



Financial Risk Assessment

The greatest risk facing a local Council is not being able to deliver the activity or services expected of it.

This document has been produced to enable the Village Council to assess the risks of all its functions and activities and satisfy itself that it has taken adequate steps to minimise them. In conducting this exercise, the following process was followed:

- Identify the areas to be reviewed
- Identify what the risk may be, and the level of risk (High, Medium or Low)
- Evaluate the management and control of the risk and record all findings
- Review, assess and revise at least once a year

FINANCE				
Subject	Risk(s) Identified	H/M/L	Management/Control of Risk	Review/Assess/Revise
Precept	Adequacy of precept – insufficient income	L	Follow budget setting process set out in Financial Regulations. Finance, Administration and Human Resources Committee recommends precept figure to Full Council after considering actual and projected costs for current and future years, and taking account of reserves.	Existing procedures adequate.
	Requirements not submitted to Mid Sussex District Council in time	L	The Village Council publishes its draft budget in December. The precept to be requested from MSDC will then be resolved at the Full Council meeting in February, after which MSDC will be advised of the figure. The Clerk informs Council when the monies are received.	
	Precept not received by AWVC from MSDC	L	The Council's Reserves Policy ensures that it has adequate reserves to deal with late payment of precept as well as unexpected events.	
Financial Reserves	Insufficient Reserves	L	Reserves Policy is followed by Council during budget setting process.	Existing procedure adequate.
Financial controls and records	Inadequate records	L	The Council's Financial Regulations set out requirements and expectations. These are reviewed regularly.	Existing procedures adequate.
	Financial irregularities	L	Scrutiny through internal controls, and independent internal and external audit.	

Financial Risk Assessment

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Bank and banking	Errors and Irregularities Inadequate checks	L	Clerk and RFO follow requirements of Financial Regulations relating to banking, payments and reconciliation of accounts.	Existing procedure adequate. Review the bank signatory list when necessary, especially after an AGM and an election.
	Incorrect payments by Cheque/BACS	L	Payments are approved at each Full Council meeting. Most payments are made by BACS. The Clerk and RFO are not bank signatories and can only raise payments for authorisation by signatories.	
	Bank mistakes	L	Any errors will be discovered during monthly reconciliations of accounts and appropriate action taken.	
	Loss of Signatories	L	Three signatories are appointed to ensure that two signatories are available at all times.	
Debts	Unpaid Invoices	L	Clerk and RFO monitor any outstanding payments, eg under John Pears Management Agreement. Payment for goods or services taken in advance where possible, eg for stalls at Christmas Market.	Existing procedures adequate.
	Goods or services not received after payment	L	Monitoring by Clerk/RFO. Payment for larger items usually made after goods or services received and in accordance with Financial Regulations.	
Cash	Loss through theft or dishonesty	L	Adherence to Financial Regulations. Cash and cheques will be kept in a locked safe until banked within a reasonable period (at least once a month). There is no petty cash or float held in the office. The Council's insurance policy includes a Fidelity Guarantee.	Existing procedures adequate. Ensure Fidelity Insurance is adequate.
Credit Card	Loss through dishonesty or fraudulent use	L	The credit card is stored in a secure place. There is a spending cap of £400 per month. It is used for small purchases within the budget.	Existing procedure adequate.
Fraud	Loss through dishonesty or fraud by staff	L	References checked on recruitment. DBS checks where appropriate. Fidelity guarantee insurance cover. Adherence to Financial Regulations.	Existing procedure adequate.

Financial Risk Assessment

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Grants payable	Power to pay Authorisation of Council to pay	L	Grant applications must comply with the Grants Policy and will be considered by Full Council and minuted accordingly. Council does not currently hold General Power of Competence.	Existing procedures adequate. Parish Councillors request a copy of S137 rules if required.
Grants – receivable	Receipt of Grant	L	The Council does not receive any regular grants. One-off grants would be subject to terms and conditions with which the Clerk and RFO would ensure compliance.	Existing procedure adequate.
Contracts and Tenders	Work awarded incorrectly	L	In accordance with Financial Regulations, normal Village Council practice would be to seek, if possible, more than one quotation for any substantial work or goods. For major contract services, formal competitive tenders would be sought.	Existing procedure adequate.
	Overspend on services	L	If a problem is encountered with a contract the Clerk would investigate the situation, check the quotation/tender and report to the Council.	
Salaries and associated costs	Salary paid incorrectly	L	The Village Council authorises the appointment of all employees. Salary rates are based on agreed NJC rates, approved by the Council on appointment and are reviewed annually in accordance with employment contracts. Financial Regulations set out procedures for payment of salaries. Overtime is not paid unless approved by the Council.	Existing procedures adequate.
	Paying and accounting for PAYE and NI on employees' salaries.	L	Payroll Master is used for reporting and calculating sums due to HMRC. Payments due are approved by Council and paid monthly. Employer's Annual Return is completed and submitted online to HMRC by Clerk/RFO within prescribed timeframe.	
VAT	Not reclaimed	L	VAT is claimed regularly (quarterly) in accordance with Financial Regulations.	Existing procedure adequate.
Election costs	Risk of an election cost	L/M	The risk is higher in an election year, although a by-election could be called following a casual vacancy. There are no measures which can be adopted to minimise the risk of having elections as this is a democratic process. The Clerk/RFO will	Existing procedure adequate.

Financial Risk Assessment

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			obtain costs estimates for elections from MSDC and the Council maintains an election reserve.	
Audit – Internal Audit	Completion within time limits	L	Internal auditor is appointed by the Council. The internal auditor is supplied with relevant documents and forms at the required time. Procedures of internal audit are fully compliant with current audit requirements and Financial Regulations.	Existing procedure adequate
Annual return (AGAR)	Complete and submit within time limits	L	Annual Return is completed and signed by resolution of the Council, submitted to the internal auditor for completion and signing then checked and sent by the Clerk to the External Auditor within the time limit. Regular reports to Council on timescales and requirements.	Existing procedures adequate.

ADMINISTRATION				
Subject	Risk(s) identified	H/M/L	Management/Control of Risk	Review/Assess/Revise
Business continuity	Risk of Council not being able to continue its business due to an unexpected or tragic circumstance (including pandemic)	L	Refer to the Council’s Standing Orders for decision-making process in the event of an emergency. Follow any relevant government or public health advice and guidance. The Clerk makes regular back-ups of files to a cloud account and removable hard drive.	Existing procedures adequate.
	Insufficient Councillors	L	In the event of Councillor vacancies, the required process will be followed, which will lead to a by-election or co-option of new members. If the Council becomes inquorate, Mid Sussex District Council will be advised and will appoint members.	
Loss of key personnel (resignation or	Reduction in Council services, need to recruit replacement, possible locum	L	Contracts include notice periods to prepare for replacements. Clerk and RFO can cover for each other and are producing a ‘how to’ manual and record of passwords.	Existing procedures adequate.

Financial Risk Assessment

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long-term sickness)	expenses, increase in staff training costs.			
Insurance	Adequacy Cost Fidelity Guarantee	L L L	Insurance arrangements are reviewed fully on a three-year basis, with annual checks at the May Annual Council meeting. Full review of renewal costs every three years. Contract awarded in accordance with best value as above. Employers and public liability are a statutory requirement. Ensure Fidelity Guarantee Insurance is fit for purpose.	Existing procedure adequate. Notify Insurers about any new acquisitions between renewal dates.
Council records – paper	Loss through theft fire damage	L M L	The Council's records are stored in the office. Records include historical correspondence, minute books, documents for ownership of property and leases of land, personnel files, insurance, accounts etc. Confidential information such as personnel records is kept in locked filing cabinet (not fireproof).	Damage (apart from fire) and theft is unlikely and so provision is adequate. Consider purchase of fireproof cabinet
Council records - electronic	Loss through: Theft, fire, damage Corruption of computer	L M	The Council's electronic records are stored on the office computers used by Clerk and RFO. Backups of the files are taken at regular intervals onto a cloud account and onto an external hard drive. IT support provided by a local contractor.	Existing procedure adequate.
Minutes, Agendas, Notices	Accuracy and Legality Conduct of business	L L	Covered by staff training. Clerk/RFO produce and publish minutes, agendas and other documents in accordance with legal requirements and best practice guidelines. Minutes are approved and signed at the next Council meeting. Business conducted at Council meetings should be managed by the Chair, who undergoes appropriate training.	Existing procedures adequate
Statutory Documents	Compliance with: Code of Conduct Declaration of Interests / Register of Interests Conflict of interests	L L	Training for new Councillors covers their responsibilities. Members agree in writing to adhere to Code of Conduct. Declaration of Interests is an agenda item at every meeting. Councillors are responsible for completing and updating their Register of Interests forms.	Existing procedures adequate. Members or Clerk to seek advice where necessary from MSDC's Monitoring Officer.

Financial Risk Assessment

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Data protection	Non-compliance with data protection legislation	L	The Council is registered with the Information Commissioners Office. The Council has a Document Retention Policy and a Privacy Policy.	Existing procedure adequate
Freedom of Information Act	Non-compliance with Model Publication Scheme	L	The Council has adopted the model publication scheme for local councils. Information and documentation is made available on the Council's website and on noticeboards. All requests for information should be dealt with promptly within the deadlines. A substantial request could involve many hours of extra work.	Monitor and report impacts of requests made under the FOI Act.
Decision-making	Reputational damage and loss of public confidence from poor decision-making.	L	Adherence to Standing Orders. Compliance with Code of Conduct and Council Policies. Staff and Councillor training. Membership of and advice from WSALC, NALC, SLCC.	Existing procedures adequate

LIABILITY				
Subject	Risk(s) identified	H/M/L	Management/Control of Risk	Review/Assess/Revise
Legal Powers	Illegal activity or payments	L	All activity and payments within the powers of the Village Council to be resolved and minuted at Full Council Meetings (including where appropriate a reference to the power used). Financial Regulations, Standing Orders and any Terms of Reference to be followed. Clerk to advise on legal position of proposals. Training for staff and Councillors	Existing procedures adequate
Public Liability	Injury to third parties, damage to property	L	The Council has Public Liability Insurance cover, which is reviewed regularly. Separate Risk Assessments are carried out for events.	Existing procedures adequate

Financial Risk Assessment

LIABILITY				
Subject	Risk(s) identified	H/M/L	Management/Control of Risk	Review/Assess/Revise
Health and Safety	Injury to staff and visitors to office, meeting room or Village Centre	L	Separate Health and Safety Risk Assessment to be prepared. Insurance cover includes public liability and employer's liability. The Village Centre is leased to Trustees, who have public liability cover.	Existing procedures adequate
Employment	Non-compliance with employment law	L	Employer's liability insurance, advice from WSALC, NALC, ACAS etc. Council has Disciplinary and Grievance policies	Existing procedures adequate

ASSETS				
Subject	Risk(s) identified	H/M/L	Management/Control of Risk	Review/Assess/Revise
Assets	<p>Loss or Damage to Council's assets including office, meeting room, notice boards, SIDs, benches etc</p> <p>Risk/damage to third party(ies)/property</p> <p>Payment of rent not made</p>	<p>L</p> <p>L</p> <p>L</p>	<p>Asset register kept. All items are insured and value increased as necessary. All assets are regularly inspected and maintained.</p> <p>The Village Centre Trustees pay the insurance premium for the Centre but the Council, as freeholder, is responsible for ensuring that cover is adequate.</p> <p>An annual review is also conducted for the level of public liability insurance required.</p> <p>The Clerk/RFO to ensure that rent for the parcel of land at John Pears is made in a timely manner in accordance with the Lease.</p> <p>Health and safety issues relating to the Council's assets will be covered in general or specific risk assessments.</p>	<p>Existing procedures adequate. Asset register to be updated when new asset acquired and reviewed annually.</p> <p>Consider when re-valuation of Village Centre and Council office is required.</p>

Reviewed: 7th May 2024