

# Risk Assessment – Financial

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BAWDSEY PARISH COUNCIL

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CLERK, BAWDSEY PARISH COUNCIL

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## 1. Scope and Objectives

The purpose of this document is to identify potential financial risks facing Bawdsey Parish Council ('the Council') and how those risks can be managed to ensure the Council is able to deliver the services expected of it.

This document will be reviewed by the Council annually (preferably in February or March), enabling the Council to:

- a) Carry out appraisal of identified risks
- b) Agree appropriate actions to minimise the impact of the risks
- c) To identify new risks and appropriate measures to manage them
- d) To ensure the Council's insurance is adequate for the forthcoming year

## 2. Introduction

Risk management is NOT just about financial management, but about achieving the objectives of the organisation to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation, reputation, and the ability to deliver the expected services.

The new approach to local Council audit seeks to address these issues by placing emphasis on local Council's strengthening their own corporate governance arrangements, improving their stewardship of public funds and improving assurances to taxpayers. In other words, 'the buck' stops with you, the Councillors!

Members are ultimately responsible for risk management because risk threatens achieving the objectives of the Council. As a minimum, members should at least annually formally:

- a) Take steps to identify key risks facing the Council
- b) Evaluate the potential consequences to the Council in the event of an identified risk occurring
- c) Agree upon appropriate measures to avoid, reduce, or control the risk or its consequences.

All of the above objectives should be served by this document. If they are not, then it is up to the Council to determine how they should be met and to put in place appropriate measures.

This document should be read in conjunction with the current Insurance Policy in force for the Council.

### 3. Risk Analysis

The following table attempts to identify all financial risks and to assign a probability ('Prob') of that risk occurring, and should it occur, its impact ('Imp') on the Council. Both the 'Probability' and 'Impact' of a risk are scored on a 1 – 5 scale: 1 being the lowest score (i.e. very improbable or very low risk) and 5 the highest (i.e. highly probable and very high impact). Both these scores are multiplied to give an Overall Risk Rating (ORR). Any risks over ORR 20 will be reviewed on a monthly basis.

The 'Managed by' column details how the risk is managed, either by protecting the Council from its impact (typically by way of insurance) or by reducing the probability of that risk occurring. All Councillors should be aware of the importance of keeping their register up to date and declaring any interests at meetings as and when appropriate. The below list is not exhaustive, and items can be added, amended, or removed as and when appropriate.

| Number | Details                                                                                                                                           | Prob | Imp | Overall Risk Rating | Managed by...                                                                                                                                                                                                                                                  | Last Reviewed Date                                         | Action Required                                                                        |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------|------|-----|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------------------------------------|
| 1      | Council under-insured                                                                                                                             | 1    | 5   | 5                   | <ul style="list-style-type: none"> <li>The Council's insurance to be reviewed annually by the Council as part of the annual risk review process.</li> </ul>                                                                                                    | <ul style="list-style-type: none"> <li>May 2025</li> </ul> | <ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>       |
| 2      | Loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party (consequential loss) | 1    | 3   | 3                   | <ul style="list-style-type: none"> <li>Annual monitoring of performance/deliverables against Service Level Agreement (SLA) or other appropriate criteria</li> <li>Currently the third-party suppliers are: East Suffolk Council – Refuse Collection</li> </ul> | <ul style="list-style-type: none"> <li>May 2025</li> </ul> | <ul style="list-style-type: none"> <li>Continued monitoring of PL Insurance</li> </ul> |
| 3.     | Loss of money through theft,                                                                                                                      | 1    | 4   | 4                   | <ul style="list-style-type: none"> <li>Insurance – Fidelity guarantee (Theft by Employee Insurance) to maximum of</li> </ul>                                                                                                                                   | <ul style="list-style-type: none"> <li>May 2025</li> </ul> | <ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>       |

|   |                                                                 |   |   |   |  |                                                                                                                                                                                                                                                                           |                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |  |  |  |
|---|-----------------------------------------------------------------|---|---|---|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
|   | dishonesty, or fraud                                            |   |   |   |  |                                                                                                                                                                                                                                                                           |                                                          | £250,000, must be reported within 36 months. <ul style="list-style-type: none"><li>Councillors are responsible for agreeing the Council’s accounts.</li><li>Clerk writes the cheques with two Councillors signing.</li><li>Internet Banking – Clerk only sets up transaction &amp; two Councillors authorise.</li><li>Major loss would be through dishonesty or fraud, possibly through use of cheques. This would involve the Clerk and two Councillors</li></ul> |  |  |  |
| 4 | Inadequate annual Precept                                       | 1 | 2 | 2 |  | <ul style="list-style-type: none"><li>Annual budget</li><li>Councillors take joint responsibility for approving the budget.</li></ul>                                                                                                                                     | <ul style="list-style-type: none"><li>May 2025</li></ul> | <ul style="list-style-type: none"><li>Strict adherence to guidelines</li></ul>                                                                                                                                                                                                                                                                                                                                                                                     |  |  |  |
| 5 | Financial records not meeting current statutory requirements.   | 1 | 1 | 1 |  | <ul style="list-style-type: none"><li>Appropriate training for Clerk, RFO and Councillors</li><li>Retained membership of SALC who provide information and guidance</li><li>Purchase of appropriate documentation and supporting material</li><li>Internal audit</li></ul> | <ul style="list-style-type: none"><li>May 2025</li></ul> | <ul style="list-style-type: none"><li>Strict adherence to guidelines</li></ul>                                                                                                                                                                                                                                                                                                                                                                                     |  |  |  |
| 6 | Not meeting the Customs and Excise regulations (especially VAT) | 1 | 1 | 1 |  | <ul style="list-style-type: none"><li>Appropriate training for Clerk and RFO</li><li>Retained membership of SALC who provide information and guidance</li></ul>                                                                                                           | <ul style="list-style-type: none"><li>May 2025</li></ul> | <ul style="list-style-type: none"><li>Strict adherence to guidelines</li></ul>                                                                                                                                                                                                                                                                                                                                                                                     |  |  |  |
| 7 | Not fulfilling the requirements of the Annual                   | 1 | 2 | 2 |  | <ul style="list-style-type: none"><li>Councillors to be responsible for checking and approving the Annual Return prior to submission to the external auditor. with</li></ul>                                                                                              | May 2025                                                 | <ul style="list-style-type: none"><li>Strict adherence to guidelines</li></ul>                                                                                                                                                                                                                                                                                                                                                                                     |  |  |  |

|    | Return and the audit procedures, including right of inspection | 1 | 1 | 1 | 1 | particular emphasis on Section 2 – Statement of Assurance                                                                                                                                                                                                                                                       |                                                            |                                                                                       |
|----|----------------------------------------------------------------|---|---|---|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 8  | Grant monies not applied for                                   | 1 | 1 | 1 | 1 | <ul style="list-style-type: none"> <li>The use of competent Internal Auditor to identify any inappropriate practices</li> <li>Adequate training for Clerk/RFO</li> <li>Clerk to monitor all grant facilities and work closely with ESC/SCC/SALC to obtain current details should monies be required.</li> </ul> | <ul style="list-style-type: none"> <li>May 2025</li> </ul> | <ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>      |
| 9  | Section 106 agreement funds not available to Parish Council    | 1 | 1 | 1 | 1 | <ul style="list-style-type: none"> <li>Now referred to as Community Infrastructure Levy (CIL). Clerk to contact ESC to obtain details of latest funds available when a project starts</li> </ul>                                                                                                                | <ul style="list-style-type: none"> <li>May 2025</li> </ul> | <ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>      |
| 10 | Misappropriation of Councillor's expenses                      | 1 | 1 | 1 | 1 | <ul style="list-style-type: none"> <li>Councillors to attend training</li> <li>Expenses policy has been adopted</li> </ul>                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>May 2025</li> </ul> | <ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>      |
| 11 | Internal Audit ineffective                                     | 1 | 2 | 2 | 2 | <ul style="list-style-type: none"> <li>Annual review of the effectiveness of the internal audit to take place between RFO/Clerk and Internal Auditors (currently Mr Trevor Brown)</li> </ul>                                                                                                                    | <ul style="list-style-type: none"> <li>May 2025</li> </ul> | <ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>      |
| 12 | Total finances exceed £85,000 in any one financial institution | 1 | 1 | 1 | 1 | <ul style="list-style-type: none"> <li>Clerk to ensure that total finances in any one financial institution do not exceed £85,000 so that they fall within the limit insured by the Financial Services Compensation Scheme</li> </ul>                                                                           | <ul style="list-style-type: none"> <li>May 2025</li> </ul> | <ul style="list-style-type: none"> <li>Monitoring by Clerk</li> </ul>                 |
| 13 | Council fails to comply with strict deadlines imposed on it.   | 1 | 3 | 3 | 3 | <ul style="list-style-type: none"> <li>Clerk manages all deadlines</li> <li>List of deadlines attached to this document as Appendix 1</li> </ul>                                                                                                                                                                | <ul style="list-style-type: none"> <li>May 2025</li> </ul> | <ul style="list-style-type: none"> <li>Monitoring by Clerk and Councillors</li> </ul> |

|    |                                                     |   |   |    |                                                                                                                                                    |                                                            |                                                                                  |
|----|-----------------------------------------------------|---|---|----|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------------------------------|
| 14 | Non-compliance with new data protection regulations | 2 | 5 | 10 | <ul style="list-style-type: none"> <li>Suitable training and research for both Clerk and Councillors</li> <li>Support from SALC and ICO</li> </ul> | <ul style="list-style-type: none"> <li>May 2025</li> </ul> | <ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul> |
|----|-----------------------------------------------------|---|---|----|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------------------------------|

Adopted by Bawdsey Parish Council at a meeting on: 22<sup>nd</sup> May 2025

Signed:

*Tina Hughes*

Miss Tina Hughes  
Clerk

*Andy Rouse*

Cllr. A. Rouse  
Chair

## Appendix 1

### List of mandatory tasks performed by Bawdsey Parish Council:

| Task                                                                                                                                                                                                                      | Date task must be completed by                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Review of Financial Regulations and Standing Orders                                                                                                                                                                       | Annually                                                                  |
| Asset Review and updating of Asset register                                                                                                                                                                               | Annually and when new assets are purchased or sold/removed                |
| Review of Risk Assessments (Financial and Non-Financial)                                                                                                                                                                  | At least annually and if the Council's circumstances change dramatically  |
| Review of internal controls for financial management                                                                                                                                                                      | Annually                                                                  |
| Review of suitability of Internal Auditor                                                                                                                                                                                 | Annually                                                                  |
| Review of Suffolk Code of Conduct                                                                                                                                                                                         | Annually or if amended                                                    |
| Website must be free to access and contain: <ul style="list-style-type: none"> <li>• Agendas</li> <li>• Minutes (once agreed)</li> <li>• Accounts</li> <li>• Details of Auditors</li> <li>• Documents/Policies</li> </ul> | Weekly review                                                             |
| Check level of Fidelity Insurance                                                                                                                                                                                         | Annually when insurance renewal received                                  |
| Review of General and Earmarked Reserves                                                                                                                                                                                  | Annually                                                                  |
| Appointment of Chair and other positions (such as Internal Auditor)                                                                                                                                                       | May meeting                                                               |
| Signing off of Annual Accounts                                                                                                                                                                                            | April or May meetings (after internal audit)                              |
| Sending of all relevant papers to External Auditors                                                                                                                                                                       | By 20 <sup>th</sup> June (can be later if agreed with PKF Littlejohn LLP) |
| Completion of External Audit                                                                                                                                                                                              | 30 <sup>th</sup> September                                                |
| Advertising of Period of Exercise of Public Rights to view Accounts                                                                                                                                                       | A 6 week period but must include all dates in July                        |