

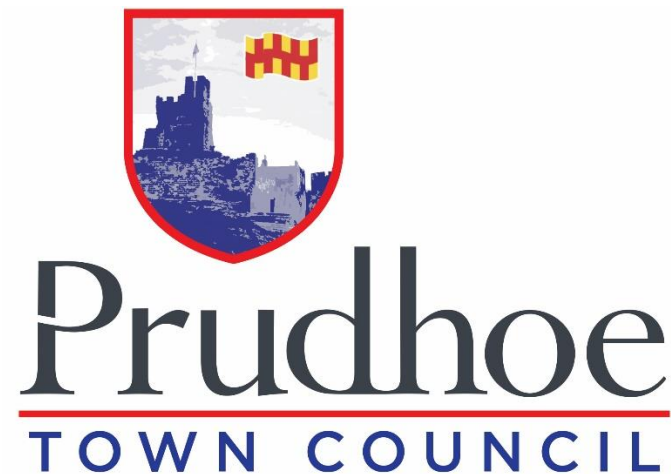
PRUDHOE TOWN COUNCIL FINANCIAL AND MANAGEMENT RISK ASSESSMENT

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 19th May 2022, in response to the requirements of Regulation 4 of the Audit and Accounts Regulations 2015. It forms part of the Council's overall approach to risk management, and is linked to, and supported by the Council's Risk Management Strategy.

Agreed at the Annual Meeting on 25th May 2023 (scheduled reviews every six months: November 2023, May 2024)

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



SUBJECT	Risk Identified	Impact	Likelihood	Risk Rating	Controls in Place	Additional Controls required
FINANCIAL Signatories	Inability to approve and pay invoices and liabilities due to Cllrs not being added as signatories	4	2	8	Currently only three Cllrs with signing authority, but only two have online access. Both the Clerk and Deputy are signatories with online access.	Recommend adding an additional Cllr as a signatory ASAP, ensuring they have online access.
FINANCIAL Precept	Precept Demand inadequate due to error or reluctance to increase	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 - estimated cemetery income for the remainder of the year - checked all committed spending to ensure nothing is missing <p>Using the balances available at the start of the year, minus spending + income, the Clerk is able to forecast year end balances/reserves.</p> <p>The Council agrees the budget and the required precept based on the forthcoming plans of the Council.</p> <p>Budget and expenditure are monitored on a monthly basis.</p> <p>General Reserves and Contingency held at 25% general expenditure.</p> <p>Asset Reserve fund being built up to fund replacement of asset in the future.</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> <p>Timescale – next six months</p>
FINANCIAL Failure to stay within agreed budgets	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>Financial Regulations do not allow spending that is not budgeted for and spending is limited within these regulations and agreed by a meeting of the Council.</p>	

					<p>The RFO ensures that all committed spending is input into the budget, as far as possible, prior to setting the budget in January.</p> <p>General Reserves and Contingency held at 25% general expenditure.</p>	
FINANCIAL Financial records	Incomplete or inaccurate financial records	1	1	1	<p>The RFO has a system set up on excel that contains a cash book, bank reconciliation 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. The summary of budget spending, bank reconciliation and accounts are presented to the Full Council monthly.</p>	
FINANCIAL Regulations and Powers	Breach of Financial Regulations and Legal Powers	2	1	2	<p>Members and officers are required to comply with Financial Regulations and all legal powers.</p> <p>All spending levels have an element of control with the Financial Regulations.</p> <p>The Council has recently adopted a Training and Development Policy, where Cllrs are required to undertake at least one training session a year.</p>	<p>Compliance checks could be carried out by signatories.</p> <p>Signatories updated/renewed</p> <p>Councillors could undertake further training on duties and responsibilities</p> <p>Timescale – next six months</p>
FINANCIAL Assets	Damage/loss /theft of Town Council assets	2	2	4	<p>All assets are listed in a comprehensive asset register and are insured. Insurance is reviewed yearly by the Council to check that it suits needs.</p> <p>The RFO has built up a list of trusted contractors who can attend to damage when necessary.</p>	

					<p>Asset Inspections policy exists that includes outside bodies responsible for assets under contract.</p> <p>Clerk has implemented inspection regime and risk assessment policy.</p>	
FINANCIAL Maintenance of Assets	Poor performance of assets or amenities. Loss of income or performance. Risk to third parties	2	2	4	<p>All assets owned by the Council are regularly reviewed and maintained. For example, play area inspections are carried out weekly by Northumberland County Council and Cemetery inspections are carried out by the Cemetery Committee quarterly. Issues are responded to as and when they arise by the Clerk and Deputy. A review of all assets of the asset register is conducted yearly to assess their condition and identify any repairs.</p> <p>All repairs and relevant expenditure for these are actioned and authorised following procedures listed in Financial Regulations. All assets are insured, and the Council has a suitable insurance policy that includes public liability.</p>	Consider researching into asset management software to effectively manage assets
FINANCIAL Cemetery	Allocation of incorrect grave plot, reasonable charges, incorrect invoices issued, issues with external contractors for maintenance	3	2	6	<p>The Council has a service level agreement with Northumberland County Council for burials. The agreement is reviewed yearly, with quarterly inspections of the Cemetery carried out by the Cemetery Committee. All paperwork is done in house by the Clerk and Deputy, and the burial register is updated for each burial on the day it took place.</p> <p>For plots, the Clerk meets with Cemetery Staff onsite to confirm plot locations.</p> <p>Invoice details are recorded in a separate sheet in the cash book as well as the cemetery records spreadsheet.</p>	Look into producing a map of the Cemetery detailing section and plot locations, or software for this.
FINANCIAL Grant Funding	Misuse of Grant Funding, using the wrong power to pay funding, no record of agreements	1	2	2	<p>Grant Aid guidelines have been produced, and application forms are detailed. All Grant Aid applications detail why Grant Aid is being requested and include the group constitution. All applications are stored in line with data protection regulations for reference, letters are sent to all applicants following award decisions so there is an audit trail, and all decisions are minuted, including the relevant powers/legislation for spending.</p> <p>The Finance Committee scrutinise applications with the support of the RFO.</p>	<p>Where funding exceeds £1000, PTC should ask for evidence of spending.</p> <p>Clerk to undertake the CiLCA qualification – this would allow the General Power of Competence to be adopted.</p>

					<p>The Town Council has a close working relationship with most community groups.</p> <p>Groups receiving larger amounts of money are asked to report quarterly to Full Council, providing an update on their activities. Funds are then released on receipt of the report.</p>	
SUBJECT		Impact	Likelihood	Risk Rating	Controls in Place	Additional Controls required
FINANCIAL VAT	Incorrect VAT claim/Non-compliance	1	1	1	<p>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 and claims are submitted every six months. All deadlines relating to reclaiming VAT are monitored and met.</p> <p>Clerk and Deputy have completed VAT training for Town Councils.</p>	
FINANCIAL Insurance	Insurance inadequate	2	2	4	<p>The assets register is reviewed annually, and cash book 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. Assets management policy has been adopted.</p> <p>Insurance is reviewed yearly by the Council to check that it suits needs.</p>	
FINANCIAL Bank and banking	Banking errors, loss, fraud	1	2	2	<p>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).</p> <p>Bacs payments go through a 3-stage process, RFO – Cllr 1 – Cllr 2 (or Deputy) prior to being processed. The online process requires to RFO to set up a payment and a Cllr to check and another Cllr or the Deputy to send the payment. Any errors in processing payments are discovered when the bank accounts are reconciled every month. These are dealt with immediately.</p>	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, considering (1) other savings instruments (2) increasing sums held in higher interest-bearing forms, while ensuring

					<p>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.</p> <p>The Council has fidelity insurance that provides protection against business losses caused due to employee dishonesty, theft or fraud. The Council also has officer indemnity insurance to cover financial losses relating to a negligent act, error or omission committed in good faith by an officer.</p>	adequate funds for the Council's business activities.
FINANCIAL Petty cash	Loss or theft of cash	1	2	2	<p>Cash is sometimes received for payment of invoices; these are small sums. Invoices are receipted by the person taking payment and money transferred to the safe, income spreadsheet is updated. Often it is not possible to have cash checked by another.</p> <p>Most invoices are for cemetery fees; all transactions are audited, and a paper trail exists.</p>	<p>Regular checks by a cheque signatory could be introduced.</p> <p>Consider removing cash as a method of payment.</p>
FINANCIAL Debt and borrowing	Debtors, unpaid invoices, goods not supplied or inadequate but billed, inadequacy of finances to repay loans	1	1	1	<p>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 two letters are issued by recorded delivery. Where invoices remain unpaid following reminders, future opportunities are withdrawn. e.g., a memorial mason would not be permitted to continue working in the cemetery.</p> <p>Income is always monitored against outflow. The Council does not currently have any loans therefore this issue is minimal. Should the Council seek to borrow money, all the relevant legislation and procedures relating to this will be followed.</p>	
FINANCIAL Reserves	Inadequate reserves and safeguarding reserve for intended purposes	3	1	3	<p>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.</p> <p>A General Reserve Fund and Earmarked Reserve Fund have been established. Capital projects that are being saved for to be restricted as such in the earmarked reserves and with an unrestricted contingency fund.</p> <p>Proposal for the use of any fund to be subject to a resolution by the Ordinary Meeting, as per standing orders.</p>	The Asset Management Plan incorporates renewal/improvement of TC assets. Ensure allocation of reserves in an earmarked budget for this purpose.

					An asset management budget has been drafted to include all PTC assets and their expected lifespan. This suggests an allocation of funding each financial year.	
FINANCIAL Assets Transfers	Unknown budget costs due to taking on assets without due diligence	4	2	8	<p>Where asset transfers are expected, a separate Risk Assessment is be carried out.</p> <p>The Clerk reports on the condition of any assets expected to be transferred and repairs are expected to be completed in advance of liability transferring.</p> <p>Ongoing costs are sought in advance or liability transferring.</p> <p>All decisions are taken in the public domain and subject to the usual financial regulations of the council.</p> <p>The Clerk advises the Council to pay for professional advice whenever necessary, ensuring professional indemnity guarantees.</p>	<p>The Clerk and Deputy should complete training on asset transfers.</p> <p>The council should consider working with experienced partners.</p> <p>Engage in community consultation prior to taking on assets for which there will be on-going costs and commitments.</p>
FINANCIAL Reporting and Audit	Failure to complete / submit the Annual Return on time. Poor Auditors report and loss in public confidence	2	2	4	<p>The internal auditor is appointed yearly by the Full Council and conducts an interim audit and 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> <p>The Annual Return is prepared and signed by the Council and Clerk/RFO, with support from the Deputy. All dates are complied with and the Transparency Code for Councils with a turnover of more than £200,000 is adhered to.</p>	Clerk to undertake the CiLCA qualification
FINANCIAL Elections	Risk of election costs, invoices not at agreed rates	1	1	1	The Council maintains an allocated sum of money to cover unexpected election costs under the budget heading 'elections. The RFO will check all invoices and consider the budget.	

SUBJECT		Impact	Likelihood	Risk Rating	Controls in Place	Additional Controls required
GOVERNANCE Standing Orders	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>Councillors receive an induction (informal meeting) with the Clerk following elections and received a 'Welcome Pack'</p>	Clerk to undertake the CiLCA qualification
GOVERNANCE Code of Conduct	Members fail to behave in accordance with Code of Conduct	3	3	9	<p>The Code of Conduct is adopted by the council at the Annual Meeting each year, members are provided with a copy.</p> <p>All Cllrs sign a declaration of acceptance of office, that includes the Code of Conduct.</p> <p>Cllrs and members of the public are advised that Code of Conduct Complaints should be made to the Monitoring Officer. As a result, sanctions for failure to comply are out of the Council's control.</p> <p>Council has adopted a social media policy with guidance from NCC.</p>	<p>Seek training for Councillors on Code of Conduct and Behaviour in Public Office.</p> <p>Consider updating the Code of Conduct Policy in line with the new policy issued by Northumberland County Council.</p>
GOVERNANCE Agendas	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 three clear days in advance.</p> <p>Agendas are agreed with the Chair prior to publication.</p>	
GOVERNANCE Declarations of Interest	Conflict of interest not declared or dealt with appropriately	1	1	1	<p>All members complete a declaration of interests form at the outset of the political term.</p> <p>'Declarations of interest' is the 2nd item on every agenda which acts as a reminder.</p> <p>DOI is reviewed at the Annual Meeting each year</p>	

					All forms are sent to Northumberland County Council and are published on their website. Links are checked regularly to ensure they are still active.	
GOVERNANCE Quorum	Council meeting not quorate or not minuted properly	2	1	2	Attendance recorded as part of minute taking to evidence quorum. Where quorum is not achieved, Clerk would declare the meeting could not take place. Minutes are typed at most council meetings and are agreed with the Chair of the meeting, prior to being issued in draft form. Minutes are published on council website as required.	Record reasons for apologies as per standing orders.
GOVERNANCE Works and goods	'Best value' principles and accountability	2	2	4	Specifications for works or supply of goods is drawn up by the Clerk, this is approved by a meeting of the full council. The Clerk has undertaken training on Contracts, Tenders and Contract Management. 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.	Clerk to undertake the CiLCA qualification
STAFFING Salary Scales	Incorrect grades for staff	3	2	6	Job descriptions are drawn up in consultation with staff and evaluated using the NALC/SLCC guidelines. Staff have an annual appraisal where concerns regarding grading can be brought. The council has commercial legal protection insurance to cover an employment disputes that may relate to pay grades or any other related factors.	Benchmark with other 'like' Councils. Short/medium/long term planning would allow strategic staffing response and review of roles.
STAFFING Staffing Provision	Inadequate capacity to fulfil council objectives,	3	4	12	The council has a Human Resources Committee responsible for the recruitment and monitoring of staff. Future objectives identified are executed following any need for recruitment.	Short/medium/long term planning would allow strategic staffing response and review of roles.

	loss of personnel				The Clerk and the Human Resources Committee monitor hours, stress, sickness, management and any other issues.	HR Committee to meet following any planning or objectives setting to identify impact on recruitment and training.
STAFFING Training	Inadequate training	3	2	6	<p>The Council has recently adopted a Training and Development Policy that applies to volunteers, staff and members.</p> <p>Training opportunities for Cllrs are circulated via NALC, NCC and other local training providers.</p> <p>Clerk and Deputy are following a programme of continuing professional development. The Deputy is currently undertaking CiLCA.</p> <p>NALC issue regular updates on legal topic notes. Clerk and Deputy subscribe to SLCC.</p>	<p>Little training is available locally, consider collaborative approach with neighbouring Councils.</p> <p>Clerk to undertake the CiLCA qualification.</p>
STAFFING Lone working	Lone Working – Clerk and Deputy sometimes work alone in Spetchells Centre and leaving building at night	2	4	8	<p>Building is secure, only tenants have access during library closing times. When library is open, town council office is only accessible by those with a master key (Fire Wardens, Cleaners, Centre Mgr.).</p> <p>Lone Worker ensures personal safety with a risk-assessed approach to welcoming the public into the office.</p> <p>Lone Worker ensures personal safety by contacting home when leaving the building.</p> <p>A window on the office door so that the person on the other side can be identified prior to opening was installed in 2022.</p>	
STAFFING Payroll	Payroll inaccurate	1	2	2	<p>Payroll is carried out by Northumberland County Council, with the contract reviewed yearly.</p> <p>Where payroll errors are made these are identified and easily rectified by Northumberland County Council. An interim audit would identify any errors in calculating payroll.</p> <p>Tax and NI is calculated using the Inland Revenue automated system, likewise Pension contributions are automatically calculated.</p>	

					Both Chair and Chair of HR Committee are involved when salary changes are calculated.	
SUBJECT		Impact	Likelihood	Risk Rating	Controls in Place	Additional Controls required
STAFFING HMRC	HMRC Payments late/incorrect	1	1	1	Tax and NI is calculated using the Inland Revenue automated system, likewise Pension contributions are automatically calculated. Payments are made via direct debit.	
STAFFING Bullying and Harassment	<p>Allegations of bullying and/or harassment received from Cllrs, Officers, or members of the public</p> <p>(could also be noted in 'reputation')</p>	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.</p> <p>The Council could consider adopting an Officer/Member Protocol and/or a performance management policy.</p> <p>Seek insurance cover.</p>

HEALTH & SAFETY & LEGAL Injuries at PTC property	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 employer's liability insurance in place which covers Cllrs and volunteers at events. The council also has a personal accident insurance. All those attending events to show PLI. 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. WC visited twice daily by contractor, bus shelters visited quarterly by contractor, bins checked more often than weekly by NCC, cemetery visited weekly or more often by Clerk/NCC. Allotment inspections carried out twice/year by PGA. Prudhoe Town FC inspected annually by PTC and pre-matches by FA.</p> <p>Inspection Regime and RA policy, for all assets.</p> <p>The Council also has a Health and Safety Policy.</p>	All staff and members to be made aware of their health and safety responsibilities.
HEALTH & SAFETY & LEGAL Negligent Behaviour	Members of the public, staff or Cllrs suffer loss as a result of negligent behaviour on the part of the Council	4	2	8	<p>Risk Assessment carried out for all potential activity/decision making or as issues arise.</p> <p>Advice is sought from suitably qualified professionals. Insurance made aware of any potential claim at the earliest opportunity.</p> <p>All decisions are taken at formal meetings, with agenda and minutes.</p>	
HEALTH & SAFETY & LEGAL Emergency Situations	The Council cannot fulfil its functions due to emergency situations such as COVID-19 or adverse weather.	3	2	6	<p>In the event of a national emergency, the Council should put measures in place to delegate decision to the Clerk, and, if possible, to set-up an emergency committee to administer affairs.</p> <p>Should rules permit in a time of crisis, meetings may be able to be held online.</p> <p>Business interruption insurance is in place.</p>	
LEGAL Data Storage	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>Contents insurance covers replacing or reconstituting electronic data and business documents if lost or destroyed.</p> <p>The council has a document retention policy.</p>	
LEGAL Freedom of Information	Excessive Freedom of Information Act (FOIA) Requests	1	2	2	<p>There has only been one requests for information to date, and in view of the information available on the website, it is unlikely that additional information would be required, frequent requesters could be referred to website. Model Publication Code adopted.</p> <p>All information required in the Transparency Code is available on the Town Council website.</p>	
LEGAL Data Protection	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>Town Council specific email addresses have been provided for all Councillors.</p> <p>The Council also has a Data Protection Policy in place.</p>	
REPUTATION Press and Social Media	Adverse press/social media coverage	3	3	9	<p>Public and press welcome to attend council meetings, all decisions taken in public domain and reported professionally and without bias.</p> <p>Where controversial Council decisions are taken, Clerk to issue PR as a matter of priority.</p> <p>Social Media and Email Policy adopted.</p> <p>Good working relationship with local reporters.</p>	<p>Chair to inform Clerk of public engagements that could rise to negative press.</p> <p>Members to inform Clerk of any negativity on social media so this can be dealt with appropriately.</p> <p>Cllrs encouraged to share official Town Council posts rather than posting individual posts regarding town council decisions.</p>

SUBJECT		Impact	Likelihood	Risk Rating	Controls in Place	Additional Controls required
REPUTATION Community Engagement	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>Town Council office is open to the public.</p> <p>Website is engaging and informative.</p> <p>During Coronavirus restrictions, interaction with the public is limited, as expected. Email and messaging encourage contact by telephone or email.</p>	
REPUTATION Partnerships	Adverse relationship with Northumberland County Council	2	2	4	<p>Regular two-way communication with local officers at neighbourhood level and with County Councillors.</p> <p>Issues raised with County Officers via the Town Council Office.</p>	Pursue the adoption of the Local Charter and bring to Town Council meeting for adoption.