



MACCLESFIELD TOWN COUNCIL

FINANCIAL RISK ASSESSMENT



Document Version Control

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RISK AREA	RISK IDENTIFIED	MITIGATION	NOTES
To provide and maintain standards for Town Council services to the residents of Macclesfield	The risk of legislative change which will have an impact on the Town Council's powers, duties and funding	Town Clerk & staff keep apprised of developments	GDPR Training carried out 2018
	The protection of physical assets owned by the Town Council including buildings and equipment (loss or damage)	All physical assets insured All assets checked regularly Management Systems being put in place	Concern raised about inherited assets as descriptions do not meet known items
	The risk of damage to third party property or individuals as a consequence of the Town council providing services (public liability)	Public liability Insurance renewed annually	
	Insufficient staff or other resources to deliver the service needs	Staff have general awareness of other team members' essential tasks and can provide cover when required. Town Clerk to formally monitor and review staff and work levels. Any concerns regarding this to then be brought to Council	New part time support post introduced Oct 2017
To provide a safe and fulfilling working environment for staff	Employees contravene H & S Regs	H & S & First Aid training, insurance, Risk Assessments regularly checked and updated	Staff trained in H&S and 1 st Aid
	Potential legal proceedings up to corporate manslaughter	Employers Liability insurance Employee training and awareness	
	Staff retention issues	Staff training where appropriate	



To maintain financial records that are correct and comply with all recommended accounting practice	Adverse audit reports, legal action and loss of confidence in Town Council	Clerk keeps up to date with legislative changes, discusses latest requirements with internal and external auditors	Internal audit review recommendations actioned
	Loss of income through error or fraud	Fidelity Guarantee Insurance Town Clerk continually review controls and current procedures	
To ensure that all actions taken by the Town Council comply with all current Legislation	Non-compliance with legislation or practice Council being 'Ultra Vires'	Town Clerk to keep up to date with changes in legislation, seek advice from SLCC, ChALC, NALC and others as necessary	
Employment Contract	Compensation claims from employee for contractual employment defects (including statutory failure)	Contract of employment in place Matters relating to staff discussed in confidential session and discussed by personnel committee Town Clerk to keep up to date with employment law and seek HR advice where appropriate Other policies in place	
	Compensation claim from employee for contractual employment defects (including statutory failure)	Supported and underwritten by Wirehouse Employer Services	
Staff	Loss of services of employee	By distributing knowledge and roles ensure, so far as reasonably practical, that loss of any one employee does not cause unrecoverable damage to business	



	Loss of key staff trained in financial systems, process or rules	Staffing arrange so that knowledge is distributed between RFO and at least one other staff	External Accountancy support in place
Financial Control	Inappropriate expenditure made	Payments reported to Finance committee for review and corrective action if necessary	
	Financial Regulations become out of date with change in technology, regulation or business	Council to review financial regulations once a year The RFO and Clerk react to any changes in legislation or other areas in order to ensure the regulations are fully compliant and also provide a strong framework compatible with Council's practices	
	Lack of budgetary overview/overspend against budget	Quarterly review of nominal ledger Monthly review of income and expenditure Seven week review by finance Committee	
	Lack of finance to meet unbudgeted, urgent commitments (with safety or other critical implications)	Contingency included in budget Reserves equivalent to at least six month`s spend available	



<p>Financial Systems & Records</p>	<p>Accounts</p> <p>The RBS Omega accounts system is used which is an accepted accounts package</p>	<p>A back up is also made to the main server at the end of each day</p> <p>Hard copies linked to council reports are held on file together with bank reconciliation reports, invoices/receipts/payments and cheques issued</p> <p>Documents are retained for 12 years</p>	
	<p>Vat</p> <p>The RBS Omega system incorporates a Vat schedule which is an accepted package which allows differentiation between tax rates etc. which is itemised in a full report relating back to the original item within the accounts</p>	<p>Vat is applied to all mileage payments at the rate applicable at the time as advise by HMR&C</p> <p>Vat returns are lodged on a quarterly basis in line with accepted procedures</p> <p>Procedures will be provided to HMR&C every three/four years for comments and approval</p>	



<p>Payroll</p> <p>Shires payroll services in place for complete payroll function</p>	<p>The Clerk authorises any overtime, mileage or special duty payments, on a monthly basis</p> <p>Backups are made to the server</p> <p>Hard copies linked to pay roll reports are held on file together with payslips, BACs payments and cheques issued to the pension fund and IR</p> <p>Shires payroll service and fund invoices are retained on file with a record of payment.</p> <p>Payments can only be issued for the nominated employees, which must be authorised in advance of the payment</p> <p>Documents are retained for 12 years</p> <p>Annual pension and year end payroll returns are issued in a timely manner to the appropriate bodies that inspect the information and highlight any discrepancies</p>	
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<p>Banking Arrangements & Procedures</p> <p>Banking Security/Access to Finances</p>	<p>Barclays Bank is used</p> <p>Accounts</p>	<p>one bank account used on a daily basis</p> <p>Reviewing how much is placed into a higher rate deposit account</p>	
	<p>Cheques</p>	<p>Each cheque from the main account must be signed by 2 Councillors and the Town Clerk as detailed on the bank mandates (which are amended when required to ensure that sufficient signatories are available at all times)</p>	
	<p>Transfers</p>	<p>Monies may be transferred between the Councils accounts by the Clerk</p>	
	<p>Bank Reconciliation</p>	<p>All accounts are reconciled using the RBS Omega system within 5 days of receipt of any statement</p> <p>Any discrepancies are immediately reported to the bank for investigation</p> <p>All petty cash accounts which do not have statements are reconciled on a monthly basis by the Accounts Assistant against the cash held and any discrepancies are immediately reported to the Clerk</p>	
	<p>Separation of Duties</p>	<p>The Town Clerk is responsible for the cash security in the Town Council offices</p>	
	<p>Access to the main bank accounts</p>	<p>As detailed under Banking arrangements & Procedures above, no one person has access to monies held in the main accounts</p>	



	Cheques	All invoices are checked by the Clerk in advance of payment and if related to an order, this has passed through the ordering procedure.	
	Access to petty cash accounts	The Financial Regulations specify maximum balances to ensure that individuals do not have access to large amounts of money	No petty cash system in operation
	Cheques	<p>All payments must be authorised by the RFO before any cheque is issued. The RFO is to sign the invoice to confirm and record that the cheques have been authorised.</p> <p>Only payments or transfers below £250 are normally accepted and are reported to Finance Administration & Personnel Committee</p>	
	Petty Cash – Cash Payments	<p>All payments made in cash must be substantiated by an invoice etc. which has been authorised by the Clerk</p> <p>All payments are reported to Finance with a full reconciliation report for sign-off</p>	No petty cash system in operation
	Hire Charges	<p>Council agree the charges</p> <p>The office must abide by these rates and any requests for preferential rates must be made by the hirer to Council for their approval</p> <p>All bookings must be paid for in advance to avoid bad debts other block bookers are invoiced or given the option of paying the sites on a weekly basis</p>	



	<p>Hire charges received within the office</p>	<p>All post is logged by an Officer and any payments received are itemised & given to the Accounts Assistant for processing</p> <p>All cash received from hirers that visit the office is itemised on the Accounts system</p>	
	<p>Cash collected from community events</p>	<p>All cash collected at events is collected by appointed staff and a receipt is always issued (eg markets income)</p> <p>At the office the cash is emptied and counted manually within one working day by at least two members of staff</p>	



	<p>Processing and banking</p>	<p>When the money is received it is balanced within the office against any receipts/invoices and any discrepancies are followed up</p> <p>When the monies have been balanced, it is input onto the RBS Omega system and all entry references are printed out and retained</p> <p>The hire charges are banked when received</p> <p>The cash element is usually below £500</p> <p>A unique pay in reference is applied to each batch of banking which is loaded onto the RBS Omega system which is then checked against the bank reconciliation</p> <p>This is a strict routine that ensures that any booked hire cannot proceed without receiving the payments and guarantees that all monies are accounted for</p>	
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Financial Administration	Records non-compliant or inadequate	Internal auditor reviews record keeping annually Advice taken from internal auditor, external auditor, accountant, SLCC + NALC on changes in regulation	
	Expenditure/income coded incorrectly	Town Clerk checks nominal ledger every quarter Items are coded	
	Standing Orders Standing orders are reviewed and approved by Town Council on an annual basis at the AGM	The Clerk reacts to any changes in legislation, requests from Town Council or other areas in order to ensure the regulations are fully compliant and also provide a strong framework compatible with Council practices	
	Non-compliance with statutory deadlines for the completion/approval/submission of accounts and other financial returns	Programme of meetings to meet statutory deadlines	
	Invoice payment without authority	All payments reviewed Town Clerk authorises two councillors sign cheques and Administration personnel review	
	Incoming cash and cheque misappropriation	Individual receipts to be issued for all cash payments and for cheque payments on request	
	Theft of funds	Bank statements reconciled monthly, Fidelity Insurance in place against theft of funds by staff, Councillors and other persons Cash and cheques stored securely and banked within 5 working days of receipt	
	Incorrect entries by bank	Bank statements reconciled monthly	



<p>Annual Budget & Precept Calculations</p>	<p>The annual budget and precept calculations</p>	<p>The annual budget and precept calculations are initially calculated in October/November based upon the performance of the prior year and incorporating projected requirements which have been lodged by the office and council members</p> <p>The Town Clerk also completes a mid-year review in October for the current year to calculate possible year end surpluses which may be incorporated within the future budget. The actual precept level is then calculated from the balance sheet assuming that the remainder of the current year's budget will be utilised in order to estimate the year end bank balance</p> <p>The new budgeted income, expenditure and reserves are then set against this balance in order to calculate a budget shortfall on which the future precept is based</p> <p>The new budget is discussed and fine-tuned through the October, November and December Council and Committee meetings after the up to date number of band D properties have been confirmed by CEC discuss & amend any highlighted budget levels in order to best achieve, an acceptable precept level</p> <p>Comprehensive minutes are recorded at each stage to substantiate the budget development</p>	
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		The final budget is approved in January and CEC is immediately advised of the precept	
Monitoring of Budgets	Comprehensive budgets	Comprehensive budgets are set for each committee & these are loaded onto RBS Omega accounts system at the start of the new financial year	
	Monitoring	<p>On-going daily expenditures have already been incorporated within the budget and the RFO monitors invoices etc. against the budget schedule to confirm that they are within the limits</p> <p>All orders are checked against the accounts system to verify expenditure within the account code to date and the remaining budget</p> <p>Any over expenditure is highlighted and brought to the attention of the Clerk</p>	
	Reporting	<p>A full report of expenditures against budget is lodged with council at each Finance Administration and Personnel meeting</p> <p>This incorporates a print out of the income and expenditure against each annual budget and the cashbook extract</p> <p>Any that do not meet the budget levels are highlighted by member if needed along with committed expenditure</p>	
Insurable Risks	Public Liability	<p>Insurance cover</p> <p>In addition, weekly, annual checks of play equipment</p>	Limit of cover £12,000,000
	Employers Liability	Insurance cover	Limit cover £10,000,000
	Theft of money by third party	Insurance cover	Cover varies



			depending on situation Reviewed annually
	Theft of money by employee or member	Fidelity Guarantee cover	Limit of cover £2,000,000
	Property	Cover for buildings & contents All risks cover for selected items	
	Officials Indemnity	Continue with existing cover (£250k)	
	Libel and Slander	Continued existing cover (£250k)	Limit of cover £250,000
	Personal Accident	Continue with existing cover (scale benefits)	£2,000,000
	Legal disputes	Cover for specified legal disputes	Limit of cover £100,000
	Long term sickness of employee	Not covered Liability limited by contract	
	Business interruption	Potential alternative premises, IT back-up off site and ability to restore onto hired equipment etc Cover in place for excess costs	Limit of cover £50,000



	Loss/destruction of financial records	Key financial data held electronically and backed up off site All electronic documents backed up daily offsite	Residual risk considered acceptable
Loss of Records	Loss of documentation	Deeds and other legal documents relating to real estate stored in the office	
Asset List	Purchased	An asset list is maintained by the Town Council Office on RBS Sigma This is updated throughout the year from new assets which are in addition, a schedule of road furniture/bins/dog bins/bus shelters play area equipment etc., will be kept on a secondary list The asset list is circulated to staff on an annual basis to ensure that all items are correct	
Internal Audit	Internal Audit	The Internal Auditor is approved annually by Council at the AGM and attends the office to complete the internal audit in May of each year The report is presented to Council for acceptance	
Annual Audit	Annual Audit	The annual auditor is appointed and directs the format and structure of the audit in line with current legislation and requirements Audit costs and levels of requirement are determined by government legislation based upon the annual income or expenditure levels The Town Clerk & Accounts Assistant completes the year end accounts to audit trial level and prepares any additional reports required by the external auditor The Town Clerk presents the completed Annual Return,	



		<p>Financial Statement and other documentation required to Council in line with the timescales provided by the external auditor</p> <p>Once these have been formally adopted and signed by Council, they are lodged with external auditors</p> <p>Any queries raised by the auditors are dealt with by the Town Clerk in the first instance</p> <p>Final sign-off by the external auditor is presented to Council</p>	
Insurance	Fidelity Insurance	<p>Fidelity insurance levels have been set after taking into account the possibility of fraudulent activities gaining access to the bank accounts</p> <p>Procedures in place (as previously detailed) have been established incorporating separation of duties, cross referenced receipts of income</p> <p>These provisions have ensured that no individual is able to gain access to withdraw funds without due process</p>	£2,000,000
	Insurance	<p>Zurich has been used as a recognised Town Council provider</p> <p>MTC are currently tied into a deal until 2021</p> <p>Annual reviews are carried out to ensure sufficient cover is in place</p>	



ICT	IT Security, safety of information/risk of loss of data	Microsoft Office 360 installed on all PCs Allows for cloud back up of information Allows for cloud storage of all council data – more secure than onsite storage.	As of October 2018. Also supports compliant GDPR operation
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Reviews will take place yearly unless clearly stated differently within each section.