STURMINSTER NEWTON TOWN COUNCIL

2023 – 2024
Risk Assessment and management (financial)

Contents

1. Risk assessment and management (financial)

This assessment and review is designed to facilitate compliance with The Accounts and Audit Regulations 2015 (S.I. No. 234 of 2015) and should be repeated annually.

1. RISK ASSESSMENT AND MANAGEMENT (FINANCIAL) - 1st April 2023 to 31st March 2024

This assessment is primarily concerned with the risk of two kinds of harm; financial loss (which could adversely affect the council's ability to deliver public services or complete projects being undertaken for public benefit or could ultimately fall upon local tax-payers) and physical injury or other significant harm befalling any person as a result of activities or omissions for which the council is or may be held responsible. The table below contains a list of topics intended to be a complete list of functions / activities / responsibilities of the council which have been identified as having the potential to give rise to such harms. The topics are grouped together as financial risks, project-related risks and operational risks.

In the case of each topic:

- the relevant risks are identified;
- the assessed level of risk prior to the application of any control measures is stated; and
- the control measures designed to reduce the level of risk as low as reasonably practicable are described.

		Consequences		
		Minor **3**	Moderate **2**	Major **1**
Likelihood	Probable **A**			
	Possible **B**			
	Unlikely **C**			

Low Risk	**Medium Risk**	**High Risk**

The level of risk has been scored as Low, Medium or High based on the likelihood of its happening and the predicted consequences of not doing anything to mitigate or manage it. The table above illustrates how this scoring works. The following are illustrative examples: Minor consequences include financial losses below £1,000, inconvenience or mild distress to any person, disruption to or suspension of public service delivery that is only partial or which lasts no more than two working days and delay to a project where time is not critical. Major consequences include financial loss exceeding £25,000, death or serious personal injury to any person, complete cessation of a public service for a period exceeding four weeks and the failure of a major project. Moderate consequences include anything between these two.

The control measures are designed to reduce either the likelihood of the harm arising or the consequences if it arises or both. It follows that the higher the level of risk is, the more important it is to ensure not merely that the planned control measures are adequate but that they are carried out in practice. For

this reason, the table also includes alongside the most critical control measures, provision, wherever practicable, for confirmation that relevant action has been taken.

Key to abbreviations used:

ATC – Assistant Town Clerk
FA – Finance Assistant
F&P – Finance & Personnel Committee
RFO – Responsible Financial Officer/Town Clerk

Topic	**Risk Identified**	**Risk Level H/M/L**	**Control Measures**	*Responsible Member/Officer*
General	Various	**M**	Internal and external audit. Insurance.	RFO
Annual Budget	Not set/approved by Council	**L**	Budget timetable agreed each year–Draft budget presented to F&P in October to allow time for review. Meeting time allocated until budget is agreed by TC.	RFO
	Inadequate/inappropriate headings	**L**	F&P to review during budget setting until budget decision is agreed by Town Council.	F&P
	Expenditure exceeds or significantly under-achieves budget	**M**	F&P to review quarterly budget comparison shortly after each financial quarter end (Quarterly Budget Comparison, to include Council projects). Details will be reported to Town Council. Reserves are sufficient for Councils needs in line with NALC recommendations.	F&P
Precept	Not submitted on time	**L**	RFO to diarize for January.	RFO
	Not paid by Dorset Council	**L**	RFO to diarize for April & October.	RFO
		M	RFO to review budget variances quarterly. Precept levels reviewed at budget setting to ensure appropriate levels for the following financial year.	RFO

Bank Accounts	Bank Account Access is restricted to authorised officers/members	**L**	Ensure sufficient numbers of signatories mandated on bank accounts to allow continuity of access if staff/members leave.	Town Council/RFO
Other income	Inappropriate post handling – lost, not dealt with, destroyed, stolen	**L**	All post to be opened by, Finance Assistant and Assistant Town Clerk in rotation.	ATC
	Improper cash handling	**L**	Cash handling to be minimized. Where cash is received this should be recorded in the finance software and banked promptly. FA or RFO to record promptly all cash & cheques received.	RFO
	Bank reconciliations	**L**	RFO to check bank statements and reconciliations monthly F&P to check bank statements monthly as part of the internal control checks	RFO
	Invoices not sent/incorrect	**L**	FA to create sales invoices at appropriate times. Invoices to be checked by RFO as part of the monthly process.	RFO
	Fees charged incorrectly or not at all	**L**	Fees are reviewed annually, and appropriate rates are set.	RFO
Investment income	Non-receipt	**L**	Investment income received and recorded correctly in the financial statements of accounts	RFO
		L		
Salaries	Wrong salary/hours/rate paid	**L**	RFO to run and process payroll. Chairman of F&P to validate details each month.	RFO/Chair F&P
	Wrong deductions – NI and income tax	**L**	Payroll software kept up to date. Chairman of F&P to investigate variations in payments during monthly process.	RFO/Chair F&P

Assets	Loss, Damage, Theft, etc.	**M**	Locks, alarms and CCTV. Fixed Assets Register maintained by FA & RFO. Physical check of items against assets register each year.	FO/RFO
	Inadequate sums insured	**L**	The Council holds appropriate levels of insurance. Periodic professional revaluations. RFO to review sums insured annually.	RFO
	Non-renewal of insurance	**M**	TC to verify renewal on an annual basis and report to Council	RFO
Cash at bank	Loss due to loss of account details, bank error or failure, “advance fee”, “CEO” or other types of fraud through improper payment	**M**	Secure records of accounts kept. Diversification of holdings of reserves to maintain entitlement to FSCS protection. Payment limits recorded in Financial Regulations. FA to check balances monthly. Internal Audit to review cash balances at internal audit visits	RFO
Payments made	Goods/services not supplied	**L**	Requirement in Financial Regulations for FA or RFO to keep copies of orders for all goods and services.	RFO
	Invoice incorrectly calculated or recorded	**L**	FA to check arithmetic on invoices. All invoices to be checked and initialled by RFO or Grounds Manager before payment.	RFO
	Payment is excessive or to wrong party	**L**	Payment details are scheduled by FA and then checked by RFO.	RFO
Safe custody	Loss, Damage, Theft, etc of critical documents or irreplaceable regalia	**L**	Keeping of such items to be minimized. Small items to be kept in locked safe in the TC office as much as possible. Electronic backup of documents retained. Insurance cover is adequate. Only authorised staff to have access to the safe. Booking system for removal of regalia from site is recorded. Signature is required to indicate acceptance of responsibility for regalia.	RFO

Legal liability	Liability for compensation or costs arising from public liability, occupier's liability, employer's liability, etc.	L	Insurance cover is adequate. Town Council to ensure that insurance remains fit for purpose and record decision in minutes each financial year. Staff and members are aware of Councils insurance cover. Staff and members are aware of all health and safety procedures for all Council business.	Town Council/RFO
Grants	No power to pay or no evidence of Council agreement to pay	L	General Power of Competence adopted. Councils criteria is based on grants policy.	RFO
	Conflict of interest	M	Maintaining Register of Members' Interests Members to declare interests at any meeting where grant applications are received.	F&P
	Conditions either not imposed or not monitored	L	TC to consider, and Clerk to minute any imposed conditions	RFO
VAT	Incorrect analysis	L	Ensure relevant staff are adequately trained	RFO
	Failure to charge on sales	L	Ensure relevant staff are adequately trained	RFO
	Incorrect claim submitted for project	M	Ensure relevant staff are adequately trained. If necessary seek professional advice	RFO
	Claims not submitted on a regular basis.	L	FA to submit digital VAT return on a quarterly basis.	FO
Reserves - General	Inadequate	L	Sufficient general reserves exist. 6-9 months expenditure held in reserve.	RFO
Reserves - Earmarked	Are not regularly reviewed	L	RFO to review EMR annually and present to F&P to approve. Figures to be used for budget setting purposes.	RFO/F&P
Staff	Loss of key personnel	M	F&P to ensure the health and wellbeing of staff. Cross-training of staff	RFO

			Appropriate level of staffing resources maintained to ensure service delivery and continuity when staff absences occur and/or key staff leave the employment of the council. As highlighted in RFO report to council date 11/1/24	
	Fraud by staff	**L**	Fidelity Guarantee/Internal Crime (as per insurance policy) value to be appropriately set and annually reviewed by Town Council.	Town Council
	Breach of employment contract	**M**	Employ service of HR support Staff handbook available Compliance with employment contracts regularly reviewed	RFO
Legal Powers	The Council act ultra vires	**M**	Council work under the LGA1972 Council staff and members are aware of role and responsibilities, duties and powers.	RFO
Financial Records	Loss, Damage, Theft, Failure to keep, etc.	**M**	Council adopts a records retention policy. Reviewed on a regular basis.	RFO
Minutes	Inaccurate or illegal Loss, Damage, Theft, Failure to keep, etc.	**L**	Paper copies of minutes stored in a secure environment. Electronic copies stored remotely and backed up regularly by IT support provider.	RFO
Planning	Failure to comment effectively (or at all) on important planning applications	**M**	Planning and Environment terms of reference fulfilled to ensure comments meet appropriate deadlines Councillors responsibilities to indicate conflicts of interests should be minuted.	RFO
Service Level Agreements	The TC fails to meet contractual obligations to other councils	**M**	Service level agreements exist to formalise arrangements with third parties. Contracts to be renegotiated at appropriate intervals. Amenities committee receives regular reports from the Grounds Manager.	RFO

Councillors	Members do not adhere to the Code of Conduct. Failure to comply with standards of behaviour which may damage the reputation of the Council	**M**	New Councillors receive a members induction pack and are offered regular training. Appropriate contact with the monitoring officer if required.	RFO
IT equipment	Loss of data/Business interruption	**M**	Back-up arrangements. IT support available	RFO
	Unauthorised access – • staff personal data, confidential information about contracts, members of the public • Access to passwords to payment systems, Payroll, • destruction of data, loss of service	**M**	Use of encryption and strong passwords Antivirus protection and firewall in place Policy for regular changes of password. Data management policy in place Cyber insurance Ensure access to systems is revoked immediately upon staff/member leaving.	RFO

We have checked and agreed that:

- The table above includes all significant risks that should have been considered in 2023-2024
- The control measures described in the table above were appropriate in 2023-24; and
- The appropriate person has indicated whether each control measure was properly applied in 2023-24