

## Claxby Parish Council Financial Risk Management

AIM	RISK	METHOD USED TO MINIMISE RISK	PERSON(S) RESPONSIBLE
<b>1. To ensure compliance with the Acts of Parliament, Council's financial regulations and code of conduct.</b>	1. Lack of knowledge of regulations and codes.	Ensure that all Councillors have copies of relative Acts, Code of Conduct, and Standing Orders. Highlight essential parts and provide training where possible.	Clerk/RFO
	2. Absence of standing orders	Ensure that Standing Orders are produced, understood by councillors, and reviewed at least once per year.	Clerk/RFO
	3. Actions by the PC outside its powers as set out by Parliament.	As at 1 above, but ensure that powers are highlighted or extracted into effective summary.	Clerk/RFO
	4. Lack of commitment to regulations and procedures	Regular reference to appropriate regulations in agenda items. Delegation of responsibilities to individual councillors.	Chair Clerk/RFO
	5. Items purchased without proper tendering procedures, resulting in accusations of commercial favouritism.	Ensure that all councillors are aware of regulations re estimates and full tender procedures. Introduce practice of estimates for all purchases over an agreed figure.	Clerk/RFO
	6. Payments made without prior approval and adequate control.	Ensure all payments are approved in Council meetings and recorded in minutes.	Clerk/RFO
	7. Lack of control of signatories to cheques.	Keep cash payments to a minimum, and avoid if possible. Keep authorised signatories to a minimum but consistent with practicalities.	Clerk/RFO
	8. VAT not properly accounted for, resulting in over-claims and large demands from HMRC.	Ensure appropriate publications held and that Clerk has good knowledge of regulations.	RFO

<b>2. To identify and regularly review the Council's priorities.</b>	1. Lack of knowledge of setting objectives, setting priorities, and identifying risks to their achievement.	All councillors to be made aware of need for objectives and identification of risk. Attend training sessions if practicable.	Clerk/RFO  All Councillors
	2. Lack of commitment by council members	Add risk assessment to agenda at least quarterly, reviewing particular items, and results against those items.	Clerk/RFO Councillor Auditor
	3. No risk analysis carried out.	As at 1 above. Ensure that completion of the risk assessment is given high priority, as a requirement of the Audit Commission	Clerk/RFO Councillor Auditor
	4. No steps taken to combat identified risks	As at 2 above.	Clerk/RFO Councillor Auditor
<b>3. To influence other council departments and Government organisations to fulfil the requirements of the Parish population.</b>	1. Lack of effective lines of communication with other organisations.	Note all communication lines which are essential or beneficial and make information available to all councillors. Establish contacts by name and where possible face-to-face.	Chair/Clerk/ RFO
	2. Lack of effective lines of communication with parishioners.	Take every opportunity to publicise role of Parish Council. Create Parish newsletter if none exists. Use Notice Boards and "flyers". Web Site. Use key issues to raise profile of PC and to test parishioners' views. Add social event to occasional meeting. Create Annual PC plan and put to parishioners for comment.	Chair/Clerk/A ll Councillors
	3. Lack of preparation on subjects requiring influence.	Ensure all councillors are aware of need for careful research and are guided as to where to obtain relevant information.	Chair/Clerk
	4. Lack of confidence by Parish Councillors.	As at 1 above. Experienced councillors to assist newcomers to establish essential contacts. Delegate responsibility for specific contacts to individual councillors	Chair/Clerk/ Councillors
<b>4. To ensure that all councillors are aware of their responsibilities, and possible liabilities, and to provide adequate insurance cover for all possible</b>	1. Lack of knowledge of possible culpability of councillors.	Creation of standing orders and familiarisation with those where greatest risk occurs.	Clerk/RFO
	2. Lack of education of	As at 1 above. Delegate responsibility to one or two councillors to assist	Chair/Clerk/

<b>risks.</b>	Councillors regarding culpability.	newcomers to understand culpability. Attend any training courses available.	Councillors
	3. Inadequate insurance cover taken out – property, personal liability, employer’s liability.	Review risk assessment by including on agenda at least quarterly. Delegate responsibility for keeping up-to-date with insurance requirements to an individual councillor.	Clerk/RFO Councillor Auditor F&S Committee
<b>5. To keep appropriate books of account accurately and up-to-date through out the financial year.</b>	1. Lack of knowledge of accounting requirements	Ensure all councillors are familiar with current financial regulations and include them in the council’s Standing Orders. Regularly review Standing Orders. Appoint separate RFO (perhaps a councillor) to ensure another line of responsibility for financial management.	Councillors  Clerk/RFO/ Councillor Auditor
	2. Lack of commitment to accounting requirements.	As at 1 above. RFO to produce financial reports at all meetings. Internal audit reports to be made available to all councillors and any recommendations to be acted upon promptly.	Councillors  Clerk/RFO Councillor Auditor
	3. Bank charges unnecessarily incurred	RFO to carry out regular inspection of books of account. Internal audit to be undertaken periodically during the current financial year.	Clerk/RFO  Councillor Auditor
	4. Inaccuracies in recording amounts and totals in books of account. Bank reconciliation not carried out.	RFO to ensure that books of account are formatted in such a way that internal controls are included and activated. Regular internal audits to advise on internal controls required.	Clerk/RFO  Councillor Auditor
	5. Inaccuracies and interest losses caused by account transfers.	Keep number of accounts to a minimum but ensure that any large credit balances are deposited in an interest bearing account.	Clerk/RFO
	6. The most beneficial interest terms not being employed.	Ensure that favourable interest rate is obtained in deposit accounts and review against alternatives, but bearing in mind the risks in changing accounts.	Clerk/RFO

	7. Inadequate control of cash receipts and payments.	Avoid cash payments and receipts if possible. Where cash payments and receipts are unavoidable use a properly controlled petty cash account with a set maximum balance.	Clerk/RFO
	8. Books of account not kept up to date/ invoices not posted promptly.	Regular checks by RFO and internal auditor. Financial reports at all PC meetings.	Clerk/RFO Councillor Auditor
	9. Internal controls not in place or not operated.	As at 8 above.	Clerk/RFO Councillor Auditor
	10. Payments missed or delayed due to	As at 8 above.	Clerk/RFO Councillor Auditor
	11. Clerk taken ill or leaves without replacement	Appointing separate RFO allows a further individual to be familiar with all aspects of financial matters.	Chair Councillor Auditor
<b>6. To ensure that payments made from council funds and the use of assets, represent value for money, are adequately managed, and comply generally with the wishes of the residents.</b>	1. Lack of knowledge of wishes of residents.	As at 3.2 Ensure residents are consulted on all major financial issues.	Chair/Clerk/ RFO  All Councillors
	2. Use of funds not giving value for money.	Effective budget planning processes. Creation of annual plan after consultation process.	Clerk/RFO Councillors
	3. Use of funds not in accordance with the wishes of the residents.	As at 2 above. RFO to create effective financial management. Internal audit checks to cover consultation process.	Clerk/RFO  Councillor Auditor
	4. Charges for use of facilities inadequate.	Effective financial management by RFO. Internal audit checks.	Clerk/RFO Councillor Auditor
	5. Fund raising not properly controlled or not in accordance with regulations.	All councillors to be aware of need to check regulations before commencing fund-raising activities. Effective financial management by RFO.	Clerk/RFO

<p><b>7. To ensure that the annual precept requirement results from an adequate budgetary process; progress against the budget is regularly monitored; and reserves are appropriate.</b></p>	<p>1. Lack of knowledge of budgetary process, and of Council regulations.</p>	<p>Include regulations in Standing Orders issued to all councillors. Place item on agenda early in year to remind councillors of budget process and actions required. Delegate responsibility for managing initial budgetary process to a council committee or to RFO.</p>	<p>Clerk/RFO Finance &amp; Staffing Committee Councillors</p>
	<p>2. Lack of commitment to budgetary process.</p>	<p>As at 1 above Involve all councillors in budgetary process, not solely the clerk.</p>	<p>AS above</p>
	<p>3. Inadequate consideration of requirements for annual precept.</p>	<p>Place item on agenda early in year to remind councillors of budget process and actions required. Delegate responsibility for managing initial budgetary process to council committee or RFO. Start consideration of need at least 4 months prior to submission date. Create annual and 2/3 year plans to assist in process.</p>	<p>Clerk/RFO Finance &amp; Staffing Committee Councillors</p>
	<p>4. Calculation not in accordance with Council regulations.</p>	<p>Checks by RFO and Internal Auditor.</p>	<p>Clerk/RFO/ Councillor Auditor</p>
	<p>5. Inadequate internal controls with regard to monitoring expenditure.</p>	<p>Checks by RFO and Internal Auditor. Financial and budget progress reports to all PC meetings.</p>	<p>Clerk/RFO/ Councillor Auditor</p>
	<p>6. Reserves too low.</p>	<p>As at 5 above.</p>	<p>As above</p>
<p><b>8. To explore all possible sources of income, and ensure that expected income is fully received.</b></p>	<p>1. Lack of knowledge of possible sources of income e.g. grants.</p>	<p>Appoint a councillor as Grants Officer to gain experience of all grants available and application procedures.</p>	<p>Designated Councillor</p>
	<p>2. Lack of commitment to pursue possible sources of income.</p>	<p>As at 1.</p>	<p>Designated Councillor</p>

	3. Receipts not banked or not banked promptly.	Regular checks by councillor appointed as RFO. Internal audit checks.	Clerk/RFO/ Councillor Auditor
	4. Debts not pursued promptly.	As at 3 above.	Clerk/RFO/ Councillor Auditor
	5. VAT claims not made promptly or made incorrectly.	Ensure Clerk has appropriate and up-to-date VAT official publications. Regular checks by RFO. Internal audit checks.	Clerk/RFO/ Councillor Auditor
<b>9.To ensure that salaries paid to employees and amounts paid to contractors are paid in line with council regulations, and are adequately monitored.</b>	1. Inappropriate rate of pay to employees.	Ensure employee regulations are available and understood by Clerk. Checks by RFO. Internal audit checks.	Clerk/RFO/ Councillor Auditor
	2. Tax and NI arrangements not in accordance with regulations.	As at 1 above.	Clerk/RFO/ Councillor Auditor
	3. Amounts paid to contractors not in accordance with contract and inadequately monitored.	Internal audit checks. Checks by RFO. Appoint councillor to monitor contract work carried out.	Clerk/RFO/ Councillor Auditor
<b>10. To ensure that year end accounts are prepared on the correct accounting basis, on time, and supported by an adequate audit trail.</b>	1. Lack of knowledge of Council regulations and procedures.	Include financial regulations in Standing Orders. Attend training seminars where available.	Clerk/RFO
	2. Late or non-submission of annual accounts.	Include a time table in Standing Orders. RFO to monitor progress against timetable and report to PC meetings.	Clerk/RFO
	3. Year end accounts not prepared, inaccurate, or not in accordance with Council requirements.	Checks by RFO. Internal audit checks.	Clerk/RFO/ Councillor Auditor

	4. Inadequate audit trail from records to final accounts.	As at 3 above.	Clerk/RFO/ Councillor Auditor
<b>11. To identify, value, and maintain all the assets of the Parish Council, and ensure that asset and investment registers are complete, accurate and properly maintained.</b>	1. Lack of knowledge of assets of Parish Council.	Ascertain and record all assets for which Parish council is responsible. Create permanent asset register.	Clerk/RFO
	2. Assets lost or misappropriated	Establish who is responsible for security and maintenance of each asset. Appoint councillor responsible for regular monitoring of location and use of assets.	Clerk/RFO Councillor Auditor
	3. Inadequate or inaccurate valuation of the council's assets.	Arrange for periodic review of valuations and arrange for professional valuation where necessary. Internal audit checks.	Clerk/RFO/ Councillor Auditor
	4. Asset register not established or inadequately maintained.	Create asset register in accordance with Audit Commission requirements.	Clerk/RFO
<b>12. To comply with appropriate Government legislation regarding disability, racial equality, safeguarding children etc.</b>	1. Lack of knowledge of applicable legislation	Clerk to have all appropriate legislation available. Review liabilities and responsibilities periodically at PC meetings.	Clerk/RFO
	2. Lack of public awareness of applicable legislation.	Include, as appropriate, in any public consultations.	Clerk/RFO
	3. Failure to comply with applicable legislation.	As at 1 above	Clerk/RFO
<b>13. To carry out adequate safety checks on all buildings, properties, and equipment for which the council is responsible.</b>	1. Lack of information on properties, buildings and equipment.	Ensure that all current legislation and advice is held by Clerk. Include in asset register all properties for which PC responsible.	Clerk/RFO

	2. Lack of knowledge of safety requirements.	Ensure that all current legislation and advice is held by Clerk. Place subject as item on PC meeting agenda at regular intervals.	Clerk/RFO
	3. Lack of commitment to carrying out safety checks.	As at 2 above. Delegate responsibility for supervision of particular properties to individual councillors, reporting back to council for any action.	Chair VH Management Committee. Chair of Community Field Committee Councillor Auditor

Review date: September 2025