

BELPER TOWN COUNCIL
21-22 FINANCIAL RISK ASSESSMENT

RISK AREA 1 : FINANCIAL

TRIGGER	EXISTING CONTROLS	LIKELIHOOD	IMPACT	RISK RATING	ACTION REQUIRED TO MINIMISE AND MAINTAIN LOW RISK		
1.01	PRECEPT						
	Inadequate	✓	1	2	1	>	Maintain existing controls in accordance with Financial Instructions
	Not submitted in time	✓	1	2	1	>	Adequate general reserve
X	Unexpected expenditure	✓					
1.02	ANNUAL RETURN						
	Incorrectly completed	✓	1	2	2	>	Maintain existing controls in accordance with Financial Instructions
	Poorly evidenced	✓					
X	Not submitted on time	✓					
X	Audit failure	✓					
1.03	BANKING FAILURE						
	Current Account	✓	1	2	2	>	Maintain existing controls in accordance with Financial Instructions
	Investment Account	✓					
X	No deposit protection by FSCS	✓					
X	Errors	✓					
1.04	BANKING ACCURACY						
	Internal/External errors	✓	1	2	1	>	Maintain existing controls in accordance with Financial Instructions
		✓					
X	Unable to meet commitments	✓					
1.05	BORROWINGS						
		✓	1	1	1	>	If borrowing required, ensure adequate funds available to meet repayments
		✓					
X	Loss through theft or dishonesty	✓					
X	Loss through error	✓					
1.06	CASH						
		✓	1	1	1	>	Maintain existing controls in accordance with Financial Instructions
		✓					
X	Loss through theft or dishonesty	✓					
X	Loss through error	✓					
1.07	CASH FLOW & WORKING CAPITAL						
	Shortfall of funds needed to protect services	✓	1	3	1	>	Maintain existing controls in accordance with Financial Instructions
	Fall in income levels	✓					
X	Lack of short-term funding for new initiatives	✓					
X	Insufficient funds to meet planned/unplanned expenditure	✓					
1.08	CHEQUES						
	Fraudulent use	✓	1	1	1	>	Not applicable
	Loss or theft	✓					
X	Payment by cheque discontinued	✓					
X	Cheque books held securely, no blank cheques signed, spoiled cheques kept and details recorded	✓					
1.09	CREDIT CARD						
	Fraudulent use	✓	1	1	1	>	Maintain existing controls in accordance with Financial Instructions
	Loss or theft	✓					
X	Card use restricted to Town Clerk	✓					
X	Monthly card statement validated against receipts by RFO	✓					
X	Limit available	✓					
1.10	EXPENDITURE						
	Unauthorised Purchases	✓	1	2	1	>	Maintain existing controls in accordance with Financial Instructions
X	Separation of responsibilities for purchasing and payment	✓					
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X	Incorrect Invoices	✓	All expenditure authorised by two councillors and Town Clerk (emergency spend)	>	Adequate general reserve to maintain cash flow
X	Fraud	✓	Monthly Financial Reports provided to Council		
X	Inappropriate use of Grant Funding	✓	Annual reports provided by grant recipients		
1.11	FINANCIAL CONTROLS & RECORDS				
X	Financial irregularities arising from poor record keeping	✓	Records kept up to date and reconciled	1	2
X	Falsification of records	✓	Financial Instructions/Standing Orders monitored and reviewed annually	1	1
		✓	Accounts audited by independent internal and external auditors		
		✓	Transactions monitored by councillors		
		✓	Monthly financial reports provided to Council		
1.12	HIGHER INSURANCE PREMIUMS				
X	Insurance claims	✓	Claims management	1	2
		✓	Optimum level of cover	1	1
				>	Maintain existing controls in accordance with Financial Instructions
1.13	INCOME				
X	Outstanding debts	✓	Regular review of debtors, statements and follow up	1	1
X	Loss of income	✓	Payment terms in advance where possible	1	1
X	Potential income not identified	✓	Annual review of fees and charges		
X	Precept late or not received	✓	Precept request made in accordance with timescale		
		✓	Monthly financial reports to Council		
1.14	INVESTMENTS				
X	Failure	✓	All funds held in low-risk accounts	1	1
				>	Review investment policy
1.15	ELECTIONS				
X	Unscheduled by-elections	✓	Allowance in annual budget	1	1
X	Full term elections	✓	Earmarked Reserve for full term elections	1	1
				>	Maintain existing controls
				>	Adequate general reserve to ensure cash flow
1.16	LOSS OF SERVICE				
X	Incident requiring additional staffing, material/repair costs, short-long term alternative locations, recovery investment	✓	Funding allocated through specific budgets	1	3
		✓	Adequate general reserve	1	1
				>	Maintain existing level of funding
				>	Review funding requirements each year
				>	Adequate general reserve to ensure availability of emergency funds
1.17	PAY & PENSIONS				
X	Incorrect employee details	✓	Starter form completed and signed by employee and Town Clerk	1	1
X	Incorrect payments to employees	✓	Ad hoc payments to employees identified by timesheet/email		
X	Ghost staff	✓	Automated payroll system balanced by monthly journal		
X	Pension rules not followed	✓	Knowledge of HMRC/LGPA timescales and deadlines		
X	Inaccurate returns/payments to HMRC				
X	Inaccurate returns/payments to LGPS				
1.18	STAFF ABSENCE VACANCIES				
X	Long term sick leave	✓	Allowance in existing budget	2	2
X	Statutory leave	✓	Keep recruitment advertising local		
X	Resignation	✓	Cross cover from other staff		
X	Inability to recruit	✓	Additional costs identified and approved by Council		
X	Additional costs for locum cover, recruitment advertisements				
1.19	SERVICE LEVEL AGREEMENTS & GRANTS				
X	Improper use of award	✓	Application procedure in place	1	1
X	Failure of organisation	✓	All applications reviewed by Town Clerk for compliance with	1	1
				>	Maintain existing controls
				>	New application each year for 1-year term

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X	Fraud	<ul style="list-style-type: none"> ✓ terms, robustness, financial stability and probity ✓ All applications reviewed and approved by Council ✓ Annual review provided by applicant for SLA ✓ Applicant liaison with councillors 	Annual review of application process
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RISK AREA 2: PREMISES & PROPERTY

TRIGGER			
EXISTING CONTROLS			
2.01	PREMISES/PROPERTY	<ul style="list-style-type: none"> ✓ Regular checks and maintenance as required ✓ Earmarked reserve provision made for large scale maintenance and renovation ✓ Insurance kept up to date and provision reviewed ✓ Alarms serviced annually ✓ Premises secured outside working hours ✓ Regular checks of toilets and car parks ✓ Regular utility meter readings ✓ Compliance with insurance conditions 	<ul style="list-style-type: none"> > Maintain existing controls > Fire safety inspection > Health & safety inspection
X	Damage caused by: Fire, flood, leaks, weather, vandalism, accidental		
X	Risk to staff/public		

RISK AREA 3: COMPLIANCE

TRIGGER			
EXISTING CONTROLS			
3.01	ELECTRONIC STORAGE OF RECORDS	<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 	<ul style="list-style-type: none"> > Maintain existing controls > Annually review adequacy of IT and support contract > Consider off-site backup
X	System Reliability/Limited Upgrade Capacity		
X	Loss of data through system failure, power outage, theft or damage		
X	Data corruption from viruses or hacking		
X	Software change removes access to cloud-based data		

3.02	COUNCIL NOT ACTING WITHIN ITS LEGAL POWERS	<ul style="list-style-type: none"> ✓ Town Clerk is CILICA qualified ✓ General Powers of Competence in place ✓ Use of advice from DALC/NALC and SLCC ✓ Councillors follow the Code of Contract ✓ Training for Councillors 	<ul style="list-style-type: none"> > Maintain existing controls > Annual review of Standing Orders
X	Ultra vires acts including fiscal		

3.03	DOCUMENT CONTROL	<ul style="list-style-type: none"> ✓ Filing system established and updated ✓ GDPR requirements in place ✓ Council registered with ICO ✓ Incoming hard copy documents date-stamped and circulated to appropriate staff/councillors ✓ E-mails containing attachments kept ✓ Councillor's mail available for collection 	<ul style="list-style-type: none"> > Regular review of existing systems > Staff website training
X	Documents lost		
X	Incorrect version of document in use		
X	No proof of documents received		
X	Documents not updated on website		

3.04	EMPLOYMENT LAW	<ul style="list-style-type: none"> ✓ Legally compliant employment contract ✓ Policies in place 	<ul style="list-style-type: none"> > Maintain existing controls > Annual review of policies
X	Ultra vires acts		
X	Employee grievances		

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3.05	HEALTH & SAFETY/DUTY OF CARE Accidents whereby Council are found to be at fault Non-compliance	<ul style="list-style-type: none"> ✓ Advice sought from DALC/NALC/SLCC and professionals ✓ HR files compliant ✓ Recommended level of public liability insurance in place 	<ul style="list-style-type: none"> > Ensure adherence to existing policies 	1	2	2	
3.06	INSURANCE Inadequate cover Assets uninsured Lapsed policy	<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 minimal/seed/managed ✓ First aid training ✓ Service contracts in place 	<ul style="list-style-type: none"> > Maintain existing controls > Fire risk assessment > Outsource to third party > Training for outdoor team 	1	1	1	
3.07	INTERNAL FINANCIAL CONTROLS & AUDIT Inadequate accounting procedures Proper financial controls not maintained True financial position not known	<ul style="list-style-type: none"> ✓ Insurance schedule reviewed each year ✓ Asset register up to date ✓ New assets added to insurance schedule ✓ RFO aware of timescales ✓ Specialist insurers for public bodies 	<ul style="list-style-type: none"> > Maintain existing controls 	1	2	1	
3.08	LEGAL LIABILITY AS A CONSEQUENCE OF ASSET OWNERSHIP Injury caused through fault with asset Inadequate/out of date operator training Poor maintenance of asset Lack of PPE	<ul style="list-style-type: none"> ✓ Financial Instructions/Standing Orders in place ✓ Primary and secondary accounting records auditable, documents held electronically and in hard copy ✓ Internal Audit ✓ Premises, equipment regularly monitored and maintained ✓ Annual service agreements in place ✓ Annual pat testing ✓ Adequate public liability and indemnity insurance 	<ul style="list-style-type: none"> > Review of Financial Instructions/Standing Orders > Improve financial controls > Training for RFO > Maintain existing controls > Health & safety inspection > Health & safety training > Equipment use training > Review compliance with legislation 	1	2	2	
3.09	REGISTER OF MEMBERS' INTERESTS Not maintained in accordance with Code of Practice	<ul style="list-style-type: none"> ✓ Clerk is CLIC/A qualified ✓ Code of Conduct adopted by Council ✓ Declaration of interests required/inducted at each meeting 	<ul style="list-style-type: none"> > Maintain existing controls > Annual review of Standing Orders 	1	1	1	
3.10	REPORTS & RECORDS Inappropriate/untimely reporting of meetings via minutes	<ul style="list-style-type: none"> ✓ Agenda/supporting papers sent out one week in advance ✓ Agenda/supporting papers published on website ✓ Minutes taken at meetings, written and circulated ✓ Previous minutes approved at next meeting ✓ Committee minutes circulated and approved by Council ✓ Minutes published on website 	<ul style="list-style-type: none"> > Maintain existing controls 	1	1	1	
3.11	TENDERING PROCESS Procedures not followed for significant contracts Optimum value not achieved Contract fraudulently let/obtained Contract conditions not met	<ul style="list-style-type: none"> ✓ Standing Orders correctly followed ✓ Contractor selected on best value for money ✓ Contracts reviewed on expiry ✓ Procurement procedures in place ✓ Contract performance monitored through term 	<ul style="list-style-type: none"> > Maintain existing controls > Annual review of Standing Orders 	1	1	1	