

# Risk Assessment – Financial – September 2023

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BUCKLESHAM PARISH COUNCIL

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## Contents

1. Scope and Objectives .....	2
2. Introduction .....	2
3. Risk Analysis .....	3
Version Control .....	6

## 1. Scope and Objectives

The purpose of this document is to identify potential financial risks facing Bucklesham Parish Council ('the Council') and how those risks can be managed to ensure the Council is able to deliver the services expected of it.

This document will be reviewed by the Council annually, enabling the Council to:

- a) appraise itself of identified risks
- b) agree appropriate actions to minimise the impact of the risks
- c) identify new risks and appropriate measures to manage them
- d) ensure the Council's insurance is adequate for the forthcoming year

## 2. Introduction

Risk management is NOT just about financial management, but about achieving the objectives of the organisation to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation, reputation and the ability to deliver the expected services.

The new approach to local Council audit seeks to address these issues by placing emphasis on local Council's strengthening their own corporate governance arrangements, improving their stewardship of public funds and improving assurances to taxpayers.

Members are ultimately responsible for risk management because risk can threaten the ability of the Council to fulfil its objectives. As a minimum, once a year, members should at least formally:

- a) Take steps to identify key risks facing the Council
- b) Evaluate the potential consequences to the Council in the event of an identified risk occurring
- c) Agree upon appropriate measures to avoid, reduce or control the risk or its consequences

All of the above objectives should be served by this document. If they prove not to be, then it is up to the Council to determine how they should be met and to put in place appropriate remedial measures.

This document should be read in conjunction with the current Insurance Policy in force for the Council.

### 3. Risk Analysis

The following table attempts to identify all financial risks and to assign a probability ('Prob') of that risk occurring, and should it occur, its impact ('Imp') on the Council. Both the 'Probability' and 'Impact' of a risk are scored on a 1 – 5 scale: 1 being the lowest score (i.e. very improbable or very low risk) and 5 the highest (i.e. highly probable and very high impact). Both these scores are multiplied to give an Overall Risk Rating (ORR). Any risks over ORR 20 will be reviewed on a monthly basis.

The 'Managed by' column details how the risk is managed, either by protecting the Council from its impact (typically by way of insurance) or by reducing the probability of that risk occurring. All Councillors should be aware of the importance of keeping the register up to date and declaring any interests at meetings as and when appropriate. The list below is not exhaustive, and items can be added, amended or removed as and when appropriate.

Number	Details	Prob	Imp	Overall Risk Rating	Managed by...	Next Review Date	Action Required
1	Council under insured	1	5	5	<ul style="list-style-type: none"> <li>The Council's insurance to be reviewed annually by the Council as part of the annual risk review process</li> </ul>	<ul style="list-style-type: none"> <li>September 2024</li> </ul>	<ul style="list-style-type: none"> <li>Regular review of Insurance documentation</li> </ul>
2	Loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party (consequential loss)	1	3	3	<ul style="list-style-type: none"> <li>Regular monitoring of performance/deliverables against Service Level Agreement (SLA) or other appropriate criteria</li> <li>Currently the third-party suppliers are:                             <ul style="list-style-type: none"> <li>East Suffolk NORSE – Grass cutting</li> <li>Suffolk Norse – Play Area Inspections</li> <li>SALC – Payroll Service</li> </ul> </li> <li>The above third parties are monitored and a copy of their third-party liability insurance is requested annually.</li> </ul>	<ul style="list-style-type: none"> <li>September 2024</li> </ul>	<ul style="list-style-type: none"> <li>Clerk to request evidence of all PL insurance - will note expiry dates and seek copies of renewal receipts on an annual basis.</li> </ul>

3	Theft of petty cash	1	1	1	<ul style="list-style-type: none"> <li>The Council currently does not handle petty cash, except in cases where parishioners make donations for gifts, etc.</li> <li>Insurance – £500 maximum for theft from Clerk’s home</li> </ul>	<ul style="list-style-type: none"> <li>Sept 2024</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
4	Loss of money through theft, dishonesty or fraud	1	4	4	<ul style="list-style-type: none"> <li>Insurance – Fidelity guarantee to maximum of £250,000, must be reported within 36 months</li> <li>Councillors are responsible for agreeing the Council’s accounts</li> <li>Clerk writes the cheques with two Councillors signing</li> </ul>	<ul style="list-style-type: none"> <li>Sept 2024</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to Financial Regulations</li> </ul>
5	Inadequate annual Precept	1	4	4	<ul style="list-style-type: none"> <li>Annual budget</li> <li>Councillors take joint responsibility for approving the budget</li> </ul>	<ul style="list-style-type: none"> <li>Sept 2024</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to Financial Regulations</li> </ul>
6	Financial records not meeting current statutory requirements	1	1	1	<ul style="list-style-type: none"> <li>Appropriate training for Clerk/RFO and Councillors</li> <li>Continued membership of SALC who provide information and guidance</li> <li>Purchase of appropriate documentation and supporting material</li> <li>Specialist Internal Auditor</li> </ul>	<ul style="list-style-type: none"> <li>Sept 2024</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to Financial Regulations</li> </ul>
7	Not meeting the Customs and Excise regulations (especially VAT)	1	5	5	<ul style="list-style-type: none"> <li>Appropriate training for Clerk/RFO</li> <li>Continued membership of SALC who provide information and guidance</li> </ul>	<ul style="list-style-type: none"> <li>Sept 2024</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence HMRC rules and regulations</li> </ul>

8	Not fulfilling the requirements of the Annual Return and the audit procedures, including right of inspection	1	2	2	<ul style="list-style-type: none"> <li>At a meeting of the Council, Councillors to be responsible for checking and approving the Annual Return prior to submission to the external auditor, with particular emphasis on Section 2 – Statement of Assurance</li> <li>The use of competent Internal Auditor to identify any inappropriate practices</li> <li>Adequate training for Clerk/RFO</li> </ul>	<ul style="list-style-type: none"> <li>Sept 2024</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to Financial Regulations</li> </ul>
9	Grant monies not applied for	1	4	4	<ul style="list-style-type: none"> <li>Clerk to monitor all grant facilities and work closely with ESC/SCC/SALC/CAS to obtain current details of available funding possibilities</li> </ul>	<ul style="list-style-type: none"> <li>Sept 2024</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to Financial Regulations</li> </ul>
10	Proper utilisation of CIL funds	1	1	1	<ul style="list-style-type: none"> <li>Clerk to inform Council if and when funds are received (March and October)</li> </ul>	<ul style="list-style-type: none"> <li>Sept 2024</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to ESC Regulations</li> <li>Clerk to check CIL funds are in Bank account</li> </ul>
11	Misappropriation of Councillors' expenses	1	1	1	<ul style="list-style-type: none"> <li>Expenses Policy has been adopted</li> </ul>	<ul style="list-style-type: none"> <li>Sept 2024</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to Financial Regulations</li> </ul>
12	Poor functioning Internal Audit	1	2	2	<ul style="list-style-type: none"> <li>Annual review of the effectiveness of the internal audit to take place between RFO/Clerk and Councillors, at a Parish Council meeting</li> </ul>	<ul style="list-style-type: none"> <li>Sept 2024</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to Financial Regulations</li> </ul>
13	Non-compliance with new Data Protection Regulations	1	5	5	<ul style="list-style-type: none"> <li>Suitable training for Clerk and Councillors</li> <li>Appropriate Professional support (SALC/ICO/etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Sept 2024</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to Financial Regulations</li> </ul>

14	Folding of the Village Hall Charity and passing of responsibility for the Hall to BPC	1	3	3	<ul style="list-style-type: none"> <li>Parish Council representative to be part of the Village Hall Charity Committee</li> </ul>	<ul style="list-style-type: none"> <li>Sept 2024</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
15	Inappropriate levels of reserves held by the Council or Reserves not clearly earmarked	2	5	10	<ul style="list-style-type: none"> <li>Levels of Reserves to be reviewed each March</li> <li>Earmarked reserves to be shown on the Budget Working Document</li> </ul>	<ul style="list-style-type: none"> <li>Sept 2024</li> </ul>	<ul style="list-style-type: none"> <li>Reserves reviewed annually</li> </ul>

Adopted by Bucklesham Parish Council at a meeting on: *6<sup>th</sup> September 2023*

Signed:

*Ruth Johnson*

Ruth Johnson  
Clerk

*David Brinkley*

David Brinkley  
Chair

## Version Control

Date	Details	Next Review
<b>10<sup>th</sup> September 2020</b>	First Publication in this format	March 2021
<b>1<sup>st</sup> September 2021</b>	Review & Amend Clerk's details	Sept 2022
<b>7<sup>th</sup> September 2022</b>	Annual Review	Sept 2023
<b>6<sup>th</sup> September 2023</b>	Annual Review	Sept 2024

