



FINANCIAL MANAGEMENT - RISK ASSESSMENT

Area	Risk	Level before Control	Management/Control of Risk	Level after Control
Assets	Loss or damage Risk/damage to third party property Risk/damage to third party	M	An annual review of assets is undertaken for insurance, maintenance and storage provision. Insurance and asset registers are updated annually.	L
	Security of buildings, equipment, etc	M	HBC insure, maintains, manages and look after both Knareborough House and the Community Centre.	L
Financial Records and Controls	Inadequate records. Financial irregularities. Council not carrying out best practice in line with changes to Govt financial legislation resulting in failure of external audit.	M	The Council has Financial Regulations which set out the requirements. These are reviewed annually by the RFO/discussed with the Internal Auditor. The Council has an established a system of internal control and set criteria for appointed Councillors to work to.	L
	Loss of electronic records	M	Financial records backed up on external drive.	
Banking arrangements	Lack of control over banking/procedures/checks.	M	The Council has Financial Regulations that set out the requirements for banking and the reconciliation of accounts in a simple framework.	L
Handling Cash	Loss through theft by staff or others of monies paid into the Clerk's office.	M	The Town Council does not handle cash on a daily basis. The only regular income is precept, bank interest, allotment income and annual VAT return. All of these are paid directly into the town council's bank account. Mayoral Fund Raising cash is received and banked by the office infrequently. Monies are counted and checked with two members of staff present.	L

Fidelity Guarantee	Financial Loss	M	The Council has fidelity guarantee cover to £200,000	L
VAT	Not reclaimed	M	VAT claims calculated and claimed quarterly on line and reported to council.	L
Salaries and associated costs	Salaries paid incorrectly Unpaid Tax/NI resulting in penalties for Council	M	Contract of employment in place for all employees Annual review of salaries undertaken before Precept is agreed Salaries calculated and filed on-line monthly with HMRC. Tax and N.I. contributions calculated and paid monthly. Pension calculated and paid monthly to NYCC Final returns for HMRC (Tax & NI) and NYCC (pension) completed on-line annually at the end of the financial year.	L
Precept	Inadequacy of precept in order for council to carry out its statutory duties	M	Regular information on finance including budget comparisons – finance reports presented to Full Council monthly. At November council meeting a draft budget, including actual position and projected position to year end, is presented by the RFO for discussion/ amendment. This includes a full break-down of the council's 'Reserve' account showing monies held in ear marked reserves and general reserves including recommended 3 – 6 months working capital.	L
Loans	Non compliance with borrowing restrictions	M	KTC does not have any loans.	L
Public Liability	Risk to third party, Property/individuals	M	The council has public liability cover to £10M under its policy with Pen Underwriting Ltd (through Came and Company Insurance Brokers)	L
	Legal liability as a result of asset ownership	H	Insurance in place. Reviewed prior to insurance renewal.	L
Employers liability	Non compliance with employment law resulting in litigation	M	The council employs a Clerk and Deputy Clerk. KTC's insurance policy with Pen Underwriting Ltd provides required employers liability cover.	L
Contracts and tendering	Fraud, cost, quality and delivery risk	H	The council has a Standing Order in place for contracts and procurement which is mandatory	L
Grants	Failure to document receipt of grant	M	Incoming monies documented (receipts/payments) and ringfenced	L
Payment of Grants and donations	No power to pay Council authorisation to pay	M	All such expenditure must adhere to the Council process of approval, being minutes and listed accordingly when payment is made using S137 powers of expenditure	L

Adopted: 12.07.21

