance with Standing Orders
3.10.1 Improper/untimely reporting of meetings via agenda/minutes				
3.11 TENDERING & PROCUREMENT	1	1	1	<ul style="list-style-type: none"> • Clerk is CILCA qualified • Tendering process in accordance with Standing Orders and Procurement Policy • Contracts reviewed on expiry/cost change • Performance monitored throughout term
3.11.1 Procedures not followed for significant contracts				
3.11.2 Optimum value not achieved				
3.11.3 Contract fraudulently let/obtained				
3.11.4 Contract conditions not met				

2023-24 MATRIX

AREA OF RISK

- 1.1 Precept
- 1.2 Annual Return
- 1.3 Treasury Management
- 1.4 Borrowings
- 1.5 Cash Flow & Working Capital
- 1.6 Corporate Card
- 1.7 Expenditure
- 1.8 Financial Controls & Records
- 1.9 Higher Insurance Premiums
- 1.10 Income
- 1.11 Elections
- 1.12 Loss of Service
- 1.13 Pay & Pensions
- 1.14 Staff Absence & Vacancies
- 1.15 Service Level Agreements & Grants

<u>LIKELIHOOD</u>	<u>IMPACT</u>	<u>RISK RATING</u>
1	2	1
1	2	2
1	2	2
1	1	1
1	2	1
1	1	1
1	2	1
1	2	1
1	2	1
2	1	1
1	1	1
1	2	1
1	1	1
1	2	1
1	1	1

KEY - BASED ON CURRENT CONTROLS, CHECKS & BALANCES IN PLACE

- 1 Low
- 2 Medium
- 3 High

RISK ASSESSMENT 2: PREMISES & PROPERTY

AREA OF RISK

- 2.1 Premises & Property

<u>LIKELIHOOD</u>	<u>IMPACT</u>	<u>RISK RATING</u>
1	2	1

RISK ASSESSMENT 3: COMPLIANCE

AREA OF RISK

- 3.1 Electronic Storage of Records
- 3.2 Council not acting within its Legal Powers
- 3.3 Document Control
- 3.4 Employment Law
- 3.5 Health & Safety/Duty of Care
- 3.6 Insurance
- 3.7 Internal Controls & Financial Audit
- 3.8 Legal Liability/Consequence of Ownership of Asset
- 3.9 Register of Members' Interests
- 3.10 Council Minutes, Records & Reports
- 3.11 Tendering & Procurement

<u>LIKELIHOOD</u>	<u>IMPACT</u>	<u>RISK RATING</u>
1	2	1
1	2	1
1	1	1
1	1	1
1	2	2
1	1	1
1	2	1
1	2	1
1	1	1
1	1	1
1	1	1