

LAVERSTOCK & FORD PARISH COUNCIL

Report for Agenda Item 24.068 Review of Financial Risk Assessment

Subject: Review of Financial Risk Assessment
Date: 20 May 2024
Author: Andrew Prince, RFO

1. Report Summary.

- 1.1 This report presents an assessment of the risks faced by the Council and how they are managed and controlled.

2. Background.

- 2.1 It is a requirement of the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide that the Council carries out an assessment of the risks that it faces and takes steps to manage those risks.
- 2.2 The Annual Governance Statement by the Council includes an assertion that the Council has assessed all risks and taken steps to manage them.

3. Risk Assessment.

- 3.1 The Risk Assessment is continually monitored and reviewed by the RFO throughout the year. It is not an annual event. It is important however that the Risk Assessment is reviewed and approved annually by the Council prior to making Assertion 5 in the Annual Governance Statement.
- 3.2 The Financial Risk Assessment updated to 20th May 2024 is attached at Annex 1 to this report.

4. Recommendation.

- 4.1 That the Council approve the Financial Risk Assessment.

Laverstock & Ford Parish Council Financial Risk Assessment 2023-2024

Presented to Full Council for Approval 20 May 2024

Purpose of Document. This document has been produced to enable the Parish Council to assess the risks that it faces and satisfy itself that it has taken adequate steps to minimise them. The Risk Assessment was conducted as follows: -

1. Identify the **Area** to be reviewed.
2. **Identify the Risk.**
3. Assess the **Risk Level** and categorise. 1 = Low, 5 = High.
4. Decide on how to **Manage & Control the Risk.**
5. Identify any **Action Required.**

Colour Code: **Yellow** – risk amendment. **Green** – positive action. **Red** – negative action.

Area	Risk Identified	Risk Level	Management & Control of Risk	Action Required	Date last monitored
Precept	Adequacy of Precept	2	PC has budget and actual information every month. The Precept is agreed at a dedicated full meeting of Council.	None	18 Dec 2023 amended 15 Jan 2024
	Non-receipt of Precept	1	RFO to monitor in April & September	None	19 April 2024
Financial Records	Inadequate Records	2	The records required are stated in Financial Regulations.	None	20 May 2024
	Financial irregularities	2	Monthly checks by nominated Councillor Annual Internal audit	None IAC re-appointed as Internal Auditor. Inspection 8 March 24.	20 May 2024 8 March 2024
Banking	Loss of cheques	1	Cheques copied & banked by mail Deposit slips reconciled to statements.	None	5 Feb 2024
	Bank errors	1	Monthly reconciliation on Scribe.	None	20 May 2024
Cash & Petty Cash	Fraud or Theft	1	Cash payments not permitted. No petty cash held.	None	No cash receipts since January 2013

Area	Risk Identified	Risk Level	Management & Control of Risk	Action Required	Date last monitored
Financial Reporting	Lack of Information Communication	2	Statements are prepared monthly from Scribe Accounts before each Parish Council meeting. These include a Summary of Receipts & Payments, a Bank Reconciliation, a list of Payments for Approval, and Reserves Balances. A report of Treasury deposits is also provided.	None	20 May 2024
Costs & Expenses	Incorrect invoicing. Incorrect cheque for payment. Incorrect BACS payment.	1	Invoices checked & passed by RFO Invoices checked and initialled by Councillor (Finance). Cheque payments discontinued. BACS payments checked against invoices by Councillor (Finance). BACS payments authorised by RFO or Clerk & 2 Councillors. BACS payments approved by full Council.	None	20 May 2024
Best Value & Accountability	Overspending & Poor Value	3	Three quotes mandatory for all contracts above £25,000. Between £3000 & £25,000 three quotes required with some exceptions. Between £500 & £3000 three quotes advised. Values ex-vat.	Controlled by Financial Regulations. Review annually.	Financial Regulations approved February 2023. Amendments approved Sept 23 & May 24.

Area	Risk Identified	Risk Level	Management & Control of Risk	Action Required	Date last monitored
Debit Card	Fraudulent or inappropriate use	3	Use restricted to £1,000 for any single item in accordance with Financial Regulations. Use above £1,000 only with prior approval. All transactions checked monthly by Councillor (Finance) & approved by full Council.	Controlled by Financial Regulations. Reviewed annually	Regulations revised & approved February 2023. Amended Sept 2023 & May 2024.
Salaries	Incorrect Rate paid. NI & Tax not paid	1 1	Five employees – Clerk, RFO, Communications & Community Engagement Officer, Operations Officer & Operations Assistant. Salaries in accordance with National Joint Council for Local Government Services guidelines. A review by the Local Council Consultancy commissioned for May 2023. Reported June 2023. 2023-2024 Pay Review paid Nov 2023 back dated to 1 April 2023. Calculated by external pay-roll service provider.	Monitored through NALC and SLCC by Personnel Committee. All changes approved by Full Council. Paid monthly.	Staffing review including salaries completed by LCC in June 2023. Approved by Full Council in July 2023. 16 April 2024

Area	Risk Identified	Risk Level	Management & Control of Risk	Action Required	Date last monitored
Overtime payments	Excessive claims	2	Five employees – the Clerk, RFO, Communications & Community Engagement Officer, Operations Officer & Operations Asst. Timesheets prepared weekly and reconciled monthly. Reviewed at point of payroll preparation by Clerk and RFO. Checked monthly by member of Finance & General Purposes Committee.	Timesheets monitored by RFO. Payments or time off in lieu checked by RFO & Clerk.	16 May 2024
Expenses	Expenses over-claimed	1	All expenses claimed to be supported by receipts. Mileage claims monitored by RFO.	Expenses approved monthly by Councillor (Finance)	20 May 2024
VAT	Not reclaimed	1	VAT recovery to be claimed at least quarterly by RFO in accordance with Financial Regulations unless directed otherwise by the Parish Council. VAT recovery to be claimed whenever the recoverable amount exceeds £10,000.	Q3 claims. Oct 23 £22,669.76. Nov – Dec 23. £4,277.27. Q4 claim. £8,956.00 22 April 24	Paid 10 Nov 23. Paid 9 Jan 24. Paid 2 May 24.

LFPC FINANCIAL RISK ASSESSMENT 2023-2024.docx

Area	Risk Identified	Risk Level	Management & Control of Risk	Action Required	Date last monitored
Election Costs	Risk of Election Cost	2	The risk might be higher in an election year. Wiltshire Council have in March 2015 said that all parish council election costs will in future be charged back to the parish council and that the cost could be up to £5000. There are no measures that can minimise the risk of a contested election.	Ensure that the General Reserve is sufficient to meet a possible election cost.	31 March 2024
Annual Return	Late submission	1	Annual return to be approved by the Parish Council and completed by the internal auditor before the required submission date.	Submission to be approved by Full Council on 20 th May 2024. Submission deadline 1 July 2024.	Last Annual Return submitted on 30 th June 2023. Further information sent on 10 th Sept 23. Completion received 25 Sept 2023.

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Area	Risk Identified	Risk Level	Management & Control of Risk	Action Required	Date last monitored
Insurance	Adequacy of Insurance Cover Cost Compliance	1	<p>An Annual review of assets and insurance risk.</p> <p>A review whenever the Council acquires or assumes responsibility for new assets.</p> <p>A review whenever the Council plans a Special Event.</p>	<p>Report to and approval by Finance & General Purposes Comm. Referred to Full Council 20 May 24</p> <p>RFO to review cover & increase if required. Last reviews for Sycamore Drive 1st Sept 2023, Ward Grove Oct 23</p> <p>RFO to complete & submit Special Event proposal.</p>	<p>Renewal for approval 20 May 2024</p> <p>Review of Play Equipment, Bus Shelters, IT Equipment, Street Name Plates & SID 8 May 2024.</p> <p>Monitoring in 2024.</p>
Asset Control	Record of Council's Assets and Investments	2	Review to ensure that insurance cover is adequate and necessary.	An annual review prior to annual renewal of insurance.	20 May 2024
Fidelity Guarantee Insurance	Loss of money or other property belonging to the Council as a result of fraud or dishonesty by employees.	3	Review to ensure that Fidelity Guarantee Insurance is adequate for the funds and property held.	Review annually. Current cover is for £1m which is maximum available from Zurich Municipal. Request for £2m under consideration.	20 May 2024

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Lease of land at Cow Lane to Vodafone Ltd	1. Non-payment of rent.	2	Confirm payment received quarterly in March, June, September & December.	Check monthly bank statements.	22 Mar 2024
	2. Rent not reviewed at 3-year anniversary of Lease dated 6 February 2009.	2	Confirm new RPI indexed rent review at each 3-year anniversary. 2012, 2015. 2018, 2021 etc.	Rent review due in July 2021. Resolved by Council not to seek a review.	18 July 2022
Lease of land at Whitebridge Road to Paget.	Non-payment of rent	2	Invoice Annual Rent on 1 June each year.	Confirm on bank statement that rent has been received.	New 7-year lease completed. Rent paid 5 July 2023.
Lease of Old Sarum Community Centre to CIO.	Non-payment of Insurance Rent.	3	Monitor financial health of CIO. Ensure Council has reserves to meet insurance premium in the event of non-payment.	Invoice CIO when renewal premium known.	Invoiced 28 June 23. Paid 28 June 2023.
Recovery of VAT from the non-business activities of the Council.	The refusal by HMRC to permit the recovery of VAT by the Council because it does not comply with the regulations contained in VAT Notice 749.	4	RFO to seek professional advice or request confirmation from HMRC whenever purchases are made relating to property or premises owned by the Council if there is doubt about compliance with VAT 749 regulations.	No action required. Purchase of LED lighting by OSLCC part funded by Council required apportionment of VAT claim .	

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All new developments	Failure to pay S106 funds by trigger points.	4	Review all S106 payments and keep a record of when they are due and when paid. Where payments have been made to Wiltshire Council to investigate transfer to the Council by application or Side Agreement.	Invoice Vistry for play and open space maintenance before taking over management.	Ward Grove invoiced £52,887 on 12 Jan 24. Paid 18 Mar 24. Side Agreement signed 5 Dec 23 to gain £24,491.06 from 19/02482/FUL. Paid 4 th Mar 24
Litigation, liabilities or commitments, events or transactions that might have a financial impact.	Uninsured risk of litigation expenses, fines and compensation.	4	A thorough inspection and risk assessment of all Council Assets. A comprehensive Insurance policy that includes Public Liability, Employers Liability and Legal Expenses.	Monthly inspection. Annual risk assessment of Assets. Annual Review & regular amendments as assets change	31 st March 2024 30 April 2024 20 May 2024 Last amendment 21 st Oct 2023.
	Purchases outside the funding ability of the Council.	2	Transactions above £5000 restricted to Full Council.	Controlled by Financial Regulations.	

Financial Risk Assessment updated 20 May 2024.