

Risk Assessment Methodology

This Financial Risk Assessment uses a matrix to determine the level of risk associated with each identified item.

Each risk is assessed using two criteria:

Likelihood – the probability of the risk occurring:

- 1 = Unlikely
- 2 = Possible
- 3 = Almost certain

Impact – the severity of the outcome if the risk occurs:

- 1 = Insignificant
- 2 = Moderate
- 3 = Significant

The likelihood and impact scores are combined using the Council’s risk matrix to determine the overall risk rating:

- Low Risk – acceptable and managed through existing controls
- Medium Risk – requires monitoring and, where possible, mitigation
- High Risk – requires active management and review by Council

The risk ratings shown (L/M/H) within this document reflect this assessment.

Subject	Risks Identified	Status H/M/L	Management of Risks
Councillors	Losing Councillor membership or having less than 5 councillors at any one time.	L	When a vacancy arises, there is a legal process to follow. This either leads to a by-election or into a co-option process. An election is out of the Parish Council's control. The co-option process begins with an advert, acceptance of applications, consideration of applicants and co-option vote at a Council meeting then appointment. If there are less than 5 Councillors at any one time on the Council it becomes inquorate. The legal process of Broadland District Council appointing members takes place.
Precept	Adequacy of precept Requirements not submitted to BDC in time Amount not received by BDC.	L	Regular budget review by Council. Deadline is ascertained from Broadland District Council asap and Precept is considered by Council before the deadline. The Clerk informs Council when the monies are received (approx. April/May and September time).
Financial Records	Inadequate records financial irregularities	L	The Council has Financial Regulations which set out the requirements.
Banking	Inadequate Checks Bank Mistakes Losses & Charges Loss of signatories	L	The Council has Financial Regulations which set out the requirements for banking and reconciliations of accounts. The Clerk reconciles the accounts every month. Any issues are dealt with promptly. Current Bankers are specialists in dealing with local authorities. Signatories can be changed easily. Council has up to 4 signatories on accounts to protect against risks. Drayton Parish Council complies with the Financial Services Compensation Scheme (FSCS) and strives to limit each bank with £120,000 maximum to spread the financial risk where possible.
Internet Banking	Access	L	Access to banking sites is regulated by Standing Orders. No search engines are used, and bookmarked favourites is preferable. Each signatory has their own log on details which is subject to pin code entry. Councillors can view and release payments. Staff can view and set up payments but not release.

Subject	Risks Identified	Status H/M/L	Management of Risks
Loss of Cash	Loss through theft or dishonesty	L	Cheques received are banked within 5 banking days. Drayton Parish Council is a no cash council. Public liability insurance covers general personal injury claims where the Council is found to be at fault, but not spurious or frivolous claims - these cannot be insured against. Corporate Credit Cards also have been insured against fraud or mis use. Employees are required to sign the Credit Card Agreement for Employees and abide by the Credit Card Policy.
Litigation	Potential risk of legal action being taken against the Council.	L	A Clerk's report is produced monthly and presented to Council, discussed and approved at the meeting. This report includes bank reconciliation and a breakdown of receipts and payments balanced against the bank.
Reporting and auditing	Information communication Compliance.	L	Councillors receive full details each month including bank reconciliation. This information is also placed on to the website. Half yearly inspections by the internal auditor are carried out and reports produced. Auditor's reports are considered by Finance & General Purposes Committee and recommendations are made to the full council.
DPC run activities	Risk of financial loss	L	Activities previously held have been financed by grants and/or budgeted revenue expenditure prior to events thus reducing the risk of financial loss to DPC. If finance is not secured in advance there may be some financial risk which would need to be covered by the council's reserves. All such expenditure goes through the required Council process of approval and minuted. Grant application form has been devised to keep records of applications.
Grants and support - payable	Power to pay Authorisation of Council to pay	L	The Parish Council has in place a grant application process to approve the issuing of grants to locally based groups/organisations/events within the Parish.
Grants - receivable	Receipts of Grant	L	The Parish Council does not presently receive any regular grants. One-off grants received tend to be for activities with conditions attached.
Best value Accountability	Work awarded incorrectly Overspend on services	L/M	Normal Parish Council practice would be to seek, if possible, more than one quotation for any substantial work required to be undertaken or goods. For major contract services, formal competitive tenders would be sought. If a problem is encountered with a contract the Clerk would investigate the situation, check the quotation/tender, research the problem and report to Council. This is covered in the Financial Regulations.

Subject	Risks Identified	Status H/M/L	Management of Risks
Capital Projects/Major Works	Cost overruns Contractor failure/poor performance Inadequate tendering/ non-compliance with procurement regulations Cash flow pressure on reserves Project delays Insufficient project oversight/governance	H	Appointment of Project Management and Cost Consultancy Services. Project specific Scheme of Delegation in place, including regular reporting to delegated Project Officer, Committee and Council. Clear project scope and budget agreed by Council including budget strategy (S106, CIL and Earmarked Reserves). Cost estimates include contingency allocation and inflation.
Salaries and on costs	Salary paid incorrectly.	L	Salary rates are assessed annually by Council. Payroll is outsourced and sampled as part of the internal control checks and interim and year end internal audit. All staff members have a contract of employment and job description. Salaries are paid in arrears at the end of each month.
Employees	Loss of Clerk Fraud by Clerk Actions undertaken by clerk. Health and Safety	L	Reference to a Business Continuity Plan (BCP) should be made in case of loss of key staff. Procedural guides help to identify tasks required in case of absence. The Clerk is provided with relevant training, reference books, access to assistance and legal advice required to undertake the role. Health & Safety issues relating to the Clerk are with regard to working at home and driving to/from Council meetings. The Council's insurance covers travel to and from a place of work.
Election costs.	Risk of an election cost.	L	Election Reserve held. No Parish Council election has been held in Drayton for many years.
VAT	Re-claiming/charging	L	The Council has Financial Regulations which set out the requirements. VAT is claimed quarterly and released digitally to HMRC port via Scribe.

Subject	Risks Identified	Status H/M/L	Management of Risks
Employers Annual Return	Paying and accounting for NI and Tax of employee's salaries	L	Employer's Annual Return is completed by the Clerk and submitted online to HMRC within the prescribed time frame.
Audit - Internal	Audit Completion within time limits	L	Internal auditor is appointed by the Finance & General Purposes Committee. Internal auditor is supplied with the relevant documents to audit and the form to complete and sign for the External Auditor.
Annual Return	Completion/Submission within time limits	L	Annual Return is completed and signed by the Council, submitted to the internal auditor for completion and signing then checked and sent on to the External Auditor within time limit.
Legal powers	Illegal activity or payments	L	All activity and payments within the powers of the Parish Council are resolved and minuted at Parish Council Meetings.
Minutes/ Agendas/ Notices Statutory documents	Accuracy and legality Business conduct	L	Minutes and agendas are produced in the prescribed method by the Clerk and adhere to the legal requirements and best practice guidelines. Minutes are approved and signed at the following Council meeting. Minutes and agenda are displayed according to the legal requirements. Business conducted at Council meetings is managed by the Chair.
Members interests	Conflict of interest Register of Members interests	L	Declaring of interests by members at a meeting appears on the agenda to remind Councillors of their duty. Register of Members Interest forms are included on the agenda at the Annual Parish Meeting as a reminder for review by Councillors.
Insurance	Adequacy Cost Compliance	L	An annual review is undertaken (before the time of the policy renewal) of all insurance arrangements in place. Employers and Employee liability insurance is a necessity and is included within the budget.
	Fidelity Guarantee	L	Guarantees are provided with insurance cover. Review takes place of necessary documentation.
Assets	Loss or Damage Risk/damage to third party(ies)/property	L	An annual review of assets is undertaken for insurance provision, storage and maintenance provisions. All assets owned by the Parish Council are regularly reviewed and maintained. In the event of a loss of premises/laptop all computer files can be restored from the Cloud. Minutes and financial documents are stored on the website. Temporary accommodation may be required in another building.

Subject	Risks Identified	Status H/M/L	Management of Risks
Maintenance	Poor performance of assets or amenities Risk to third parties	L	All repairs and relevant expenditure for these repairs are actioned/authorised in accordance with the correct procedures of the Parish Council. All assets are insured and reviewed annually.
Meeting location	Adequacy Health & Safety	L	The Parish Council Meetings are held at KGV Pavilion. The premises and the facilities are considered adequate for the Clerk, Councillors and Public who attend from a Health & Safety aspect.
Council records - electronic	Loss through: Theft, fire, damage corruption of computer	L	Council's electronic records are stored on the Clerks computer. All data is stored on Microsoft's Cloud storage. Scribe data is available online and accessed through Scribe's own website which backs up data automatically.
Local Government Reorganisation	<p>Changes to structure and uncertainty in responsibilities between tiers.</p> <p>Delays or disruption to relevant services e.g. grass cutting, planning, waste, highways.</p> <p>Changes to precept collection and payment arrangements.</p> <p>Loss of funding streams.</p> <p>Devolution of services/assets without adequate funding.</p>	M/H	<p>Clerk and Council to monitor LGR developments via principal authority communications such as Broadlands Town and Parish Forum, NALC and NPTS newsletters etc.</p> <p>Maintain strong communications with relevant officers during transition.</p> <p>Regularly review reserves, asset register and service delivery responsibilities.</p> <p>Ensure clear documentation of decisions during transition period and consider development of devolution/asset transfer policy if required.</p>