



Okehampton Town Council

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Financial Risk Assessment and Management Policy draft

FINANCIAL MANAGEMENT POLICY

Definition of Risk Management

Risk is the threat that an event or action will adversely affect an organisations ability to achieve its objectives and to successfully execute its strategies.

Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements.

Risk Policy Statement

Okehampton Town Council recognises that it has a responsibility to manage risks effectively in order to protect its members, staff, assets, liabilities and the community against potential losses, to minimise uncertainty in achieving its goals and objectives and to maximise its opportunities.

Approach to Risk Management

The council's approach to risk management is to attempt to identify and manage risks in the most cost-effective manner within overall resources available.

Identified risks are recorded in the risk assessments, and the likelihood and impact are assessed. The council is aware that some risks can never be eliminated fully but endeavours to minimise risk by putting control measures in place where possible.

Risk identification forms part of the day to day work of the Clerk, staff and members and is considered throughout all aspects of council business.

Responsibility for Risk Management

The Council recognises that it is the responsibility of all members and employees to have regard for risk in carrying out their duties.

If uncontrolled, risk can result in a drain on resources that could better be directed to service provision. This policy recognises that any reduction in the risk of injury, illness, loss or damage benefits the whole community.

Review

The Policy and Risk Assessment will be reviewed and updated as and when a new risk is identified, the likelihood or impact changes, or at least annually.

FINANCIAL RISK ASSESSMENT

Subject	Risk/s Identified	Risk Level H/M/L	Potential Impact H/M/L	Management/Control Measurers	Review/Assess/Revise
Payments	Goods not supplied but invoiced, invoices incorrect, invoices unpaid.	L	M	All invoices recorded and filed on receipt. Invoices checked for accuracy and for receipt of goods and signed by Officers. Two Councillors sign cheques and initial stub or payment is made by BACS, the setup being carried out by the Clerk or Assistant Clerk and a Councillor being second authoriser. A monthly audit is carried out by a nominated Councillor.	Maintain existing procedures.
Cheque books	Loss of cheques, fraudulent use.	L	H	Cheque books kept in safe, no blank cheques signed.	Maintain existing procedures.
Business Card (Waitrose/John Lewis)	Loss of card, fraudulent use	L	L	The Clerk is the only approved card holder and is the only person who uses the card. Card use is for purchase of refreshments for Civic Events, ie Civic Dinner. Payment is approved as above.	Maintain existing procedures
Debit Card (Lloyds)	Loss of card, fraudulent use	L	M	The Clerk is the only approved card holder and is the only person who uses the card. Prior approval of the Chairman or Vice-Chairman of the Policy & Resources Committee, or the Mayor is required for purchase over £500.	New card and procedures as Min Ref 380.3, 14/10/19
Invoicing	Services provided by Council but not charged for	L	M	Bookings diary checked monthly and invoices issued, a month in advance where possible by the Assistant Clerk. Invoice number entered next to the diary entry in the case of room/event bookings. Online booking system commenced April 2023. Printout of bookings from which invoices are issued, a month in advance where possible, by the Assistant Clerk and filed. Invoice number entered thereon. List of regular invoices to be issued is maintained. Early hastening action taken if required. Clerk undertakes quarterly checks.	Maintain existing procedures and in addition the Clerk to undertake quarterly checks
Card Payment Facility	Unable to accept money due to loss or service or other fault, risk of fraudulent or inaccurate transactions	L	M	Payment by BACS, cash or cheque accepted instead Receipt to be kept and attached to the invoice Quarterly checks to be undertaken by the Clerk	New facility approved Min Ref 570, 11/01/2021

Fuel Card	Loss of card. Fraudulent use.	L	M	Card in the name of the Council or approved person. Only available for the Park Keeper and Assistant Park Keeper to use. Receipts for fuel purchased kept and reconciled with invoice. Audited monthly by a nominated Councillor.	New facility approved minute Ref 536 6/12/2021
Petty Cash	Fraudulent use, goods purchased not for Council use. Loss of cash from petty cash tin.	L	M	Cash locked in safe at night. Purchases approved by Clerk. Receipts checked by Assistant Town Clerk before cash reimbursed. Reconciled by Assistant Town Clerk to check for any irregularities Reconciled and audited monthly by a nominated Councillor.	Increased to £100 Minute ref 466.4 15 th November 2021
Grants COVID-19 support grant	Mismanagement of Grant Aid powers Risk of fraudulent applications, misuse of monies granted to households.	L	L	Formal applications only considered by P&R, Terms and Conditions in place as per Grants Policy, budget adhered to. Recommendation made to Full Council if amount exceeds P&R delegated limit. Consideration of applications for additional grant aid for residents of the town suffering financial hardship due to COVID-19 has been delegated to the Clerk in conjunction with the Chairman of P&R or the Mayor in order to provide a prompt response. Applications from individuals will be referred to OTC by Okehampton Citizens Advice as a last resort following the undertaking of the usual checks	Maintain existing procedures. Covered by the holding of the GPC Approved 20/04/2020
Salaries and wages	Incorrect payments to staff (rates, NI, tax). Payments not made to HMRC. Pension contributions not made to Peninsula Pensions Non-compliance with year-end obligations.	L	H	Payroll undertaken internally; primarily by the Assistant Clerk, or Clerk in absences Monthly reconciliations completed for PAYE/NIC, wages control and Pensions by Assistant Clerk Salary paperwork and reports kept securely Payment instructions signed by two authorised signatories Invoices checked. All correspondence filed Staff timesheets completed Excel spreadsheets used to monitor overtime and flexible hours working Internal audit.	Maintain existing procedures. Take opportunities for any available Training.
Election Costs	Inability to meet costs.	L	L	Provision made in budget annually.	Maintain existing procedures.
VAT	Errors in calculation. Payments not made to HMRC.	L	H	Use of RBS Omega software for accounts (some human error possible). Payments made quarterly to HMRC.	Maintain existing procedures. Ongoing Training.

				Quarterly reconciliations by Assistant Clerk. Internal Audit	
Annual Return	Inability of Accountants to complete year end close down in time. Not submitted in time.	M	M	Book RBS time early. Book internal auditor early.	Maintain existing procedures. Ongoing Training.
Insurance	Inadequate or deficient insurance cover. Over-insurance increasing costs unnecessarily.	L	H	Annual review of insurance needs with brokers. Annual review of asset values.	Maintain existing procedures.
Computer records	Loss of data through system error or theft.	L	H	Back-up data daily Back-up held off site	Maintain existing procedures
Budget	Inadequate budget preparation leading to inability to fulfil obligations.	L	H	Budget considered by all Committees and Council in December. Balance sheet and income and expenditure considered by P&R monthly . Virements made where necessary.	More in-depth consideration of budget during the year.
Buildings	Unexpected repairs - the Council has a number of physical assets.	M	H	The Council has a rolling capital fund in the budget affecting a cyclical maintenance programme.	Maintain regular inspections of buildings to minimise risk of major failings.
Tenders	Best value not achieved.	L	M	Financial regulations lay down procedures	Maintain existing procedures.
Business continuity	Risk of Council not being able to continue business due to unforeseen circumstances (bank failure, long-term illness of staff).	L	H	Business continuity plan. Transfer capital a/c to alternative bank Insurance cover Business Continuity Plan to be updated at least annually	Business Continuity Plan to be updated
Precept	Overspend of operational budget and/or inaccurate setting of precept level and realising demands on Precept	L	H	Budget and precept are considered by all Committees and Full Council in December each year. The precept deadline is noted and complied with by the Town Clerk. Expenditure against budget considered at all Policy and Resources Committee meetings.	Existing procedures adequate.
Financial controls and records	Inadequate records leading to financial irregularities.	L	M	Financial Regulations reviewed annually. Internal and External Audit presented to Full Council. Treasury & Investment Policy & Strategy reviewed annually.	Continue to review annually.
Bank and banking	Bank errors and/or inadequate checks leading to financial irregularities	L	M	Bank reconciliation carried out each month as are audits of BACS payments by nominated Councillor Financial Regulations lay down procedures.	Maintain existing procedures
Councillor Allowances	Non-payment of tax	L	M	Mayor/Deputy Mayor only receive allowances issued only against receipts.	

Collection of Income	Loss through theft or dishonesty.	M	H	Funds received by BACS or cash/cheque posted to/ brought into the office is accepted by any member of staff available, including the Assistant Clerk who will have raised the associated invoice Receipts are issued and matched to invoices. All cash is banked regularly. Petty cash is reconciled to receipts monthly. Internal audit twice per annum. Unbanked cash locked in safe. Quarterly checks by Clerk	Maintain existing procedures. Clerk to check receipts and petty cash quarterly
Cash	Loss of income or unforeseen major expenditure leading to cash flow problems.	L	H	Ensure adequate Reserves. Ensure adequate insurance cover.	Maintain existing procedures.
Assets	Protection of physical assets	M	H	Buildings and property insured. Fire alarm & fire equipment annual test. Weekly fire alarm test. Personal Appliances annual electrical test. Six monthly lift tests. Annual play equipment checks by RoSPA. Daily and weekly checks of play equipment by in-house RosPA trained inspector Insurance policy reviewed annually. Weekly checks conducted for remote locations	Maintain existing procedures
Assets	Inadequate security of buildings, equipment etc	H	M	Buildings secured outside working hours. Staff vigilance. Adequate lighting	Maintain existing procedures. Regular liaison with Police.
Assets	Inadequate maintenance of buildings etc	L	L	Planned maintenance programme. Property and Parks Budget. Planned checking schedule. Property and parks Committee to review budget annually.	Introduce annual Property and parks Committees inspection of all assets to minimise risk of failings
Assets (Cemetery)	Error through inadequate record keeping or checks when managed by others Error in record keeping by Council staff	M L	H M	Possibility of claim by those affected Software purchase to minimise potential for error Entries	
Councillor propriety	Incomplete register of interests/failure to declare interests	M	L	Regular reminder to members. Complaints Policy & Procedure	Maintain existing procedures.

Councillor/staff propriety	Breach of confidentiality	M	H	Regular reminder to members/staff Complaints Policy & Procedure	Maintain existing procedures.
Councillor propriety	Councillors acting inappropriately and bringing the Council into disrepute.	M	H	Regular reminders of Code of Conduct Complaints Policy & Procedure	Maintain existing procedures.
Councillor Staff – breach of GDPR	Breach of regulations	M	H	Councillor and Staff training and reminders of policy and procedures which are reviewed regularly	Maintain existing procedures
Reports and records	Improper and untimely reporting of meetings via the minutes	M	M	Draft minutes of all meetings to be issued to all Councillors as soon as drafted. All minutes to be approved at following committee meeting. All committee minutes to be ratified at next Full Council meeting. Minutes to be available to press and public at Town Council offices and via the Council website within 5 working days of a meeting.	Maintain existing procedures.
Third parties	Risks to third party, property or individuals	M	M	Public & Products liability insurance in place (limit of indemnity £15m £10m)	Insurance cover to be reviewed annually. Risk assessments of individual events.
Staff	Compliance with Employment Law	M	M	Employer Liability insurance in place (limit of indemnity £10m)	Insurance cover to be reviewed annually.
All personnel	Health & Safety Matters	M	M	Health & Safety policy in place, annual review. Annual risk assessments Regular training and reminders	Maintain existing procedures.
Legal	Conduct of council business is ultra vires	M	L	Clerk to verify legal position for any new proposal.	Legal advice to be sought where required.
Public Referendum	Unbudgeted expenditure incurred in costs to carry out a referendum.	L	M	No current requirement under legislation. Proactive engagement with electorate. Newsletters or public meetings to inform electorate of specific issues of concern	Policy & Resources to review annually.

Adopted by Council: 2 March 2015 (Minute Ref: 547.1)
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Revised by Council May 2022
Revised by Council May 2023