wembury
Parish Council

FINANCIAL RISK ASSESSMENT (5 Pages)

Area	**Risk(s) Identified**	**Risk Level H/M/L**	**Potential Impact H/M/L**	**Management/Control of Risk**	**Review/Action Required**
Precept / Budget	Overspend of operational budget and/or inaccurate setting of Precept level realising demand on Reserves.	Low	High	Budget and Precept considered by Finance Committee & full Council each year. Sound budgetary control. Expenditure against budget considered monthly by full council.	Maintain existing procedures
Bank and Banking	Bank errors and/or inadequate checks leading to financial irregularities.	Low	Medium	Bank reconciliation each month. Bank statements circulated to councillors regularly. Allocated councillors given read only access to accounting system to enable spot checks.	Maintain existing procedures
Financial controls and records	Inadequate or non-standard records leading to financial irregularities.	Low	Medium	Internal & external audit presented to Council. Monthly financial report and bank reconciliation to Council. Allocated councillors given read only access to accounting system to enable spot checks.	Maintain existing procedures
Computer records	Loss of data through system error or theft.	Low	Medium	Back-up Parish data on a regular basis on external hard	Maintain existing procedures

				drive which is stored in filing cabinet. Office 365 used which enables cloud storage immediately. Good virus checker used.	
Tenders	Best value not achieved.	Low	Medium	Financial regulations detail procedures to be followed. Tender document used for tenders.	Maintain existing procedures
Payments	Goods not supplied but invoiced. Invoices incorrect. Invoices unpaid.	Low	Medium	All invoices recorded and filed upon receipt. Invoices checked for accuracy and for receipt of goods and services. Two signatories on cheques and electronic payment authorisation and initialling of cheque stubs. List of cheques and electronic payments presented to full Council monthly. Allocated councillors given read only access to accounting system to enable spot checks.	Maintain existing procedures
Grants	Mismanagement of Grant Aid powers.	Low	Low	Formal applications only considered for grants by full Council. Budgets adhered to.	Maintain existing procedures
Salaries	Incorrect payments to staff (rates, NI, tax)	Low	Medium	Contract with South Hams District Council for payroll	Maintain existing procedures

				facility including HMRC notification of payment needed. All correspondence filed. Internal audit.	
Councillor Allowances	Non-payment of tax	Low	Low	Councillors do not receive allowances.	No action required
Election Costs	Inability to meet costs	Low	Low	Provision made in budget annually as an earmarked reserve.	Maintain existing procedures
VAT	Errors in calculation. Payments not made to HMRC.	Low	Medium	Comply with HMRC regulations. Internal audit. VAT reclaim amounts automatically calculated by accounts package and submitted at least yearly to HMRC	Maintain existing procedures
Annual Return	Inability to conduct year end close on time/not submitted on time	Medium	Medium	Book internal audit early	Maintain existing procedures
Theft or Dishonesty including cash and cheques	Loss of funds	Low	High	No petty cash held. Cash donations banked as soon as possible, and records kept. Cheques require two signatures. Electronic payments require two signatures. Bank reconciliations done monthly and sent to full council. Bank statements to be sent to full council periodically and on demand. Allocated councillors given read only access to	Maintain existing procedures.

				accounting system to enable spot checks.	
Untimely receipt of precept/grants	Lack of cash flow	Low	Medium	Precept automated by South Hams District Council. Ensure grants are received prior to work beginning if possible. Ensure timescales for grants being paid is established before work begun, if prior payment not possible. General eserves of at least 50% of precept held in case of District council failings.	Maintain existing procedures.
Loss of cheques	Financial Loss	Low	High	Cheques need two authorised signatures. Cheque book kept in filing cabinet and only removed when in use and not removed from office.	Maintain existing procedures.
Financial Regulations are not aligned with current legislation or do not deliver best value	Council acts illegally or does not deliver best value	Low	Medium	Financial regulations checked and if necessary, amended yearly or when new legislation comes into force.	Maintain existing procedures.
Council takes on more services with no supporting funding	Either increased precept or impact on reserves	Low	Medium	All decisions taken with budget and reserves in mind. Precept increased if needed. At least 50% of precept in general reserves maintained.	Maintain existing procedures.
Unable to recover costs	Financial Loss	Medium	Medium	Ensure all assets are listed with insurer, check insurance cover	Maintain existing procedures

from 3rd party insurers for damaged assets				is adequate. Assigned reserves for uninsurable asset damage or replacement.	
Lack of regular review of fees and services	Financial Loss	Low	Low	Regular reviews of fees and regular payments for services.	Maintain existing procedures.
Bank Insolvency	Financial Loss	Low	High	Use well established bank with government protection scheme. Split funds between providers if necessary.	Maintain existing procedures.