FINANCIAL RISK ASSESSMENT

Introduction

This document has been produced to be used in conjunction with the Financial Regulations and Internal Controls policy to enable Caister-On-Sea Parish Council to assess the financial risks it faces and satisfy itself that it has taken adequate steps to minimise them. The likelihood and impact model used to assess the risk rating can be found at Appendix 1.

Financial Risk Assessment

	Potential Risk Area	Impact	Likelihood	Rating	Steps to mitigate risk	Owner & actions
1	Protection of Assets owned by Parish Council.	Major	Unlikely	8	Insurance against Asset Register.	Parish Clerk to check adequate insurance against Asset Register annually, reporting back to Parish Council.
2	Maintenance of Assets owned by Parish Council.	Major	Moderate	12	Check and maintain equipment. Record condition as per agreed schedule.	Parish Clerk to manage inspection schedule, reporting back to Parish Council.
3	Annual Return	Major	Unlikely	8	The PAYE year end procedures are carried out within the prescribed time frame by the RFO. The Annual Governance Annual Return is submitted to the Internal Auditor for completion and signing, signed off by the Council and sent on to the External Auditor within the time limit.	RFO in conjunction with the Clerk.

4	Risk of damage to Third Parties caused by Parish Council's assets.	Major	Moderate	12	Insure, check and maintain assets, recording as per agreed schedules.	Parish Clerk to ensure insurance cover is adequate, assets maintained, and inspections completed.
5	Legal Liability to Third Parties.	Major	Moderate	12	Employer's Liability and Public Liability Insurance in place.	Parish Council to review adequacy of insurance cover annually.
6	Loss of money (including cash) through theft, dishonesty, accident or inadequate banking procedures.	Severe	Unlikely	10	Minimum of two signatories available for all bank transactions and authorisations. Payments of invoices approved at Parish Council meetings. Finances audited every year.	Financial Report provided by Responsible Finance Officer for all Parish Council meetings. Reconciliations completed against monthly bank statements.
7	Non-receipt of eligible income i.e. Precept, VAT and interest.	Major	Unlikely	8	Annual agenda item for determining the precept request against budget. Annual VAT return claim. Management of bank accounts.	Parish Officers to provide all relevant documents to internal auditor. Parish Clerk includes precept as agenda item and completes return to GYBC within specified timeframe. VAT return claims to be undertaken annually.
8	Inappropriate annual precept request.	Major	Unlikely	8	Budget set annually based on actual expenditure to date and anticipated future requirement. Prudent level of contingency included in precept calculation.	Parish Officers to monitor expenditure and commitments and report to Council at all Council meetings.
9	Goods not supplied, invoices incorrect or unpaid.	Moderate	Moderate	9	Adherence to the Parish Council's Terms of Business and Financial Regulations.	Parish Officers to adhere to relevant policies. Council informed of any debt.
10	Financial loss or damage/injury resulting from services provided by contractors.	Minor	Unlikely	4	Contracts awarded as per Financial Regulations and agreed processes.	Parish Clerk to ensure Contractors are adequately insured.
11	Obtaining value for	Minor	Unlikely	4	Adherence to Parish Council's	Parish Officers to adhere to

	money.				Financial Regulations.	relevant policies. Council to approve all procurement.
12	Salary paid incorrectly including payment of National Insurance, Income Tax and pensions.	Severe	Unlikely	10	Basic PAYE tools and NEST systems used. Review of salaries completed annually by the Personnel Committee.	Responsible Finance Officer to be aware of up-to-date salary processes and payments. Personnel Committee to consider salary increases as per contractual terms.
13	Failure to meet all requirements under Employment Law, Inland Revenue, Audit and Customs and Excise regulations and Health & Safety at Work Act.	Severe	Unlikely	10	Parish Officers to monitor relevant legislation through Gov.UK, SLCC and NPTS and attend training courses as appropriate.	Parish Council acts upon reports and recommendations from Gov.UK/SLCC/NPTS as appropriate. Parish Clerk to maintain the Accident Book.
14	Failure to comply with Data Protection regulations.	Severe	Unlikely	10	Parish Clerk and Responsible Finance Officer trained. Data Protection Policy adopted.	Parish Officers to adhere to the policy and update training as required.
15	Responsible Finance Officer – Holidays, Illness/death or resignation.	Major	Unlikely	8	Responsible Finance Officer makes appropriate arrangements for short term absence.	Responsible Finance Officer to document duties and procedures to undertake if absent.
16	Improper use of funds granted to external bodies.	Major	Unlikely	8	Adherence to Grants Policy.	Parish Clerk to manage applications as per the guidelines within the Grants Policy and pass to Council for approval.
17	Not keeping proper financial records in accordance with statutory requirements.	Major	Unlikely	8	Financial Regulations adopted. Report on financial position at all Parish Council meetings. Internal audit undertaken annually.	Responsible Finance Officer to keep proper records. Parish Council to monitor.
18	Undertaking illegal activity or payment	Severe	Rare	5	Adherence to Parish Council's Financial Regulations.	Parish Officers to adhere to relevant policies. Council to approve all procurement.
19	Insurance - Inadequate/ Ineffective. Claims badly handled. Non receipt of	Major	Unlikely	8	Policy updated as required and schedule analysed. Claims monitored and followed up.	Clerk to manage insurance policies, claims and renewals.

	sums due.				Market reviewed periodically.	

Appendix 1

Likelihood and Impact Model

			Likelihood				
			Rare	Unlikely	Moderate	Likely	Almost Certain
			1	2	3	4	5
Impact	Severe	5	**5**	**10**	**15**	**20**	**25**
	Major	4	**4**	**8**	**12**	**16**	**20**
	Moderate	3	**3**	**6**	**9**	**12**	**15**
	Minor	2	**2**	**4**	**6**	**8**	**10**
	Negligible	1	**1**	**2**	**3**	**4**	**5**