

# Balderton Parish Council

## Financial Risk Register

Agreed on December 13<sup>th</sup> 2023

### Introduction

As a public authority we must have appropriate arrangements in place. As a minimum, authorities must identify and assess risks, and address those identified risks by mitigating or managing them.

Risks are unavoidable, but they need to be managed either by mitigation or controls such that they are tolerated, treated, transferred or terminated. Insurance is a significant way of managing and reducing risks relating to property, cash and legal liability (amongst other things). This document looks at the potential financial risks to Balderton Parish Council and how we mitigate against them.

### Risk Prioritisation

The table below is recommended in the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide. Risk prioritisation is an assessment of the severity of impact if something were to happen and how likely it is to happen.

Priority of risk management				
Likelihood of occurrence	Highly Likely (score 3)	Medium (3 x 1)	High (3 x 2)	Very High (3 x 3)
	Possible (score 2)	Low (2 x 1)	Medium (2 x 2)	High (2 x 3)
	Unlikely (score 1)	Very low (1 x 1)	Low (1 x 2)	Medium (1 x 3)
		Negligible (score 1)	Moderate (score 2)	Severe (score 3)
		Impact		

Source: JPAG 2023, section 5.97

No.	Risk description	Risk Likelihood x Impact	Mitigation	Review/Assess/ Revise	Risk Owner
1.	<b>Insurance - Areas of risk:</b> General adequacy Cost Compliance Public Liability (statutory) Employers Liability (statutory) Money Fidelity Guarantee Property Libel and Slander Personal Accident Excess	1x1 = 1 1x1 = 1 1x1 = 1 1x1 = 1 1x1 = 1 1x1 = 1 1x2 = 2 1x2 = 2 1x2 = 2 1x2 = 2 1x1 = 1	Prompt response to any issues brought to the council's attention.  New assets added to Asset Register immediately after acquisition & reported to insurer when required.  Asset register review annually.  An annual review is undertaken of insurance arrangements. Employers Liability, Public Liability and Fidelity Guarantee are a statutory requirement. Clerk liaises with insurance company and Council to ensure the cover is appropriate and conditions are met to ensure compliance.	Policy to be reviewed and limits to be checked annually.	Full Council and Clerk
2	<b>Inadequate precept request/budgetary provision/reserves</b>	1x2 = 2	Formal budgetary consideration by Full Council based on advice from RFO/Clerk.  Quarterly budget monitoring to be reported to full council. All income and expenditure logged and balanced monthly.  Fluctuations in income monitored.	Council to set the precept by February.	Full Council, Clerk & RFO
3	<b>Payroll and Salaries</b> Incorrect recording and payment of mandatory financial liabilities such as	1x2 = 2	Keep up to date on HMRC & NCC Pension requirements HMRC & NCC paid monthly.		Full Council, Clerk & RFO

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	salaries/pensions/taxes leading to regulatory penalties. Incorrect calculations of salaries		Calculations made by RFO checked by the clerk and 1 councillor. Internal Auditor checks. Monthly report of total salaries to council.		
4	<p><b>Employees</b> Fraud Health and Safety</p> <p>Workforce gaps (i.e. loss of clerk/RFO, to resignation, illness, fraud, failure of council activities or actions) leading to non-achievement of Council objectives.</p> <p>Litigation and reputational risks arising from employee, grievance /dispute.</p>	<p>1x2 = 2 1x2 = 2</p> <p>1x2 = 2</p> <p>1x2 = 2</p>	<p>Fidelity Guarantee/Insurance Training and equipment for staff</p> <p>Staff welfare a priority; all necessary PPE clothing and equipment provided. Necessary equipment for office staffs' comfort provided. Appropriate risk assessments in place. Consider the need for future staff succession/training.</p> <p>Key Person Cover included on insurance policy to cover staff absences of more than fourteen days. Contingency for locum Clerk to be put in place – refer to Notts SLCC/Notts ALC. Ensure Clerk's Contract Terms &amp; Conditions /Training are updated regularly.</p> <p>Employee contracts are in place. Annual appraisals carried out. Regular monitoring by Clerk/Council as part of good working practice.</p>	<p>** Banking arrangements to be reviewed – January 2024**</p> <p>Ongoing monitoring for health and safety requirements and insurance annually</p>	Full Council, Clerk & RFO
5	<b>Bank and banking</b> Inadequate checks Bank mistakes	<p>1x2 = 2 1x1 = 1</p>	Reconciliation done monthly to pick up any mistakes.	** Banking arrangements to be reviewed – January 2024*	

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	<p>Payment mistakes - financial loss through electronic banking errors.</p> <p>Lack of cover due to insurance thresholds (£85,000 per bank) for funds held above financial institutions leading to invalidation of cover.</p> <p>Lack of signatories</p>	<p>1x2 = 2</p> <p>1x3 = 3</p> <p>1x2 = 2</p>	<p>Payments list signed.</p> <p>Regular checks that signatories are up to date.</p>		Full Council, Clerk & RFO
6	<b>Financial loss through internet fraud.</b>	1x3 = 3	The RFO has authority to move funds over the internet using Lloyds internet banking. Restricted access to banking log in details.	** Banking arrangements to be reviewed – January 2024**	Full Council, Clerk & RFO
7	<b>Financial reporting not transparent</b>	1x1 = 1	Financial reports taken to every full council meeting. Quarterly budget reviews have commenced.		Full Council, Clerk & RFO
8	<p><b>Financial records /administration</b></p> <p>Loss of payroll data</p> <p>Loss of computer files</p> <p>Lack of audit trail</p> <p>Maladministration of payments</p> <p>Bank account/finance system not reconciled</p>	<p>1x2 = 2</p> <p>1x2 = 2</p> <p>1x2 = 2</p> <p>1x2 = 2</p> <p>1x1 = 2</p>	<p>Data backed up on cloud software daily.</p> <p>Monthly reconciliations undertaken to ensure financial accuracy.</p> <p>Professional Sage payroll and accounts packages used.</p> <p>I.T. company contract in place.</p> <p>Specialised computer programme to back up all data on SAGE.</p> <p>Anti- virus software on all computers.</p> <p>Check annually that bank mandates are up to date.</p> <p>Financial Statements circulated to all members and verified by 2 members.</p>		Full Council, Clerk & RFO

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9	<b>Charges – fees receivable not paid</b>	1x2 = 2	Process in place to chase late payments.		Full Council, Clerk & RFO
10	<b>VAT – not reclaimed</b> Non-compliance with VAT regulations leading to regulatory penalties.	1x1 = 1	HMRC VAT regulations adhered to and claims regularly submitted. Internal Audit check.		Full Council, Clerk & RFO
11	<b>Financial loss as a result of theft of cash</b>		Cash kept in safe. Regular deposits to Lloyds Ensure customers know our banking details to maximise electronic payment. Insurance in place – RFO aware of limits.		Full Council, Clerk & RFO
12	<b>Unqualified/Non impartial Internal Audit</b>	1x2 = 2	Independent, competent Internal Auditor appointed.	Auditors' appointment approved by Council. Terms of reference reviewed and agreed in Council.	Full Council, Clerk & RFO
13	<b>External audit not completed within set timescales</b>  Regulatory penalties as a result of errors on annual returns.	1x1 = 1	Clerk and RFO follow strict rules provided by Pkf Littlejohn.	Ensure attention to detail when completing and approving the return.  Regular training for Clerk and RFO.	Full Council, Clerk & RFO
14	<b>Public Amenities Liability Claims</b> Allotments	1x3 = 3	Allotment sub-committee formed of members and tenant representatives with quarterly system in place for allotment inspections. Ground staff routinely inspect communal areas.  Memorial stones need to be checked in line with current H&SE advice.	** Checking procedure to be reviewed – January 2024**	Amenities Committee & Clerk

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	Cemetery & St Giles churchyard  Parks		Play equipment inspected weekly, any repairs arranged immediately, any dangers removed. Annual professional inspection carried out. CCTV cameras in place.  Tree inspections conducted every five years across all parish council owned sites.	Any dangerous stones laid flat.  Recorded play equipment checking system in place.  Recommendations on annual inspection actioned. ** Tree Survey to be arranged – January/February 2024**	
15	<b>Cafe Loan default</b>	1x2 = 2	Fixed rate loan taken over 10 years so exact amount of repayments are certain.  Rent taken from cafe tenant helps offset cost	Total amount of annual repayments built into the budget.	Full Council, Clerk & RFO
16	<b>Loss of infrastructure</b> Village Centre Machinery Store Vehicles Mechanical Equipment Café building	1x3 = 3	Adequate insurance in place. Routine maintenance conducted and reserves budgeted for replacement. Fire risk assessment with mitigations in place. Risk assessments regularly reviewed. A contingency fund for emergencies built into the budget.	Undertaken as part of the budgetary process when precept set.	Amenities Committee & Clerk
17	<b>Regulatory penalties and reputational risk</b> - arising from non-compliance with legislation (illegal actions) governing council processes.	1x2 = 2	Ensure all resolutions are within council's legal powers. Clerk and Councillors attend regular training, which is provided for in the budget. Council has access to support and information including on new legislation. Standing Orders and Financial Regulations govern council processes and are regularly reviewed to account for changes in law. Clerk to take further advice and check legality of decision if council is unsure. SLCC / NALC membership		Full Council, Clerk & RFO

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	Non-Compliance with General Data Protection Regulation leading to regulatory penalties.		is maintained so, guidance can be sought from NALC/SLCC.  The council is registered with the information commissioner. GDPR policies in place. Ensure publication scheme is updated and published on the website.		
18	<b>Conflict of interest</b> Risk negative publicity and reputational damage to the council as a result of members conflict of interests.	1x2 = 2	Ensure Register of Interests is updated. Councillors must declare interests at meetings.		Councillors