



Wallingford Town Council

## FINANCIAL RISK ASSESSMENT

### Issue History

Issue No.	Date of Adoption	Reference in Minute Book	Comments
1	Council 10/8/2020	196c/08/2020	To be reviewed annually in April

This document has been produced to enable the Town Council to assess the financial risks that it faces and satisfy itself that it has taken adequate steps to minimise them. In conducting this exercise, the following plan was followed:

- Identify the areas to be reviewed.
- Identify what the risk may be.
- Evaluate the management and control of the risk and record all findings.
- Review, assess and revise if required.

Subject	Risk(s) Identified	Risk Rating H/M/L	Management/Control of Risks	Review/Assess/Revise
Precept	<ol style="list-style-type: none"> <li>1. Adequacy of precept.</li> <li>2. Requirements not submitted to the relevant authority.</li> <li>3. Amount not received from the relevant authority.</li> </ol>	<p>Low</p> <p>Low</p> <p>Low</p>	<p>The Finance and Properties Subcommittee completes a detailed review of the Council's finances to determine the precept amount required</p> <p>The Town Clerk prepares a budget update report, including</p> <ul style="list-style-type: none"> <li>• actual position for the current year;</li> <li>• projected position to end the year;</li> <li>• estimate of the costs of standing costs and one-off projects for the following for the upcoming year.</li> <li>• Estimate of income which the Council will receive</li> <li>• Analysis of reserves available</li> </ul> <p>The Finance and Properties Subcommittee reviews this information and makes a recommendation of the amount of precept required.</p> <p>The setting of the precept is an item reserved to the Council and is an agenda item at full Council.</p> <p>The precept approved by the Council is submitted by the Clerk in writing to the relevant authority. Deadline for submission is diarised in both the office diary and the Town Clerks diary with two reminders set one week apart.</p> <p>The Clerk informs Council when the monies are received.</p>	Existing procedure adequate.
Financial records	<ol style="list-style-type: none"> <li>1. Inadequate records.</li> <li>2. Financial irregularities</li> </ol>	<p>Low</p> <p>Low</p>	<p>The Council has adopted NALC recommended Financial Regulations which are included in the Standing Orders of the Council. These regulations clearly set out responsibility for the management of the financial affairs of the Council</p> <p>The Standing Orders are regularly reviewed and updated by the Council.</p>	<p>Existing procedure adequate.</p> <p>Review the Financial</p>

			<p>Spot checks to be carried out by the Town Clerk and the internal auditor to ensure regulations are being applied.</p> <p>Rialtas Accounting System to be backed up at the end of each month and period end.</p>	Regulations when necessary.
Bank and banking	<ol style="list-style-type: none"> <li>1. Inadequate checks.</li> <li>2. Bank mistakes.</li> <li>3. Loss.</li> <li>4. Charges.</li> </ol>	<p>Low</p> <p>Low</p> <p>Low</p> <p>Low</p>	The Council has Financial Regulations which set out the requirements for banking, cheques and reconciliation of accounts.	<p>Existing procedure adequate.</p> <p>Review the Financial Regulations when necessary and bank signatory list when necessary, especially after an election.</p> <p>Monitor the bank accounts on a regular basis and when bank statements arrive.</p>
Cash	Loss through theft or dishonesty	Low	<p>The Council has Financial Regulations which set out the requirements for managing cash amounts</p> <p>Receipts are issued for all income and secure arrangements are in place for all monies held pending banking.</p> <p>Arrangements are in place for prompt recording and banking of all cash received.</p> <p>Cash received is banked within 5 banking days. Petty cash is limited to £150 and the central office hold a cash float of £8.00.</p> <p>Cash received in the office is placed in the safe overnight, cash taken in the TIC is kept in a locked cash box, (Town Hall is alarmed), and all cashed is banked once a week.</p>	<p>Existing procedure adequate.</p> <p>Review the Financial Regulations when necessary.</p>

Reporting and auditing	<ol style="list-style-type: none"> <li>1. Information provided to Councillors is not adequate.</li> <li>2. Communication of financial position of the Council is inadequate.</li> <li>3. Compliance with auditing requirements</li> </ol>	<p>Low</p> <p>Medium</p>	<p>Detailed management accounts are produced quarterly and are reviewed by the Finance and Properties Subcommittee.</p> <p>The management accounts include actual expenditure for the quarter and cumulative for the year, compared with the estimates and the prior year.</p> <p>The Council has an annual internal audit; reviews the scope of the internal audit annually; formally received the report of the internal auditor and reviews the adequacy of the internal auditor.</p>	<p>Existing communication procedures adequate.</p> <p>Existing internal audit procedures are adequate</p>
Income	<ol style="list-style-type: none"> <li>1. Invoices are not issued for services provided</li> <li>2. Invoices remain unpaid</li> <li>3. Incorrect invoicing.</li> </ol>	<p>Low</p> <p>Low</p>	<p>Electronic booking in place from 17<sup>th</sup> August 2016 for all lettings, this software forces automatic invoicing. One off services such as Allotments and Parking are diarised each year.</p> <p>Aged debtors are reviewed by the Council and unpaid invoices are pursued. If appropriate payment is obtained in advance.</p>	<p>Existing procedure adequate.</p> <p>Review the Financial Regulations when necessary.</p>

Payments	<ol style="list-style-type: none"> <li>1. Expenditure is incurred without proper authority</li> <li>2. Incorrect payments</li> <li>3. Goods not supplied but billed.</li> <li>4. Unpaid invoices.</li> </ol>	<p>Low</p> <p>Low</p> <p>Low</p> <p>Low</p>	<p>The Council has Financial Regulations which set out the requirements. Powers under which expenditure which is not included in the estimates is being approved is recorded in the minutes.</p> <p>All payments are supported by an invoice/voucher. All details are checked and the payment is entered onto the computerised purchase ledger.</p> <p>The list of invoices is reviewed and approved by the Council, and this approval is recorded in the minutes.</p> <p>All cheques to be signed by three authorised signatories.</p> <p>Electronic payments are made using the banks secure payment procedures and are approved by three authorised signatories.</p> <p>Our standing orders allow for only two signatories but we have not changed this with the bank this will be done when we change banks as too difficult with Lloyds.</p> <p>Authorised signatories check payments against invoices/payment vouchers.</p>	<p>Existing procedure adequate.</p> <p>Review the Financial Regulations when necessary</p>
Assets	<ol style="list-style-type: none"> <li>1. Failure to maintain an adequate register</li> <li>2. Loss of income following critical damage to town council's revenue producing public buildings.</li> <li>3. Assets are not adequately insured</li> </ol>	<p>Medium</p>	<p>Council asset register is updated regularly and reviewed by the Council annually.</p> <p>Assets reviewed with physical verification before each year end starting 19/20.</p> <p>Insurance cover is reviewed to ensure all assets are adequately covered</p>	<p>Gaps in asset register have been identified during recent review of property portfolio</p> <p>Procedures to be reviewed &amp; updated</p>

Investments	To obtain best rates of return on surplus cash balances	Low	<p>1. To adhere to WTC's Investment Policy</p> <p>2. To adhere to <b>STATUTORY GUIDANCE ON LOCAL GOVERNMENT INVESTMENTS (3rd Edition) Issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1 April 2018 POWER UNDER WHICH THE GUIDANCE IS ISSUED</b></p>	Procedures to be reviewed annually in April
Grants and support - payable	<p>1. Council exceeds its power to pay.</p> <p>2. Authorisation of Council to pay</p>	<p>Low</p> <p>Low</p>	All expenditure under Section 137 is separately recorded in the computerised nominal account. Total expenditure is reviewed before grants are awarded to ensure that the total does not exceed the statutory limitation for the council. All grant applications go through the required Council process of approval, and are minuted and listed accordingly if a payment is made using the S137 power of expenditure.	Existing procedure adequate.
Grants - receivable	Conditions relating to receipts of Grant are not met, resulting in reclaim of funding	Low	<p>The Council does not presently receive any regular grants.</p> <p>One off grants would come with terms and conditions to be satisfied.</p> <p>RFO to be informed of any grant application made, the amount and expected date of receipt along with the conditions attached.</p> <p>Grants posted to accounts software and all paperwork filed in a central file in the office.</p>	Existing procedure adequate.
Charges - rentals payable	Payments of charges, leases, rentals	N/A	N/A	N/A
Charges - rentals receivable	1. Receipt of rental.	Low	Arrangements are in place for prompt recording and invoicing of rental income due to the Council.	Existing procedure adequate

	2. Insurance implication.		<p>Rental income is checked manually each month along with lease reviews. Recharging of insurance checked annually. Invoices reconciled against leases by the internal auditor quarterly.</p> <p>A central register is held which details the terms of leases &amp; a calendar which diarises the timing of rent reviews.</p>	
Best value Accountability	<p>1. Work awarded in contravention of Council Standing orders.</p> <p>2. Overspend on services.</p>	<p>Low</p> <p>Medium</p>	<p>Council Standing Orders set out Council practice in relation to seeking quotations and tendering for any substantial work required to be undertaken or goods purchased.</p> <p>For major contract services, formal competitive tenders would be sought.</p> <p>If a problem is encountered with a contract the Clerk would investigate the situation, check the quotation/tender, research the problem and report to Council.</p>	Existing procedure adequate.
Salaries and associated costs	<p>1. Salary paid incorrectly.</p> <p>2. Wrong hours paid.</p> <p>3. Wrong rate paid.</p> <p>4. False employee.</p> <p>5. Wrong deductions of NI or Tax.</p> <p>6. Unpaid Tax &amp; NI contributions to the Inland Revenue</p>	<p>Low</p> <p>Low</p> <p>Low</p> <p>Low</p> <p>Low</p> <p>Low</p>	<p>The payroll will be operated through a payroll model of the accounting system which should eliminate NI and Tax errors.</p> <p>Overtime records are maintained and signed off before overtime payments are made</p> <p>The Council maintains comprehensive records of all calculations of income tax, national insurance deducted from pay.</p> <p>The Council submits regular returns to HMRC and arranges prompt payment of all sums due.</p>	Existing procedure adequate.
Employees	1. Loss of key personnel.	Low	The Town Clerk and RFO are required to give three months' notice.	<p>Existing procedure adequate.</p> <p>Membership of NALC.</p>

	<p>2. Fraud by staff.</p> <p>3. Staff are not appropriately experienced</p>	<p>Low</p> <p>Low</p>	<p>The Council has Financial Regulations which set out the requirements Risk assessments to be carried out periodically to ensure compliance.</p> <p>Employees are provided with relevant training, reference books, access to assistance and legal advice required to undertake the role.</p>	
Councillor allowances	<p>1. Councillors over-paid.</p> <p>2. Income tax deduction.</p>	N/A	<p>No allowances are allocated to Town Councillors. The Mayor receives a fixed allowance which is included in the estimates, and claimed back by receipts from the Mayor's expenses.</p> <p>The Mayor's Allowance is not taxed at source, when allowances are given a letter is issued advising the Mayor that their allowance is taxable &amp; that they are responsible for ensuring that the amount is treated appropriately.</p>	No action required.
Election costs	1. Risk of an unbudgeted/unforeseen election cost	high	Costs are budgeted in an election year, however unbudgeted costs can also be incurred in a non-election year	Existing procedure adequate.
VAT	<p>1. Failure to comply with HMRC regulations</p> <p>2. VAT is not reclaimed</p>	Low	<p>The Council has Financial Regulations which set out the requirements.</p> <p>Ensure that value added tax is properly administered. Refer to guidance in HMRC Notice as required. Seek further guidance from HMRC where necessary.</p> <p>Ensure that all input tax and output tax is properly recorded.</p> <p>Complete and submit VAT claims promptly and on a regular basis.</p>	Existing procedure adequate.
Annual return	1. Submit within time limits	Low	Annual Return is completed and signed by the Council, submitted to the internal auditor for completion and signing then checked and sent on to the External Auditor within time limit.	Existing procedure adequate.



Insurance	<ul style="list-style-type: none"> <li>1. Adequacy.</li> <li>2. Cost.</li> <li>3. Compliance.</li> </ul>	<p>Low</p> <p>Low</p> <p>Low</p>	<p>An annual review is undertaken (before the time of the policy renewal) of all insurance arrangements in place.</p> <p>Employers and Employee liability insurance is a necessity and must be paid for.</p>	<p>Existing procedure adequate.</p> <p>Review insurance provision annually.</p> <p>Review of compliance.</p>
Business Contingency	<ul style="list-style-type: none"> <li>1. Clerk or RFO indisposed</li> </ul>	<p>Low</p>	<p>In the event of the Clerk and/or RFO being indisposed, another member of staff or external body can be chosen to continue the duties on an interim basis. Insurance cover is in place to enable purchase from external bodies.</p> <p>Passwords for all critical applications for both the Town Clerk and the RFO are recorded, sealed and stored in the safe.</p> <p>All records are stored in either/ or all hard copy, memory stick, laptop or hard drive. Hard drives are backed up each day.</p>	<p>Check data stored correctly at regular intervals.</p>