

# **STEYNING PARISH COUNCIL FINANCIAL RISK ASSESSMENT**

## **TO ENSURE THERE IS NO POTENTIAL NON-COMPLIANCE WITH LAWS, REGULATIONS AND CODES OF PRACTICE**

### **1. Internal Audit**

The Internal Auditor to visit at least annually in order to ensure that the various accounting procedures are being adhered to. Following the visit the Responsible Financial Officer must advise the Council of the outcome.

- (a) Ensure the cash book is up to date, look at chequebook to see the number of the last cheque drawn, and there are no pre-signed blank cheques.
- (b) Ensure the cash book is totalled and balanced. Test arithmetic. Check balancing to coincide with bank statements.
- (c) Inspect reconciliation and test arithmetic. Check whether all unpresented cheques are cleared from the previous reconciliation.

*Reason: To reduce risk of embezzlement, fraud, etc.*

### **2. Internal Control**

The Councillor responsible for Internal Control to inspect the accounts quarterly to ensure that the various accounting procedures are being adhered to. Following his inspection, he should report to the Finance & Community Committee. Areas to be checked include:

- Agreeing the reconciliation of the cash books balance with the bank accounts and ensuring that the accounts are reconciled regularly.
- Counting petty cash held in the office.
- Checking the validity of payments
- Testing a sample of credits received for validity and proper processing,
- Checking vat payments and claims
- Agreeing employers' returns to HMRC

*Reason: To reduce the risk of embezzlement, fraud etc.*

### **3. Standing Orders and Financial Regulations**

To review Standing Orders and Financial Regulations annually in order to ensure that they remain relevant to the work of the Council.

*Reason: To ensure still relevant and sufficient safeguards in place.*

### **4. Expenditure and Payments**

The Clerk, following resolution of the Council, should authorize supply of goods and services and competitive prices to be sought in accordance with the Financial Regulations.

Before payment of invoices is made all invoices should be checked to ensure that the figures are correct and invoices are properly addressed to the Parish Council.

Two Councillors must sign all cheques and they must initial the counterfoil.

All cheques need Council approval or as Standing Order.

Where it is necessary to make a payment before it has been authorised by the Council, such payment shall be certified as to its correctness and urgency by the Responsible Financial Officer. Such payment shall be authorised by the committee, if any, having charge of the business to which it relates, or by the Proper Officer for payment with the approval of the Chairman or Vice-Chairman of the Council.

All payments ratified under Standing Order shall be separately included in the next schedule of payments before the Council.

Expenditure under Local Government Act 1972, s.137 must be recorded in a separate column in the cash book and the use of this power should be recorded in the minutes.

Where possible Petty Cash should not be used, but if it is required the Clerk should control the Petty Cash system and up to the sum of £100.00 per month is allowable. An additional £100.00 may be had during a month in consultation with the Chairman or in his absence, the Vice-Chairman.

*Reason: To ensure public money not being misused.*

### **5. Insurance**

Ensure that all purchases of new equipment are referred to the insurers in order to obtain cover for these items.

The Council or the relevant Committee shall review insurances annually to ensure that the sums insured are index linked where appropriate and adequate, especially Public Liability.

Certificates of Insurance to be kept for 40 years.

*Reason: In case Public Liability claims are made and to comply with the Law.*

**The following table attempts to identify the risks involved and recommends the necessary actions. The list is not exhaustive and the Parish Council may consider other risks.**

<b>Service Area</b>	<b>Risk</b>	<b>Recommendation</b>
<b>Insurance</b>	Public Liability (statutory)	Continue existing cover (£10m)
	Employer's Liability (statutory)	Continue existing cover (£10M)
	Money and assault	Continue with existing cover (£1,000)
	Fidelity Guarantee	Continue with existing cover (£150K)
<b>Insurance cont'd</b>	Property	Continue with existing cover on buildings, contents, street furniture etc.
	Revenue protection: Business interruption On gross revenue Increased cost of working	Existing cover (£1M) Existing cover (£90K) Existing cover (£10K)
	Officials Indemnity	Continue with existing cover (£500K)
	Libel and Slander	Continue with existing cover (250K)
	Personal Accident	Existing cover (£50K)
<b>Payroll</b>	Loss of data on PC due to system fault.	Data is backed up regularly to SugarSync.
	Loss of services of employee.	Immediately advertise any vacancy (if permanent loss) and request help from remaining employees to cover temporary loss.
<b>Administration</b>	Payment arrangements	Continue with requirement to report all payments to Council for approval. Continue with requirement for signatories to initial cheque stubs.
	Reconciliation	Continue with bank reconciliation to be carried out on the receipt of each

		statement.
	Agency advice	Continue with memberships of SALC and SLCC.
<b>Allotments</b>	Increase in net expenditure.	Review allotment rents annually.
<b>Open Spaces and Play Areas</b>	Loss of use of play equipment.	Continue with regular maintenance and safety checks and take unsafe equipment out of service until repairs carried out.
<b>Precept / Council Tax Benefit Grant</b>	Annual precept not the result of proper detailed consideration.	Continue to present budget to every F&C Committee meeting.
	Inadequate monitoring of performance.	Continue to regularly consider budget monitoring report (monthly).
	Illegal expenditure.	Continue to ensure that all expenditure is within legal powers.
	Reduction in income	Budget in anticipation.
<b>Accounting</b>	Non-standard and/or non-compliant records kept.	Continue to require adequate, complete and statutory financial records and accounts
	Non-compliance with statutory deadlines for the completion/approval/submission of accounts and other financial returns.	Continue to ensure that all accounts and returns are completed and submitted by the deadlines.
	Non-compliance with internal audit requirements.	Appoint internal auditor and continue practice of appointing internal audit committee.
<b>Contracts</b>	Ensure continued value for money coupled with continuity of work.	Approve the practice of seeking tenders for grounds maintenance every three years by advertising in local press and issuing specifications and tender documents to contractors expressing an interest. Tenders to be opened by the Chairman and Clerk and reported to next available Council meeting.

## **6. Budget Procedures**

Ensure adoption of a Budget each year in order that the Council may set its Precept and this should be properly minuted.

To monitor the expenditure against budget by Committees and Council.

Any items of expenditure not within the original Budget should be referred to the Finance Committee who should decide from where these monies would be taken

*Reason: To ensure sufficient budgetary controls.*

## **7. Income**

Review charges annually. Ensure that all charges are made for services provided. Cash and cheques received should be given a written receipt and placed in a safe place until banked. The reason for this is to ensure that all monies are properly banked. These payments should be entered into the receipts and payments book and monthly checked with the bank statement. All cash on the premises should be adequately secured.

*Reason: To ensure money is not stolen.*

### **8. Salaries and Wages**

All payments of employees' salaries should be authorized during the Budget process and all necessary PAYE, and NIC, deductions taken and conveyed to HMRC, including the annual return. No payment to staff should be made without the deduction of Tax without the agreement of HMRC.

*Reason: Otherwise the Council could be liable for payment of such Tax not deducted.*

### **9. Asset Register**

The register should be written up at least annually with details of acquisitions and disposals.

*Reason: To ensure the Council is fully aware of their financial position.*

### **10. Annual Statement**

Year-end accounts to be prepared annually for audit.

*Reason: To comply with the Law.*

### **11. V.A.T.**

All incoming invoices should be checked to ensure that the correct VAT has been charged. VAT claims for repayment should be made at least annually.

*Reason: To ensure monies due to the Council are reclaimed regularly.*