

Lyndhurst Parish Council Financial Risk Assessment and Management Plan

| Area | Risk(s) identified | H / M / L | Management/control of risk | Review/Assess/Revise |
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| Precept | Adequacy of precept Requirements not submitted to NFDC Amount not received by LPC | L | To determine the precept amount. The Council receives a budget update report, including actual position and projected position to end of year against budget and indicative figures of costs and income for the next year obtained by the Clerk. With this information the Council maps out the required monies for standing costs and projects for the following year and applies specific figures to budget headings and agrees the total budget. The amount between income and expenditure is the value that needs to be met and the Council makes a resolution as to the amount of precept to request. This figure is submitted by the Clerk in writing to NFDC. The Clerk informs Council when the monies are received (approx April & October time). | Existing procedure adequate. |
| Bank and banking | Inadequate checks Bank mistakes Loss Charges | L | The Council has Financial Regulations which set out the requirements for banking, cheques and reconciliation of accounts. The bank does make occasional errors in processing cheques which are discovered when the Clerk reconciles the bank accounts once a month when the statement arrive, these are dealt with immediately by informing the bank and awaiting their correction. Council checks bank reconciliation against bank statements monthly. | Existing procedure adequate. Review the Financial Regulations when necessary and bank signatory list when necessary, especially after an AGM and an election. |
| Financial controls & records | Inadequate records Financial irregularities | L | The Council has Financial Regulations. Financial transactions are recorded by the Clerk at least monthly and financial reports presented to council on a monthly/quarterly basis. An independent auditor checks the records on a half annual basis ensuring compliance with VAT, tax and NI conditions and accuracy of accounts as part of the internal audit process. Year end accounts are drawn up by the RFO and submitted along with the annual return. | Existing procedure adequate. Review the Financial Regulations when necessary. |
| Electronic banking | Prevention of fraud and theft | M / H | The Clerk enters payments onto the electronic banking system as per the monthly payment schedule. This is done via a passworded computer. The Clerk/RFO presents a monthly schedule of payments made between meetings together with payments requiring authorisation to Parish Council monthly meetings. Three signatories are required on all cheques. | A physical barrier to remove the risk of theft and fraud. |
| Direct costs Overhead expenses Debts | Goods not supplied but billed Incorrect invoicing Cheque payable incorrect Loss of stock Unpaid invoices | L | The Council has Financial Regulations which set out the requirements. At monthly Council meetings the list of invoices awaiting approval is distributed to Councillors, considered and approves the list of requests for payment. The Council has minimal stocks, these are checked and monitored by the Clerk/Handyman. Unpaid invoices are pursued and where possible, payment is obtained in advance. | Existing procedure adequate. Review the Financial Regulations when necessary. |
| Grants and support - payable | Power to pay Authorisation of Council to pay | L | All such expenditure goes through the required Council process of approval, minuted and listed accordingly if a payment is made using the Sec137 power of expenditure. | Existing procedure adequate. |
| Assets | Loss or damage of property | L | The parish council holds an asset register of all property held over a value of £500 along with an inventory list of lesser value property. Items are covered by insurance where individual items are in excess of £250 (except where insurance is required to meet other legal requirements, such as street furniture) | Existing procedure adequate. |
| Grants receivable | Receipts of Grant | L | The Parish Council does not presently receive any regular grants. One off grants may come with terms and conditions to be satisfied. All monies received are entered and payments made against the project. | T & Cs would need to be followed if imposed. |
| Charges - rentals receivable | Receipt of rental Insurance implication | L / M | Rental of the recreation grounds and facilities - The Clerk issues terms and conditions of usage to regular hirers and a booking form to others. The Parish Council copy is held by the Clerk. Invoices are raised on a monthly basis or payment received in advance. The payment is received and banked. The Parish Council is notified accordingly. Insurance is requested of all users with regular users required to provide a copy to the Parish Council each year. All Parish Council property is covered by Public Liability insurance. | Existing procedure adequate. Review agreement and fees annually. Ensure payment and copy of insurance document received |

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| Best value Accountability | Work awarded incorrectly Overspend on services | L / M | The Council has Financial Regulations which set out the requirements. Normal Parish Council practice would be to seek, if possible, more than one quotation for any substantial work required to be undertaken or goods. For major contract services, formal competitive tenders would be sought. If a problem is encountered with a contract the Clerk would investigate the situation, check the quotation/tender, research the problem and report to Council. | Existing procedure adequate. Include when reviewing Financial Regulations. |
| Salaries and assoc. costs | Salary paid incorrectly Wrong hours paid Wrong rate paid False employee Wrong deductions of NI or Tax Unpaid Tax & NI contributions to the Inland Revenue | L | The Parish Council authorises the appointment of all employees. Salary rates are agreed in contract and any amendment agreed by council and recorded in personnel files. Salary analysis and slips are produced by External Payroll monthly together with a schedule of payments to the Inland Revenue (for Tax and NI) & pension to HCC. These are inspected at council meetings and signed off. Each has a contract of employment and job description. | Existing appointment and payment system is adequate. |
| Employees | Loss of key personnel Fraud by staff Actions undertaken by staff Health & Safety | L | The Clerk should be provided with relevant training, reference books, access to professional and legal advice required for undertaking the role. Appraisals are carried out annually. | Existing procedure adequate. Purchase revised books. Membership of the SLCC, NACL/HALC. Monitor working conditions, safety requirements and insurance regularly. |
| Election costs | Risk of an election cost | L/M | Risk is higher in an election year. When an election is due the Clerk will obtain an estimate of costs from the District Council for a full election and an uncontested election. There are no measures which can be adopted to minimise the risk of having a contested election as this is a democratic process and should not be stifled. An annual budget is set with this in mind. | Existing procedure adequate. |
| VAT | Re-claiming/charging | L | The Council has Financial Regulations which set out the requirements. | Existing procedure adequate. |
| Annual return | Submit within time limits | L | Annual Return is completed by the clerk and signed by the Council, submitted to the internal auditor for completion and signing then checked and sent on to the External Auditor within time limit. HMRC PAYE return is submitted monthly | Existing procedures adequate. |
| Legal powers | Illegal activity or payments | L | All activity and payments within the powers of the Parish Council to be resolved and minuted at Full Parish Council Meetings. | Existing procedures adequate. |
| Insurance | Adequacy Cost Compliance Fidelity Guarantee | L / M | An annual review is undertaken (before the time of the policy renewal) of all insurance arrangements in place. Employers and Employee liability insurance is a necessity and must be paid for. Ensure compliance measures are in place. | Existing procedure adequate. Review insurance provision annually. Review of compliance. |