

STURMINSTER NEWTON TOWN COUNCIL



2025 – 2026 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 2025 to 31st March 2026

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
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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:

FO – Finance/Admin Officer

F&P – Finance & Policy Committee

R - Receptionist

RFO – Responsible Financial Officer

C – Clerk

GM – Grounds Manager

Topic	Risk Identified	Risk Level H/M/L	Control Measures	Responsible Member/Officer
General	Various	M	<ul style="list-style-type: none"> Internal and external audit. Note: Change of Internal Auditor 26/27. Insurance. 	RFO
Annual Budget	Not set/approved by Council	L	<ul style="list-style-type: none"> 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 coding structure	L	RFO to continually review suitability of coding structure to ensure fit for purpose.	RFO
	Expenditure exceeds or significantly under-achieves budget	M	<ul style="list-style-type: none"> F&P to review quarterly budget comparison including large variances, shortly after each financial quarter (to include earmarked reserves). Recommendation to Town Council. Ensure reserves are sufficient for Councils needs in line with NALC recommendations (currently 3-6 months). 	F&P
Precept	Not submitted on time	L	RFO to diarise for January.	RFO
	Not paid by Dorset Council	L	RFO to diarise for April & October.	RFO

	Insufficient precept set	M	<ul style="list-style-type: none"> RFO to review current financial position when presenting operations budget figures to F&P. RFO to present known additional expenditure and predicted market variances to F&P for consideration. Precept levels reviewed at budget setting to ensure appropriate levels for the following financial year. 	F&P/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: <ul style="list-style-type: none"> lost not dealt with destroyed stolen 	L	Post to be open promptly on arrival and distributed immediately. (Minimal post received).	R
	Improper cash handling	L	<ul style="list-style-type: none"> Cash handling to be minimised. Where cash is received this should be recorded in the finance software and banked promptly. FO to record promptly all cash & cheques received. 	FO
	Bank reconciliations	L	<ul style="list-style-type: none"> FO/RFO to check bank statements and reconciliations monthly F&P members to check bank statements quarterly as part of spot checks. 	FO/RFO/F&P
	Invoices not sent/incorrect	L	<ul style="list-style-type: none"> FO to create sales invoices at appropriate times. Invoices to be checked by RFO as part of the monthly process. 	FO/RFO
	Fees charged incorrectly or not at all	L	Fees are reviewed annually; appropriate rates are set and applied.	F&P
Investment income	Non-receipt	L	Investment income received and recorded correctly in the financial software	FO

Salaries	Wrong salary/hours/rate paid	L	<ul style="list-style-type: none"> RFO to run and process payroll. F&P members to check actual total spend against budget as part of spot checks. Internal Auditor to check wages in line with NJC Scales and spot check individual payroll. 	RFO/F&P
	Wrong deductions – NI and income tax	L	Payroll software kept up to date.	RFO
Assets	Loss, Damage, Theft, etc.	M	<ul style="list-style-type: none"> Locks, alarms and CCTV. Assets Register maintained by RFO and reported to TC annually. Physical check of items against assets register each year by RFO/GM 	RFO/GM/TC
	Inadequate sums insured	L	<ul style="list-style-type: none"> The Council holds appropriate levels of insurance. Periodic professional revaluations. (minimum 5 yearly) RFO to review sums insured annually. 	RFO
	Non-renewal of insurance	M	RFO to verify renewal on an annual basis and report to Council	RFO/Town Council
Cash at bank	Loss due to: <ul style="list-style-type: none"> loss of account details bank error or failure “advance fee” or other types of fraud through improper payment 	M	<ul style="list-style-type: none"> Recorded are kept securely. Diversification of holdings of reserves to maintain entitlement to FSCS protection. Payment limits recorded in Financial Regulations. FO to check balances monthly. Internal Audit to review cash balances at internal audit visits. 	FO
Payments made	Goods/services not supplied	L	FO to ensure goods received.	FO

	Invoice incorrectly calculated or recorded	L	<ul style="list-style-type: none"> FO to check arithmetic on invoices. All invoices to be checked and authorised by RFO and/or Grounds Manager before payment. 	FO/RFO/GM
	Payment is excessive or to wrong party	L	Payment details are scheduled by FO and then checked by RFO (or R if RFO absent).	FO/RFO/R
Safe custody	Loss, Damage, Theft, etc of critical documents or irreplaceable regalia	L	<ul style="list-style-type: none"> Keeping of such items to be minimised. 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. 	R/FO/RFO
Legal liability	Liability for compensation or costs arising from public liability, employer's liability, etc.	L	<ul style="list-style-type: none"> 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 through training. 	Town Council/RFO
Grants	No power to pay or no evidence of Council agreement to pay	L	<ul style="list-style-type: none"> Power agreed in advance. Grants considered by F&P and approved by Town Council and recorded in minutes. 	F&P
	Conflict of interest	M	<ul style="list-style-type: none"> Maintaining Electronic Register of Members' Interests. Members to declare interests at any meeting where grant applications are received. 	F&P/Town Council
	Conditions either not imposed or not monitored	L	<ul style="list-style-type: none"> FO to implement grants policy criteria that evidence is received that grant money is spent as per application form. 	FO

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	<ul style="list-style-type: none"> Ensure relevant staff are adequately trained. If necessary, seek professional advice. 	RFO
	Claims not submitted on a regular basis.	L	FO to submit digital VAT return on a quarterly basis.	FO
Reserves - General	Inadequate	L	<ul style="list-style-type: none"> Ensure sufficient general reserves exist. 3-6 months expenditure held in reserve. 	Town Council
Reserves - Earmarked	Are not regularly reviewed	L	F&P to consider earmarked reserves quarterly for Town Council approval.	F&P/Town Council
Staff	Loss of key personnel	H	Governance review in progress to be concluded in 2026.	Town Council
	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	<ul style="list-style-type: none"> Employ service of HR support Staff handbook available and up to date. Compliance with employment contracts regularly reviewed 	RFO
Legal Powers	The Council act ultra vires	M	<ul style="list-style-type: none"> Council work under the LGA1972 and Accounts and Audit Regulations 2015. Councillors are clear about roles and responsibilities, duties and powers. 	Town Council

Financial Records	Loss, Damage, Theft, Failure to keep, etc.	M	<ul style="list-style-type: none"> • Council adopts a records retention policy. • Records are stored securely. 	F&P/RFO
Minutes	<ul style="list-style-type: none"> • Inaccurate or illegal • Loss, Damage, Theft, Failure to keep, etc. 	L	<ul style="list-style-type: none"> • Paper copies of minutes stored securely. • 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	<ul style="list-style-type: none"> • Regular committee meetings. • Committee terms of reference to be followed. • Training offered on material planning considerations 	Town Council/RFO
Service Level Agreements	The TC fails to meet contractual obligations to other organisations	M	<ul style="list-style-type: none"> • 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. 	FO/RFO
Councillors	Members do not adhere to the standards of public life which may damage the reputation of the Council	M	<ul style="list-style-type: none"> • Council adopt the NALC code of conduct and civility and respect policies. • New Councillors receive a members induction pack and are offered regular training. • Appropriate contact with the monitoring officer if required. 	Town Council/Clerk
	Lack of understanding of role leading to Councillors on behalf of the body corporate.	M	<ul style="list-style-type: none"> • New Councillor and regular additional training to be offered. • Clerk employed as Proper Officer to advise Council. 	
IT equipment	Loss of data/Business interruption	M	<ul style="list-style-type: none"> • Back-up arrangements. • IT support available 	RFO
	Unauthorised access – <ul style="list-style-type: none"> • staff personal data, confidential information about contracts, members of the public 	M	<ul style="list-style-type: none"> • Use of encryption and strong passwords • Antivirus protection and firewall in place • IT Policy for regular changes of password. • Data management policy in place • Ensure access to systems is revoked immediately upon staff/member leaving. 	RFO

	<ul style="list-style-type: none">• Access to passwords to payment systems, Payroll,• destruction of data, loss of service			
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We have checked and agreed that:

- The table above includes all significant risks that should have been considered in 2025-2026
- The control measures described in the table above were appropriate in 2025-26; and
- The appropriate person has indicated whether each control measure was properly applied in 2025-26