

Debenham Parish Council
Financial Risk Assessment – Year ending 31.03.2020

Potential areas of risk:

1. Inadequate budget to meet commitments. **Very low.**
2. Inadequate reserves to deal with emergencies. **Very low. Good practice to hold one and half times precept in reserve (not requirement but good housekeeping)**
3. Unauthorised expenditure. **Very low.**
4. Compensation resulting from injury as a result of PC activity / action. **Medium**
5. Inadequate financial regulation of sub-committee activity. **Very low.**
6. Personnel issues. **Very low.**

Methods in place to minimise risk:

1. Council operates in accordance with Model NALC financial regulations (tailored to suit local needs 1-5 above).
2. Full Council meetings are held monthly (quarterly for FAWG and as necessary by the Employment Committee to:
 - a) Monitor budget; prepare precept for approval by Council in January; support Clerk as RFO in monitoring expenditure against budget for report to the Council
 - b) Approve accounts for payments and note receipts
 - c) Monitor adherence to financial regulations and monitor their relevance
 - d) Monitor insurance, investments & assets
 - e) Review contracts and salaries (1, 2, 6 above)
 - f) Monitor monthly bank reconciliations with bank statements.
3. Accounts for payment listing, receipts, bank balances, invoices and cheque books are presented by Clerk to full Council meeting for authorisation by resolution and to be duly signed/initialled as required:
 - a) Stubs and invoices initialled by two signatories
 - b) No cash payments and no petty cash
 - c) Payments and Receipts listing attached to approved Minutes
 - d) Annual allotment rent demands and deposit payments managed by Clerk
 - e) Allotment payments monitored by Clerk and arrears chased where necessary
 - f) Cemetery payments monitored by Clerk and arrears chased where necessary
 - g) All monies paid in are by cheque / bank transfer
4. Cheques received to be presented for payment within 7 days where possible. In cases where cheques need to be withheld, Clerk/RFO to notify Council and state on “accounts for payment and receipts” statement.
5. Standard Local Government Insurance for public liability £5,000,000 and personal accident cover for clerk/councillors when engaged on duties in connection with Parish Council business only £20,000. Fidelity Guarantee cover to £200,000.

Business interruption: Date reinstatement cover to £500.

6. Council operates nationally agreed Financial Regulations; reviewed and approved annually.
7. Written budgetary proposals are provided by each committee to the November Council meeting (2.1 Financial Regulations). (1 above)
8. Matters raised by Internal Auditor are noted and actioned (when needed) by the Council.
Recommendations arising from the 2018/2019 audit as follows:

a) **Recommendation:** Council might wish to note that it is the responsibility of Councillors to satisfy themselves that they have the appropriate legal power to incur expense and as such might wish to refer to the exact power being used to ensure that all financial decisions or payments being made are in accordance with statute and the Council is not undertaking any decisions or payments that are ultra vires- *Noted. General Power of Competence adopted by Council for 2019/2020.*

b) **Recommendation:** Council should review the opening balance (as of 1st April 2018) of the asset register being mindful that Proper Practices states that the value of the cell at Line 9 is taken from the authority's asset register which is up to date at 31 March and includes all capital acquisition and disposal transactions recorded in the cash-book during the year. Authorities need to apply a reasonable approach to asset valuation which is consistent from year to year. Where an authority changes its method of asset valuation during a financial year, it will need to restate the prior year's figure in Line 9 of the Annual Governance and Accountability Return- *Noted.*

c) **Recommendation:** Council should, in accordance with Proper Practices, implement a system whereby the bank reconciliation is formally signed off by the authority or the chair of finance or another authority nominee which is not only good practice but is also a safeguard for the RFO- *Noted.*