

PRUDHOE TOWN COUNCIL

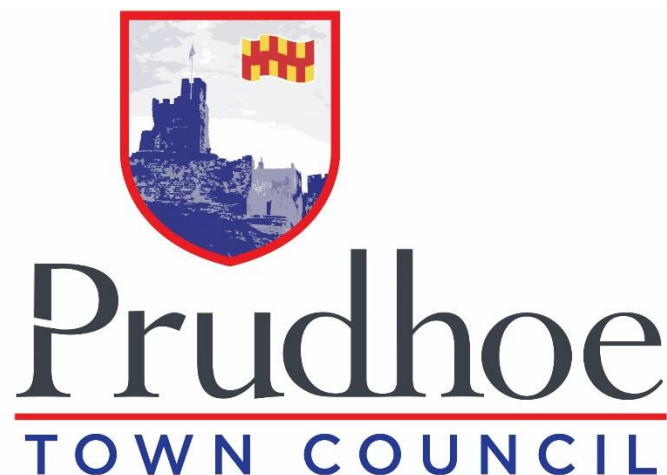
FINANCIAL AND MANAGEMENT RISK ASSESSMENT

This risk assessment systematically examines the Town Council's working practices, enabling the Council to identify all potential risks inherent in its financial and management systems. Based upon a completed assessment, the Council is able to take the practical and necessary steps specified to control, reduce or eliminate the risks. The risk assessment enables the Town Council to assess the risks that it faces and satisfy itself that it has taken all reasonable steps to minimise them. The risk assessment specifies the controls in place and identifies further controls required.

The risk rating balances the likelihood of a given risk with impact of the risk in question and results in an overall risk rating, as well as a RED (not acceptable), AMBER (reasonably acceptable/action may be required), GREEN (reasonable acceptable/no action required, review) colour indication. This Risk Assessment is an updated version of that adopted by the Council at its Ordinary Meeting on 29 June 2016, minute no. 1617/027 in response to the requirements of Regulation 4 of the Audit and Accounts Regulations 2003, as amended by the 2006 Regulations.

Received at the Ordinary Meeting on, 17th April 2019

		Likelihood			
		1 Unlikely	2 Possible	3 Probable	4 Highly Probable
Impact	1 Minor				
	2 Moderate				
	3 Serious				
	4 Major				



SUBJECT	Impact	Likelihood	Risk Rating	Controls in Place	Additional Controls required
FINANCIAL					
Precept Inadequate	4	1	4	<p>Prior to the January budget meeting of the full council the RFO will have carried out the following:</p> <ul style="list-style-type: none"> - identified all committed spending expected for the remainder of the year - identified any income expected or accounts unpaid - identified VAT paid but not reclaimed - estimated cemetery income for the remainder of the year - checked all committed spending to ensure nothing is missing <p>Following the above a calculation of balances + expected income – committed spending = projected EOY balances (to off-set the precept)</p> <p>Budget and expenditure is monitored on a monthly basis</p>	<p>Town Council to develop aims and objectives through community engagement and preparation of a business/action plan.</p> <p>By having short/medium/long term planning in place, it will allow better budget planning.</p>
Council overspend	2	1	2	<p>Areas of spending are closely monitored by the RFO and reported to the full council on a monthly basis.</p> <p>Substantial spending requires a council meeting and the RFO will have already allocated financial resources within the budget.</p>	<p>Have a cut-off point during the year (end of December) for all spending not already committed.</p>
Incomplete or inaccurate financial records	1	1	1	<p>The RFO has a system set up on excel that contains a cashbook and summary of budget spending. The internal auditor carries out an interim review of records, prior to the year end.</p> <p>The Council complies with Governance and Accountability for Smaller Authorities in England and has published Financial Regulations.</p> <p>Two Cllrs carry out a review of internal controls, as required by audit, at the year end.</p>	
Breach of Financial Regulations	2	1	2	<p>Members and officers are required to comply with Financial Regulations.</p> <p>All spending levels have an element of control with the Financial Regulations</p>	<p>Compliance checks could be carried out by cheque signatories</p>

SUBJECT	Impact	Likelihood	Risk Rating	Controls in Place	Additional Controls required
FINANCIAL (cont)					
Damage/loss/theft of Town Council assets	2	3	6	All assets are listed in a comprehensive assets register and are insured. The RFO has built up a list of trusted contractors who can attend to damage when necessary. Recent audit of public seats and bins has been carried out.	TC to ensure more regular maintenance of seats, planters, litter bins, etc. <u>Seats and litter bins actioned in 2018/19</u>
Misuse of Grant Funding	1	2	2	All Grant Aid applications detail why Grant Aid is being requested and include the group constitution. A group of Cllrs scrutinise applications with the support of the RFO. The Town Council has a close working relationship with most community groups. Checks increase with new applications.	Where funding exceeds £1000, PTC should ask for evidence of spending.
Incorrect VAT claim/Non-compliance	1	1	1	VAT is reclaimed using the cashbook which is reconciled every month against the bank statement. VAT is checked by the internal auditor at the interim audit and year end.	
Insurance inadequate	2	2	4	The assets register is reviewed annually and cashbook purchases are added. The value of assets acquired at nil cost has been estimated and included in replacement costs. These assets are listed at £1 acquisition cost as required by External Auditor.	Develop a assets management policy
Banking errors	1	2	2	The Council has Financial Regulations setting out the requirements for banking, cheques and the reconciliation of accounts. It has three bank accounts (a current account, a savings account with instant access, and a higher interest account). Bacs payments go through a 3-stage process, RFO/Cllr 1/ Cllr 2 prior to being processed. The on-line process requires to RFO to set up a payment and a Cllr to check and send the payment. Any errors in processing payments are discovered when the bank accounts are reconciled every month. These are dealt with immediately. Money is transferred from the Active Saver to the Current A/C prior to making payments. Surplus funds are held in the Base Rate Reward A/C.	An Asset Reserve Fund is held in the higher interest account, to achieve an optimal rate of return on this capital sum. Monitor the performance of this account, giving consideration to (1) other savings instruments (2) increasing sums held in higher interest-bearing forms, while ensuring adequate funds for the Council's business activities.

SUBJECT	Impact	Likelihood	Risk Rating	Controls in Place	Additional Controls required
FINANCIAL (cont)					
Loss or theft of cash	1	2	2	Money is withdrawn and held in the office for the refund of TVLS scheme, £30 cash each time, up to £1,000 held. The system involves both PTC and Karbon Homes and a two-person process, in addition to the signature and personal details of the person receiving the cash. All records are held in the office. Cash is regularly reconciled.	Regular checks by a cheque signatory could be introduced.
Debtors	1	1	1	The Council has few debtors (Edgewell Cemetery, Events and Rent) Invoices are raised and expected to be paid within 30 days. When invoices are not paid on time a further 2 letters are issued by recorded delivery. Where invoices remain unpaid following reminders future opportunities are withdraw. eg a memorial mason would not be permitted to continue working in the cemetery.	
Asset Reserve Fund; safeguarding of reserve for intended purposes	2	2	4	Funds are transferred to support capital works, and additions to the fund are approved as part of the budget process at the start of the financial year. There is a separate annual resolution approving the Asset Reserve Fund that makes clear that the Fund is reserved for the funding of approved capital works only.	Proposal for the use of the ARF must be subject to a resolution by the Ordinary Meeting, as per standing orders. Consider a plan that incorporates the maintenance and improvement of TC assets and the need to increase the size of the ARF to support this. Actioned.
Unknown budget costs due to taking on assets without due diligence	3	3	6	Those assets and functions already transferred are within the council's functions, i.e. floral bedding, shelters, litter bins, play areas, etc. However, we have taken on public toilets (with unexpected costs unfolding) and have plans to take on a community building; Prudhoe East Centre (<i>a separate risk assessment has been produced</i>). All decisions are taken in the public domain and subject to the usual financial regulations of the council.	The council should agree to pay for professional advice whenever necessary, ensuring professional indemnity guarantees. The council should consider working with experienced partners.

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GOVERNANCE					
Breach of standing orders	2	3	6	<p>Standing Orders are adopted each year and Cllrs are issued with a copy.</p> <p>Where it is thought that Standing Orders have been breached, external written advice is sought and presented. If the breach is proven, any decisions would be revisited.</p>	<p>Standing orders are being reviewed and simplified in accordance with NALC (not actioned).</p> <p>Staff to undertake CiLCA Professional Qualification. Clerk is due to complete CiLCA in August 2018</p>
Members fail to behave in accordance with Code of Conduct	2	2	4	The Code of Conduct is adopted by the council at the AGM each year, members are provided with a copy. All Cllrs sign a declaration of acceptance of office.	Elected members complaints procedure required. Actioned: PTC adopted the NCC Procedure.
Conflict of interest not declared or dealt with appropriately	1	1	1	All members complete a declaration of interests form at the outset of the political term. 'Declarations of interest' is the 2 nd item on every agenda which acts as a reminder.	Agree to re-issue and review DIO each year. Actioned.
Council meeting not quorate or not minuted properly	2	1	2	<p>Attendance recorded as part of minute taking to evidence quorum. Where quorum is not achieved, Clerk would declare the meeting could not take place.</p> <p>Minutes are typed at most council meetings and are agreed with the chair of the meeting, prior to being issued in draft form.</p> <p>Minutes are published on TC website as required.</p>	<p>Record meetings using recording device for improved accuracy. Actioned.</p> <p>Record reasons for apologies as per standing orders.</p>
Agenda not issued/published correctly	2	1	2	<p>Agendas for all Town Council full and committee meetings are published on the Town Council website and issued to members 3 clear days in advance.</p> <p>Agendas are agreed with the chair prior to publication.</p>	
'Best value' principles and accountability	2	2	4	Specifications for works or supply of goods are drawn up by officers in consultation with relevant Council committees / working groups. Tenders, including those for Contracts for Services, are sought on the basis of specifications and contracts awarded on a 'value for money' basis. Financial Regulations in place.	

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STAFFING					
Incorrect grades for staff	3	1	3	<p>Job descriptions are drawn up in consultation with staff and evaluated using the NALC/SLCC guidelines.</p> <p>Staff have an annual appraisal where concerns regarding grading can be brought.</p>	<p>Appraisal and Line Mgt Policy required.</p> <p>Actioned.</p>
Inadequate capacity to fulfil council objectives	3	4	12	<p>The council has a Human Resources Committee responsible for the recruitment of staff.</p> <p>Future objectives identified are executed following any need for recruitment.</p>	<p>HR Committee to meet following any planning or objectives setting to identify impact on recruitment and training.</p>
Inadequate training	3	2	6	<p>Members are responsible for their own development and are sent training opportunities via NALC, NCC and other local training providers.</p> <p>Officers to register with SLCC and ensure CPD. Annual appraisals can identify training needs.</p> <p>NALC issue regular updates on legal topic notes.</p>	<p>Record Members training and seek training where required.</p>
Payroll inaccurate	1	2	2	<p>An interim audit would identify any errors in calculating payroll. Where payroll errors are made these are easily rectified.</p> <p>Tax and NI is calculated using the Inland Revenue automated system, likewise Pension contributions are automatically calculated.</p>	<p>Chair to be involved when salary changes are calculated.</p>
HMRC Payments late/incorrect	1	1	1	<p>Tax and NI is calculated using the Inland Revenue automated system, likewise Pension contributions are automatically calculated. Payments are made via direct debit.</p>	
Allegations of bullying and/or harassment received from Cllrs, Officers or members of the public (could also be noted in 'reputation')	3	3	9	<p><i>With regards an allegation against a Cllr.</i> All Cllrs receive a copy of the Code of Conduct and Standing Orders when elected to office. The Council has a dedicated Human Resources Committee and a Grievance Procedure in place if the allegation concerns a member of staff.</p> <p><i>With regards an allegation against an Officer.</i> The Council has adopted a Disciplinary Procedure and a Code of Conduct for Officers.</p>	<p>The council could consider a bullying and harassment policy as well as training for Cllrs and Staff. The Council could consider adopting an Officer/Member Protocol and/or a performance management policy. Seek insurance cover.</p>

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HEALTH & SAFETY & LEGAL					
Members of the public, staff or Cllrs injured at PTC office, event or on land owned or leased by the Council	3	2	6	<p>Public and employers liability insurance in place which covers Cllrs and volunteers at events. All those attending events to show PLI.</p> <p>Risk assessments are carried out for all TC events.</p> <p>Play Area checks carried out by qualified officers on a weekly basis. RoSPA Play Safety inspection carried out annually.</p>	<p>All staff and members to be made aware of their health and safety responsibilities.</p> <p>Health & Safety Policy required.</p> <p>Inspections of all land owned/leased by Council carried out annually</p>
High quality service provision free from discrimination and accessible to all	3	2	6	<p>As the council takes on more services, we need to be mindful of Equality Legislation.</p> <p>Equal Opportunities Policy in place.</p>	<p>Accessibility Audit for play areas, Edgewell Cemetery, Road-ends toilets and Town Council allotments.</p>
INFORMATION					
Loss of data	3	2	6	<p>All systems are securely backed up on an external hard drive.</p> <p>Due to compliance, a wealth of PTC information is available on-line and therefore is uploaded onto the Town Council website.</p> <p>Signed paper copies of all TC minutes are held on file.</p>	<p>Data Policy required.</p>
Excessive Freedom of Information Act (FOIA) Requests	1	2	2	<p>There have been no requests for information to date but if a substantial request arrives then this might require many hours of additional work. The Council may request a fee if the work will take more than 15 hours but the applicant may re-submit the request, broken down into sections, thus negating the payment of a fee.</p> <p>All information required in the Transparency Code is now available on the Town Council website.</p>	<p>Freedom of Information policy required.</p>
Breach of data protection	2	1	2	<p>Thorough review of all rules with regards the new GDPR. Toolkit supplied by NALC to be implemented.</p> <p>Passwords for on-line email system changed regularly</p>	<p>Data Protection Policy required.</p> <p>Town Council specific email addresses for Cllrs..gov.uk Actioned.</p>

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REPUTATION					
Adverse press coverage	2	2	4	<p>Public and press welcome to attend council meetings.</p> <p>Chair and Clerk to agree any media prior to being released on TC website or social media.</p> <p>Good working relationship with local reporters.</p>	<p>Internet and Communication Policy required.</p> <p><u>Social Media and Email Policy adopted.</u></p>
Lack of community engagement	2	2	4	<p>The Council seeks ways to interact with the community via events, though Prudhoe in Bloom and with public meetings.</p> <p>Accessibility issues with 2nd floor office.</p>	<p><u>Actioned taken: Lift now able to come to 2nd floor.</u></p> <p><u>New Website under construction.</u></p>
Adverse relationship with Northumberland County Council	2	2	4	<p>Regular two-communication with local officers at neighbourhood level and with County Councillors.</p> <p>Issues raised with County Officers via the Town Council Office</p>	