

CHINLEY BUXWORTH & BROWNSIDE PARISH COUNCIL

Report of : Clerk of the Council

To: Chinley Buxworth & Brownside Parish Council

Subject: Financial Risk Assessment

Date: 24 March 2016

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.

Service Area	Risk	Recommendation
Insurance	Public Liability (statutory)	Continue existing cover (£10m)
	Employers Liability (statutory)	Continue existing cover (£10m)
	Money	Continue existing cover (£250K) Cash - in transit (£1000)
	Fidelity Guarantee	Existing cover (£150,000). Formula recommended is Total Balances plus 50% Precept (£88941 + £25882 = £114,823) Members included as per Audit Commission recommendation.
	Property	Existing cover £103,500-52 Renewal index linked by 3%
	Loss of revenue.	£20,000
	Officials Indemnity.	Existing cover (£500K)
	Libel & Slander	Continue with existing cover (£250K)
	Personal Accident.	Existing cover (age 16-90) Capital Benefits £50,000 Temporary Total Disablement £200pw under 85's only

Service Area	Risk	Recommendation
Payroll	Clerk's Salary & expenses	Continue with presentation of Clerk's Salary and expenses information to Council for approval.
	Loss of services of Clerk.	Immediately advertise vacancy (if permanent loss)
Administration	Payment arrangements	Continue with presentation of all authorised expenditure 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 DALC and SLCC.
Budget and Precept	Expenditure exceeds income with insufficient reserves.	Continue to adhere to approved Financial Regulations, monitored by Responsible Financial Officer. Continue to approve an annual income and expenditure budget and set appropriate precept. Monitor budget throughout the financial year. Maintain sufficient reserves.
Responsible Financial Officer	Proper administration of Council	Continue to employ a Responsible Financial Officer (Parish Clerk) to administer accounts, carry out statutory year end procedures and comply with audit regulations.
Allotments	Liaison with Allotment Association	Continue liaison with Allotment Association and review allotment site rent annually.
Playgrounds	Play equipment.	Continue with implemented Annual RoSPA inspection and weekly inspections by approved councillors, consider reports from these and take appropriate action (eg take unsafe equipment out of service until repairs carried out).

Service Area	Risk	Recommendation
Precept	Annual precept not the result of proper detailed consideration.	Continue to present budget to January/February Council meeting for approval and agreement of precept.
	Illegal expenditure.	Continue to ensure that all expenditure is within legal powers.
Accounting	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 external audit regulations.	Continue to ensure that all statutory year end accounts are submitted to the external auditor (District Auditor) by the required date following approval by the Council and Chair's signature and correct statutory public consultation procedures.
	Non-compliance with internal audit requirements.	Appoint internal auditor and continue practice of internal auditing prior to the external audit.
Contracts	Ensure continued value for money coupled with continuity of work.	Approve the practice of seeking tenders for sizeable contracts, including grounds maintenance each year, by issuing specifications and tender documents to suitable contractors.

Internal Audit	Internal Audit Terms of Reference.	Internal Audit Terms of Reference annually approved in accordance with the minimum requirements suggested in “Governance and Accountability in Local Councils in England and Wales – A Practitioners Guide” Appendix 8 Page 129.
		Internal Audit takes into account the Council’s risk management processes (this document) and internal controls.
		Terms of reference define audit responsibilities in relation to fraud (direct reporting to Chair/Council).
	Independence	Internal auditor has direct access to those charged with governance (Council).
		Internal audit reports made in own name to management.
		Internal auditor to have no other role within the council.
	Competence	There should be no evidence that the internal audit work has not been carried out ethically, with integrity and objectively.
	Relationships	Responsible officers (Clerk, RFO) are consulted on the internal audit plan and on the scope of each audit.
		Responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters.
		The responsibilities of the Council Members are understood.
	Audit Planning and Reporting	The audit plan properly takes account of corporate risk.
		The Council has approved the plan.
		Internal audit is expected to report on a “negative” basis (report only areas of concern/recommendations).