



Annual Financial Risk Assessment For the period of 1 April 2021 to 31 March 2022

1. Introduction

- 1.1 The Council is expected to carry out an annual assessment of the financial risks it is exposed to and identify any actions it considers necessary to minimise those risks.
- 1.2 The following table attempts to identify the risks involved and recommends the necessary actions. The list is not exhaustive and Council may wish to consider other risks not identified.
- 1.3

Service Area	Risk	Recommendation to Manage Risk	Action Control measures
Insurance	Public Liability (statutory) Inadequate cover	Ensure that the public liability is sufficient to cover all possible risks associated with the running of the council and its services/projects/events. Ensure that in-service delivery where potential risks may happen that staff/volunteers/councillors are appropriately trained to assist in medical emergencies.	Council to review insurance policy annually or as and when required. To include projects within JWP, including equipment and outdoor exercise equipment and bungalow.
	Employers Liability (statutory) inadequate cover	Continue existing cover - level of indemnity £10,000,000 (inclusive of costs)	Council to review annually

	Money	Continue existing cover - level of indemnity - £250,000	As Above. Banking and cash handling procedures in place.
	Fidelity Guarantee Inadequate cover Theft Robbery Fraud	Ensure that adequate cover in insurance for fidelity. Continue existing cover - level of indemnity £500,000.	Council to ensure fidelity is adequate amount as outlined by Auditors. Banking and cash handling procedures are in place which includes daily banking so no cash is left on the cafe premises. A minimal float will be in situ in the cafe, however, this will be locked away in a secure facility.
	Property/Assets Inadequate cover Maintenance	Ensure that all property of the council is adequately covered in insurance identifying the areas under the 'all risks' section of policy. To include the asset inventory in the cafe and community hub commenced in April 2014. The Council to ensure that an adequate maintenance plan is put in place supported by sufficient funds to reduce risk and support maintenance issues.	Town Clerk to review insurance cover and report to Council annually or as required.
	Legal Expenses Inadequate cover	Limit of indemnity is £200,000 (see policy for individual cover).	Council to review annually or as and when required.
	Libel & Slander Inadequate cover	Continue with existing cover - level of indemnity £250,000.	Council to review annually or as and when required.
	Personal Accident. Inadequate cover	All members and employees - cover is limited £500,000 any one person and £2,000,000 any one accident.	Council to review annually or as and when required.

Service Area	Risk	Recommendation to Manage Risk	Action
Staffing Payroll	Loss of data on PC due to system fault.	Back up made on a daily basis off site (new IT provider 2020) and continue maintenance/updates agreement with payroll package.	
	Incorrect salary paid	Inform Finance & General Purposes Committee to verify action needed to rectify.	
Loss of Key Personnel	Loss of service/skills of employee, or long term sickness (relating to the Town Clerk)	Immediately advertise any vacancy (if permanent loss) and request help from remaining employees to cover temporary loss or long term sickness cover for the Town Clerk (Deputy Town Clerk post in place). Business Continuity Plan in place.	Staffing Committee to arrange cover for Town Clerk and to carry out advertisement if required. Council to action /reviewed annually
	Possibility of fraud by Staff	Ensure Fidelity Guarantee cover is in place with appropriate values	
Administration	Payment arrangements	Report all payments to Finance & General Purposes Committee for approval. Monthly schedule of accounts to be signed by Chairman of Finance & General Purposes committee. Cheques to be signed by two members and countersigned by Town Clerk/RFO. To refer to Financial Regulations with regards to all financial matters and contracts.	Members of Finance & General Purposes committee to approve.

	<p>Reconciliation</p> <p>Eradicate risk of one person doing too much</p> <p>i.e. daily finance transactions and then balancing the internal audit/control measures.</p>	<p>Bank reconciliation carried out on the receipt of each statement by RFO.</p> <p>Finance is managed by the Town Clerk/RFO with assistance from Rialtas. Town Clerk/RFO to carry out month end reconciliations.</p>	<p>Town Clerk/RFO to complete and to arrange internal audit review. Daily input of income and expenditure passed to Deputy Town Clerk/Administration Officer (separation of duties).</p> <p>NB. Due to Covid-19 and home working, temporary measures are in place.</p>
Bank and Banking	<p>Inadequate checks</p> <p>Bank mistakes</p> <p>Loss</p> <p>Charges</p> <p>Loss of funds</p>	<p>The Council has financial regulations which set out the requirements for banking, cheques and reconciliation of accounts. Cheques require two signatories countersigned by the Town Clerk/RFO. There are three nominated Councillors as signatories (any two to sign).</p> <p>The Council has adopted banking and cash handling procedures - subject to annual review.</p> <p>If any bank errors in processing cheques are discovered when the Town Clerk/RFO reconciles the bank accounts once a month, these are corrected immediately informing the bank.</p> <p>Cash flow is monitored by the Town Clerk/RFO monthly.</p>	<p>Financial regulations are reviewed annually.</p> <p>Bank statements are monitored monthly by the Town Clerk/RFO.</p>

	Agency advice	Continue with memberships of NALC and SLCC.	Council to approve annual membership
Salaries and associated costs	Wrong salary paid Wrong hours paid Wrong deductions of NI or tax Unpaid Tax & NI contributions to the Inland Revenue	<p>The Council authorises the appointment of all employees. Salary rates are agreed in the contract as per NJC Terms & Conditions of Employment and any amendments agreed by Council and minuted.</p> <p>Salary analysis is produced on a monthly basis using payroll package together with a schedule of payments to the Inland Revenue (for Tax and NI) and pension to the Council.</p>	Existing appointment and payment system is adequate.
Precept	<p>Adequacy of precept Lack of consultation when setting budgets with little detailed consideration.</p> <p>Precept not submitted on time.</p> <p>Amount not received by Town Council.</p>	<p>Budget Working Group/Finance & General Purposes committee to review budget and submit proposals to Full Council for approval.</p> <p>Ensure precept is completed and approved by the Full Council by 31st December (if possible) for submission to Stockton Borough Council in January of each year.</p> <p>The Town Clerk/RFO informs Council should monies not be received by the due date from Local Authority.</p>	<p>Finance & General Purposes Committee , RFO and Internal Auditor to ensure deadlines are met.</p> <p>Existing procedures adequate.</p>
	Inadequate monitoring of performance.	Continue to regularly consider budget monitoring report (quarterly) to actual. Quarterly Income & Expenditure report taken to Finance & General Purposes committee.	Finance & General Purposes committee, RFO

			and Internal Auditor to ensure deadlines are met. Covid-19 has caused unbudgeted expenditure in 2021/22.
	Illegal expenditure	Continue to ensure that all expenditure is within legal parameters. Town Clerk to guide Councillors on governance of appropriate expenditure. Town Clerk CiLCA qualified. General Power of Competence in place and renewed as each new Council term as required. Use of advice from NALC/CDALC and SLCC.	Finance, & General Purposes committee to approve all expenditure or otherwise advised through financial regulations.
Accounting	Non-standard and/or non-compliant records kept.	Continue to require adequate, complete and statutory financial records and accounts, to appropriate committees	Town Clerk/RFO to produce
	Non-compliance with statutory deadlines for the completion/approval/s submission of accounts and other financial returns.	Continue to ensure that all accounts and returns are completed and submitted by the deadlines. Internal Auditor to support Town Clerk/RFO to ensure deadlines are met and to provide associated reporting mechanisms.	Town Clerk/RFO to advise committee/council of audit deadlines
Financial Controls & Records	Inadequate records Financial irregularities Loss of records	The Council has Financial Regulations. Financial transactions are recorded by the Town Clerk at least monthly and financial reports presented to Council on a monthly basis.	Existing procedures adequate.

		<p>An independent auditor checks the records on an annual basis ensuring compliance with VAT, tax and NI conditions and accuracy of accounts as part of the internal audit process.</p> <p>Yearend accounts are drawn up and submitted along with the annual return to the external auditor.</p>	<p>Financial regulations reviewed annually or as and when necessary.</p> <p>.</p>
Petty Cash	Payments not accounted for. Loss through theft or dishonesty.	<p>Maximum holding £150</p> <p>Reconciled monthly</p> <p>All payments supported by relevant paperwork and authorised in advance by the RFO.</p>	<p>Maintain existing procedures.</p>
VAT	Reclaiming/charging	<p>The Council has Financial Regulations which set out the requirements.</p> <p>All items are listed in the cash book and verified by the Town Clerk/RFO.</p>	<p>Existing procedure adequate</p>
Annual Return	Submit within time frame limits	<p>The Town Clerk/RFO completes the Employer's Annual Return online and submits to HMRC within prescribed time frame.</p> <p>Annual Return is completed and signed by the Council, submitted to the Internal Auditor for completion and signing then checked and sent to External Auditor within time limit.</p> <p>The LGPS Annual Pension return is completed and returned within prescribed time frame.</p>	<p>Existing procedure adequate</p>
Best Value Accountability	Work awarded incorrectly Overspend on services	<p>The Council has Financial Regulations which set out the requirements.</p> <p>Normal practice for Town Council is to seek alternative quotations for goods or works to be undertaken.</p>	<p>Existing procedure adequate</p>
Election Costs	Risk of an election cost	<p>Risk is higher in an election year. When an election is called, the Town Clerk will obtain an estimate of costs from the Local Authority for a full elections and an</p>	<p>Town Clerk/RFO to verify.</p>

	<p>Invoiced at an agreed rate</p> <p>By-election - extra costs needed</p>	<p>uncontested election. There are no measures that can be adopted to minimise the risk of having a contested election as this is a democratic process and should not be stifled. Annual budget should be set with this in mind.</p> <p>RFO check and consider budget to ensure adequate provision is made.</p> <p>Adequate resources to be considered in the budget in the eventuality of a by-election.</p>	<p>Council to ensure when setting budgets that provision is made to cover any possible by-election costs.</p> <p>Based on an average of costs supplied by the Local Authority.</p>
Grants and Support payable	Powers to pay Authorisation of Council to pay	All such expenditure goes through the required Council process of approval, minuted and listed accordingly if a payment is made using General Power of Competence.	Existing procedure adequate
Grants Payable	Authorisation of Council to pay	All such expenditure to go through the required Council process of approval and minuted.	Existing procedure adequate
Legal Powers	Illegal activity or payments	<p>All activity and payments within the powers of the Town Council to be resolved and minuted at Finance & General Purposes Committee/Full Council meeting.</p> <p>Educate Council as to their legal powers.</p>	<p>Existing procedure adequate</p> <p>Town Clerk to advise</p>
Assets	Loss, damage Risk or damage to third party property or individuals	<p>Annual inspections, update insurance and asset registers.</p> <p>Annual review of Public Liability Insurance</p>	Existing procedure adequate
Reserves	Inadequate reserves	<p>Consider when setting budget. Identify any allocated reserves and surplus funds to be earmarked as general reserves.</p> <p>Council to identify an acceptable amount of reserves required for emergency purposes. Recommended by the Audit Commission to be between 3 and 12 months worth.</p>	Town Clerk/RFO to advise Finance, & General Purposes Committee/

		Reserves Policy to be adopted in 2021/2022.	Council of allocated and unallocated reserves at year end and when setting precepts. Where possible build up a level of reserves to cover unforeseen costs and uninsured risks
Contracts	Ensure continued value for money coupled with continuity of work.	<p>Approve the practice of seeking tenders for agreed works/projects every three years. To create new/amended contractors lists by advertising in local press and issuing specifications and tender documents to contractors expressing an interest.</p> <p>To adhere to standing orders and financial regulations and updated legislation.</p> <p>Tenders to be opened by the Town Clerk and at least one member of the Council and reported to the next available Council meeting.</p>	Committee to review procedures via Standing orders and Finance Regs. Town Clerk to advise accordingly.
Minutes	Ensure the minutes are accurate and legal	Reviewed at the following council meeting and approved.	Town Clerk to ensure minutes are concise, legible and record proceedings accurately.

Reviewed 15th March 2022 at Finance & General Purposes Committee
Approved at Full Council Meeting on