



# STOKESLEY

## TOWN COUNCIL

### **FINANCIAL RISK MANAGEMENT AND CONTROL**

Adopted 10 November 2015

# STOKESLEY TOWN COUNCIL

## Document Version Control

<u>Version Number</u>	<u>Comments</u>	<u>Date</u>
0.1	Initial Draft for Approval	3 October 2015
1.0	Document Approved by Council Meeting	10 November 2015
1.01	Replaced Parish Council with Town Council	6 March 2017

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## Introduction

Risk assessment is a systematic general examination of working conditions, workplace activities and environmental factors that will enable Stokesley Town Council to identify any and all potential inherent risks. Stokesley Town Council, based on a recorded assessment, will take all practical and necessary steps to reduce, mitigate or eliminate the risks, insofar as is practically possible.

This document provides Stokesley Town Council's assessment of the financial risks that it faces.

This document

- Identifies individual areas which are subject to financial risk
- Identifies what the specific risks for each of the above areas
- Documents the procedures for the management and control of the identified risks

There is a separate document (Finance Internal Control Checks) which documents how the identified risks outlined below are routinely checked, reviewed, assessed and revised as required.

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Subject	Risk(s) Identified	H/M/L	Management / Control of Risk
<b>Annual Return</b>	Submission within time limits	L	Annual Return completed and signed by the Council, submitted to internal auditor for completion and signing then checked and sent to External Auditor within the specified time frame.
<b>Bank and Banking</b>	Inadequate checks	L	The Council has adopted Financial Regulations which set out the requirements for banking, cheques and reconciliation of accounts (monthly reconciliation/checks)
	Banks mistakes	L	The Clerk reconciles the bank accounts once a month via the statement. The bank is informed immediately and correction is monitored by Clerk.
	Charges	L	Clerk ensures enough money is in the Current Account to cover the cheques and Direct Debits before the cheques are issued to avoid the account being overdrawn.
	Loss of Signatories	L	Normally all councillors are approved signatories. In the case of resignations, elections or by-elections a minimum of four signatories is maintained to ensure that two signatories are available at all times
<b>Best Value Accountability</b>	Work awarded Incorrectly	L	The Council has adopted Financial Regulations which set out the requirements to achieve best value. The level of control varies with the value of individual contracts.
	Overspend on services	M	If problems encountered with a contract the Clerk would investigate the situation and report to the full Council.
<b>Cash / Loss</b>	Loss through theft or dishonesty	L	The Council has Financial Regulations which set out the requirements. All cash and cheques received are banked within 3 banking days. The Council receives only a limited amount of cash on a daily basis. There is a limited amount of petty cash held by the Clerk and transactions are recorded promptly in the Petty Cash book. Banking procedures are audited by Internal Auditor annually.
<b>Charges - Rents Receivable</b>	Payment of rents	L	The Council collects Allotment rents in January each year. Allotment holders have signed agreements and rent levels are reviewed annually as part of the budget

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	Wayleaves		setting process. Payments are reviewed monthly at each meeting of full Council. Wayleave areements are prepared by the solicitors to the Council.
<b>Councillor Allowances</b>	Councillors overpaid Income tax deduction	<b>N/A</b>	Councillors are not paid an allowance
<b>Direct Costs / Overhead / Expenses / Debts</b>	Goods not supplied but billed Incorrect invoicing Cheque payable incorrect Loss of stock Unpaid invoices	<b>L</b> <b>L</b> <b>L</b> <b>L</b> <b>L</b>	The Council has Financial Regulations which set out the requirements. Payment is usually made after goods have been supplied. At each Council meeting the list of invoices awaiting approval is reviewed and approved by two Councillors. At each Council meeting two Councillors check each invoice against the cheque and associated paperwork and initial the invoices and then sign the cheque. The Council approves the list of requests for payment. The Council has minimal stocks; these are checked and monitored by the Clerk . Payment in advance for services is always obtained.
<b>Election Costs</b>	Risk of an election cost	<b>M</b>	The risk is higher in an election year but a by-election could be called for any casual vacancies. There are no measures which can be adopted to minimise the risk of having elections as this is the democratic process. When a scheduled election is due the Clerk will obtain an estimate of costs from the District Council for a full election and an un-contested election. A cost is included in the Budget for an election year to cover forecast costs, but by-elections are currently not accounted for.
<b>Employees</b>	Loss of key personnel Fraud by staff Actions undertaken by staff	<b>L</b> <b>L</b> <b>L</b>	The Continuity Plan outlines the procedures to be followed in event of the loss of key personnel. Requirements of Fidelity Guarantee insurance adhered to with regards to fraud. The Clerk and all other staff are given relevant training. Additionally the Clerk has access to reference books, assistance (via YLCA) and legal advice to enable to undertake the role effectively.

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<b>Financial Records</b>	Inadequate records Financial irregularities	L L	The Council has adopted Financial Regulations which set out the requirements.
<b>Grants Receipts</b>	Receipt of grant	L	The Council does not currently receive any grant funding. As and when any grants are to be received the Council will develop an appropriate procedure.
<b>Grants and support payable</b>	Power to pay Authorisation of Council to pay	L	All such expenditure goes is approved by full Council, minuted and recorded when payments are made using S137 powers of expenditure.
<b>Insurance</b>	Adequacy Cost Compliance Fidelity Guarantee Public Liability	L L L M L	Employers and Employee liabilities are included in policies. An annual review is undertaken of all insurance arrangements. <a href="#">Ensure compliance measures are in place.</a> The Council has fidelity guarantee cover to £ 250000. The Council has public liability cover up to £10 million.
<b>Internal Auditing</b>	Compliance with agreed procedures	M	The Council has appointed an independent internal auditor, who undertakes an audit annually. Additionally there is a programme of regular internal control checks undertaken by councillors.
<b>Legal Powers</b>	Illegal activity or payments	L	All activity and payments within the powers of the Town Council are resolved at full Council Meetings, <a href="#">including reference to the power used under the Finance section of agenda and Finance report monthly.</a>
<b>Litigation</b>	Potential risk of legal action being taken against the Council	M	Public liability insurance covers general personal injury claims where the Council is found to be at fault, but not spurious or frivolous claims – these cannot be insured against.
<b>Members' Interests</b>	Conflict of interests Register of members interests	L M	Declarations of interest by members at Council meetings. Register of members' interests forms reviewed regularly.
<b>Precept</b>	Adequacy of precept in order for the Council to	L	To assist in determining the precept value the Council receives, on a monthly basis, actual spend compared with budget in the current year.

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	carry out its statutory duties		<p>Information presented at the Finance Committee meeting that recommends the precept value to the Council includes a report of actual spending year to date and end of year projection against budget, and proposals from each committee on their requirements for the following financial year.</p> <p>The Finance Committee identifies the required monies for standing costs and projects for the following year under a number of individual headings. This forms the budget recommendation to the full Council for review.</p> <p>Once approved by full Council the total of the required monies is resolved to be the precept requirement. This figure is submitted by the Clerk in writing to Hambleton District Council.</p> <p>The Clerk informs the Council when the monies are received.</p>
<b>Reporting and Auditing</b>	Information communication	<b>L</b>	<p>Financial information is reviewed and approved under the Financial Statements agenda item at each meeting of full Council.</p> <p>The Council has appointed an independent auditor to review the accounts and make recommendations on any changes required to current procedures.</p>
	Compliance	<b>M</b>	<p>Two Councillors check the payments and receipts monthly and a quarterly 'spot-check' audit of Clerk's procedures is made.</p>
<b>Salaries and Associated Costs</b>	False employee	<b>L</b>	<p>The full Council authorises the appointment of all employees.</p>
	Salary paid incorrectly - Wrong rate paid - Wrong hours paid	<b>L</b> <b>L</b>	<p>Salary rates are assessed annually and applied</p> <p>Each employee, including the Clerk, submits a weekly timesheet documenting the hours worked. These are verified in the first instance by the Clerk and subsequently a sample is checked at a meeting of the full Council. Each employee has a contract of employment and a job description. Each contract includes a section on overpayment and recoup.</p>
	Wrong deductions of National Insurance / Tax	<b>L</b>	<p>Salary analysis and slips are produced by the Clerk monthly together with a schedule of payments to the Inland Revenue, the Inland Revenue Basic PAYE tools</p>

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	Unpaid National Insurance / Tax to the Inland Revenue	M	system is used. The analysis is inspected monthly at the meeting of the full Council and signed off. All Tax and National Insurance payments made are submitted in the Inland Revenue Annual Return.
VAT	Reclaiming/charging	L	The Council has Financial Regulations which set out the requirements.