

Ludgvan Parish Council – Financial and Management Risk Assessment

Adopted 14 July 2021

Categories of risk

1. Financial – loss of money, fraud, theft, value for money, banking, insurance
2. Legal – acting within legal powers
3. IT – failure of IT systems or misuse
4. Council records – paper and electronic records, data protection, freedom of information
5. Governance – council policies and procedures
6. Council responsibilities as an employer
7. Cemeteries, Allotments, amenity areas and footpaths
8. Property – damage to property, harm from property

Risk Assessment Matrix

Likelihood	Highly likely (3)	Medium (3)	High (6)	High (9)
	Possible (2)	Low (2)	Medium (4)	High (6)
	Unlikely (1)	Low (1)	Low (2)	Medium (3)
		Negligible (1)	Moderate (2)	Severe (3)
		Impact		

1. Financial

Subject	Risk/s identified	Likelihood score	Impact score	Risk rating	Mitigation
The council does not identify its risks	Financial, criminal or reputational loss	1	3	3	Annual review of risk (ie this document) and risks/concerns can be notified to the council throughout the year.
Precept – adequacy	Need to ensure sufficient income for the council financial year	1	2	2	Budget setting process is held annually. Scope for unforeseen expenditure to be funded from reserves, or to change activity to adjust to funds available.
Loss of money through theft or dishonesty	The council loses income /assets	1	2	2	Procedures in place to minimise risk. Fidelity Guarantee included in insurance cover.
Incorrect insurance cover	Loss if under-insured, or poor value for money if over-insured.	1	1	1	Insurance cover is reviewed annually by Clerk and Chairman.

Contracts for services	Financial or reputational loss if contracts not awarded properly	1	2	2	Standing Orders and Financial Regulations are regularly reviewed. All contracts >£25k will be put on Contract Finder. The clerk advises that the council seeks professional guidance before major contracts (>£25k) are put in place.
Only authorised activity is carried out	Unauthorised activity could result in extra costs to the council and reputational risk.	1	2	2	Payments are listed in monthly payment schedule and so there is oversight of all payments by the council. All payments should be in accord with the day-to-day operation of the council, or with minuted decisions.
Payments	Financial, criminal, reputational loss.	1	2	2	Council approves the monthly payment schedule. The cllr signatories signing off the payments have copies of relevant invoices. Two councillors are needed to sign off each payment, whether by cheque or by online banking. If cheque, cheque book stubs are initialed by signatory. Online payments – each cllr has their own sign-in and so signatories are logged against each payment.
Correct payment of salaries and contributions	Financial and reputational loss. Impact to staff.	1	2	2	From 2021, nominated cllrs will check salary payments as part of checks of internal controls. Internal auditor reviews salary payments each year. Salary and contribution payments are reported to council each month in the payment schedule.
Reclaiming VAT	Financial loss	1	2	2	VAT returns are submitted online by the Clerk at least annually.
Payroll submissions to HMRC and pension provider	Risk of financial penalty	1	2	2	HMRC records are updated each month through the payroll software, by Full Payment Submission (FPS). Council meetings are held on the 2 nd Wednesday of each month, this ensures payments can be made by the required dates to avoid financial penalty.

					In the event of a meeting postponed, should all salary related payments be processed and retrospectively approved by council.
Monitoring of budget	The council may be unaware of income/ expenditure against budget. Financial loss to the council.	1	2	2	The clerk gives monthly budget monitoring reports to council.
Elections costs	Insufficient funds to cover an unplanned election – impact on reserves and other activities.	1	3	3	The council budget includes an amount precepted each year for the elections earmarked reserve.
Integrity of banking arrangements.	Financial loss	1	2	2	Current account maintained with Lloyds Bank. Authorised signatories are amended after annual council meetings, and other times as needed. Bank mandate approved by council.

2. Legal

Subject	Risk/s identified	Likelihood score	Impact score	Risk rating	Mitigation
Council acts legally and within its powers.	Risk of financial and reputational loss if the council exceeds its powers.	1	3	3	The legal power for each area of activity should be identified – particularly important when embarking on new activities. s.137 expenditure is reported and monitored separately.
Legal liability as a consequence of asset ownership (public liability)	Legal challenge that could lead to financial/reputation loss	1	2	2	Current policies give the following cover under heading of Legal Liabilities: <ul style="list-style-type: none"> - Employers Liability £10,000,000 - Public Liability £10,000,000 - Officials Indemnity £tbc - Liable and Slander £100,000

3. IT

Subject	Risk/s identified	Likelihood score	Impact score	Risk rating	Mitigation
Integrity of computer held records and documents	Loss of data Breach of Data Protection Act	1	3	3	Duplicate backup of relevant files held on separate hard drive. Hard copy of all key documents retained by Clerk. DPA policy in place. Allotment & Cemetery data maintained on proprietary software which is regularly backed-up
IT records	Loss of files/data would affect the council's ability to carry out its business.	1	3	3	Files are stored in the Office365 system, cloud hosted. Backups onto storage hardware on a regular basis.
Unauthorised access to IT files	Wrongful use of data, data protection risk.	1	2	2	Office laptop, datafiles and finance systems are password protected.
CLLrs IT – hardware and software	Risk of loss or damage.	1	2	2	CLLrs are issued with ipad, keyboard and mouse, with Office365 software. Each signs for this equipment and is aware that equipment must be returned to the council at the end of their term of office.
CLLrs IT – use of.	Risk of reputational damage.	1	1	1	The council has adopted an IT and email policy which all CLLrs are expected to follow.

4. Council records

Subject	Risk/s identified	Likelihood score	Impact score	Risk rating	Mitigation
Minutes of meetings, properly recorded.	Risk of illegality of decisions, reputational damage.	1	2	2	Minutes sequentially numbered and presented to the next meeting of the council for approval and signature by Chairman.
Integrity of Archived records	Loss of historic data	1	1	1	Appropriate historical records to be transferred to Kresen Kernow.
Failure to maintain proper financial records	Inability to manage council services effectively or efficiently	1	2	2	Accounts maintained on software package with reports built-in and regular backups made. Monthly reporting

					of bank reconciliations, receipts and payments against budgets.
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5. Governance

Subject	Risk/s identified	Likelihood score	Impact score	Risk rating	Mitigation
Policies	Inadequate policies would result in lack of clarity for officers, Members and the public. Good policy making enables good governance and accountability.	1	2	2	The council annually reviews its policies. Policies are also updated as circumstances change, including upon receiving advice from organisations such as NALC, CALC and Cornwall Council.
Code of Conduct and Declarations of Interests	Reputational risk to individual Cllrs and to the council if standards are not met, including the requirement for training.	1	3	3	The council has adopted, and regularly reviews, its Code of Conduct. All Cllrs are required to attend Code of Conduct training, records of training are kept. All Cllrs are made aware of the requirements for submitting a Register of Interests, and for declaring Interests at meetings.
Failure to achieve an effective internal audit	Lack of scrutiny and possibility of fraud	1	2	2	Independent, competent internal auditor appointed.
Failure to keep up to date Standing Orders & Financial Regulations	Governance arrangements are not for purpose and lead to failure of accountability	1	2	2	Both documents based on NALC Model and reviewed annually and as needed.

6. Employer responsibilities

Subject	Risk/s identified	Likelihood score	Impact score	Risk rating	Mitigation
Staff contracts	Financial and reputational. Impact to staff.	1	2	2	The clerk's contract is in place and will be reviewed by the council when the council is made aware of any

					relevant changes in employment law (eg via CALC or SLCC).
Staff cover – business continuity	If the clerk/RFO is unavailable at short notice, the council may be unable to undertake all duties and responsibilities.	1	3	3	The council could seek cover (a locum clerk), through CALC and/or SLCC. Most processes are documented. Accounts and payroll run on commonly-used software.

7. Cemeteries, Allotments, Amenities

Subject	Risk/s identified	Likelihood score	Impact score	Risk rating	Mitigation
Contracts for works should be reviewed on a regular basis.	Council may not achieve value for money if not reviewed.	1	2	2	Council to agree: frequency for review of contracts for: <ul style="list-style-type: none"> - footpath cutting - open spaces / sexton duties eg annually, or a three year contract with annual review.
Fees for allotment plots or burial fees, not paid.	Financial loss.	2	1	2	Invoices state payment terms. Clerk monitors invoices issued and reconciles against payments received. Burial fees are usually received from the funeral director, soon after the burial. Allotment fees not paid result in termination of agreement and re-allocation of plot to a new tenant.
Injury to tenants, visitors, contractors, staff	Personal injury insurance claim or criminal charge if negligent.	1	2	2	Allotment plot inspections are documents. Public liability cover included in insurance cover.
Footpath cutting and grounds maintenance contracts	Risk of injury to public and contractors if safe working practices are not followed.	1	3	3	Contractors are required to demonstrate proof of suitable training and insurance.

8. Property

Subject	Risk/s identified	Likelihood score	Impact score	Risk rating	Mitigation
Physical assets may be damaged or stolen	Financial loss and assets may be unusable if damaged. Potential impact on delivery of service.	1	2	2	Insurance covers all items of property. From 2021, annual asset checks will be carried out by nominated cllrs. Indoor equipment is kept securely.
Damage to third party property or individuals arising from council activities	Council may be subject to an insurance claim or criminal charge if negligent	1	3	3	Public Liability £10m included in insurance cover.
Fires on allotments	Breathing difficulties (eg if suffer from asthma), fire spread.	1	2	2	Rules covering bonfires in the allotment rules.
Benches / maintenance	Risk of injury due to poor maintenance	1	2	2	From 2021, nominated cllrs to check, at least annually, all benches, and concerns can be reported to the clerk at any point in the year.
Headstones	Risk of injury from falling headstones	1	2	2	Cemetery inspections to be carried out. Unsafe headstones to be made safe. Majority of new headstones will be placed on reinforced concrete beam, for extra stability.
Safety of structures	Risk of injury or damage from unsafe structures.	1	3	3	Council to be proactive in inspecting and recording condition of structures, and ensuring adequate maintenance. From 2021, nominated cllrs will regularly check the council's assets.