


| | |
|--|---|
|  <p>Okehampton Town Council</p> | <h1 style="text-align: center;">Okehampton Town Council</h1> <h2 style="text-align: center;">Financial Risk Assessment and Management Policy</h2> |
|--|---|

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 .

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 Measures | 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 signatories sign cheques and initial stub or payment is made by BACS, the setup being carried out by the Clerk or Finance Officer 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 | M | Cheque books kept in safe, no blank cheques signed. | Maintain existing procedures. |
| Debit Card (Lloyds) | Loss of card, fraudulent use | L | M | The Clerk and the Finance Officer are the only approved card holders and are the only persons who use the cards. Prior approval of the Chairman or Vice-Chairman of the Policy & Resources Committee, or the Mayor is required for purchase over £700 by the Clerk. The Finance Officers limit is £500 in the absence of the Clerk, up to £700 with the Clerks approval. Spend over this limit with the prior approval of the Chairman or Vice-Chairman of the Policy & Resources Committee, or the Mayor is required. | New card and procedures as Min Ref 380.3, 14/10/19. Card for Finance Officer approved Min Ref 158.5 21/07/2025 |
| Invoicing | Services provided by Council but not charged for | L | M | Online booking system commenced April 2023. Printout of bookings from which invoices are issued, a month in advance where possible, by the Finance Officer and filed. Invoice number entered thereon. List of regular invoices to be issued is maintained. Early hastening action taken if required. Clerk undertakes checks. | Maintain existing procedures |
| 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 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 Grounds staff 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 Finance Officer before cash reimbursed. Reconciled by Finance Officer 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 | 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. Applications reviewed by P&R Chair, Vice-Chair and Clerk for eligibility prior to consideration by P&R. Recommendation made to Full Council if amount exceeds P&R delegated limit. | Maintain existing procedures. |
| 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 Finance Officer, or Clerk in absences Monthly reconciliations completed for PAYE/NIC, wages control and Pensions by Finance Officer Salary paperwork and reports kept securely Payroll authorisation form checked and signed by Clerk and Mayor Payment instructions signed by two authorised signatories All correspondence filed Staff timesheets completed Excel spreadsheets used to monitor overtime and flexible hours working Internal audit. Software held on single desktop computer. Data backed up but risk of it being lost. Cloud based system being subscribed to September 2025. | Maintain existing procedures. Take opportunities for any available Training. |
| Election Costs | Inability to meet costs. Increase in costs due to English Devolution | £ M | £ M | Provision made in budget annually. | Maintain existing procedures. Consider further in budgeting process for 2026/27 |
| 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. Quarterly reconciliations by Finance Officer Internal Audit | Maintain existing procedures. Ongoing Training. |
| 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 | M | Annual review of insurance needs with brokers. Annual review of asset values. 5 yearly revaluations of assets (buildings and identified items) | Maintain existing procedures. |
| Computer records | Loss of data through system error or theft. | L | H | Back-up data daily Back-up held on and 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. Budget process commences in August/September with budget workshops for all committees to which all Councillors can attend. Balance sheet and income and expenditure considered by P&R Virements made where necessary. | Maintain existing procedures |
| 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 | |
| Precept | Overspend of operational budget and/or inaccurate setting of precept level and realising demands on Precept Government imposition of referendums on town and parish councils limiting the ability of the council to raise its precept by a large enough % to meet its projected expenditure. | L | H | Budget and precept are considered by all Committees and Full Council in December each year. The precept deadline is noted and complied 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. | Check to include check of budget balance on Rialtas at the beginning of the financial year, to include any rollover of funds |

| | | | | | |
|-----------------------|---|---|---|---|-------------------------------|
| Councillor Allowances | Non-payment of tax | L | M | Mayor/Deputy Mayor only receive allowances issued only against receipts. Councillors can claim expenses for approved travel or other items, payable against receipts. Expenses Policy refers. | Maintain existing procedures |
| 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 Finance Officer 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. Checks by Clerk | Maintain existing procedures. |
| Cash | Loss of income or unforeseen major expenditure leading to cash flow problems. | L | H | Ensure adequate Reserves, level required reviewed annually including potential risk of loss of significant self-generated income. 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. Monitored intruder alarms at Town Hall, Parks Office and Workshop. Staff vigilance. Adequate lighting Regular liaison with Police | Maintain existing procedures. |
| 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. Inspection of assets by Councillors/Committees as deemed necessary | Maintain existing procedures |

| | | | | | |
|-----------------------------------|---|---|---|---|-------------------------------|
| Assets (Cemetery) | Error through inadequate record keeping or checks when managed by others | M | H | Possibility of claim by those affected | Maintain existing procedures |
| | Error in record keeping by Council staff | L | M | 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 | L | L | Draft minutes of all meetings to be issued to all Councillors as soon as drafted. All minutes to be approved at following committee/ council 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 | L | M | Public & Products liability insurance in place (limit of indemnity £10m) Insurance cover to be reviewed annually. Risk assessments of individual events. | Maintain existing procedures |
| Staff | Compliance with Employment Law | M | M | Employer Liability insurance in place (limit of indemnity £10m) Insurance cover to be reviewed annually. | Maintain existing procedures |
| All personnel | Health & Safety Matters | M | M | Health & Safety policy in place, annual review. Annual risk assessments - undertaken/amended as needed 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. | Maintain existing procedures |
| Public Referendum | Unbudgeted expenditure incurred in costs to carry out a referendum. | L | M | No current requirement under legislation. Proactive engagement with electorate. | Maintain existing procedures. |

| | | | | | |
|---|--|---|---|---|--|
| | | | | Newsletters or public meetings to inform electorate of specific issues of concern Policy & Resources review annually. | |
| Government English Devolution White Paper | Unbudgeted costs relating to creation of Unitary Council, disbandment of County and District Councils and the unknown impact on the town council, including potential transfer of assets and services | M | M | Unknown timescale for the changes and potential impact on financial and staffing challenges. | Council to keep abreast of updates and potential risks as they occur |
| Community Governance Boundary Review | Amendment to the boundary between the Town and Hamlets in May 2027 and addition of a Councillor to the Town Council. Additional assets to be identified (bins, benches, noticeboards). Potential financial implication with regards to precepting arrangements | M | M | Communication strategy to be agreed by OTC and OHPC. Precept arrangements to be considered and impact on the budget. Potential for delay in receipt of information from other parties allowing this to be considered in a timely manner. Unknown implications | Regular consideration of progress by council |
| Software | Loss to data due to software packages being held on one desktop computer | M | M | Daily backups undertaken. Annual reports run and saved electronically or more often as required for record keeping | Consider moving to cloud-based options as they arise. |

Adopted by Council: 2 March 2015 (Minute Ref: 547.1)
 Reviewed by Council: 29 February 2016 (Minute Ref: 486)
 Revised by Council: 25 July 2016 (Minute Ref: 126.3)
 Reviewed by Council: 27 February 2017 (Minute Ref: 516)
 Reviewed by Council May 2025

Revised by Council: 21 May 2018 (Minute Ref: 44)
 Revised by Council: 20 May 2019 (Minute Ref: 31.1)
 Revised by Council: December 2019
 Revised by Council March 2021 (Min Ref 790)
 Revised by Council September 2025

Revised by Council January 2022 (Min Ref 659)
 Revised by Council May 2022
 Revised by Council May 2023
 Revised by Council May 2024