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**FINANCIAL MANAGEMENT - RISK ASSESSMENT**

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| **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 | NYC insures, maintains, manages and looks after Knaresborough House. Brimhams Active maintains, manages and looks after 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.  Loss of electronic records | M  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.  Financial records backed up on external drive. | L |
| **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 NYPF  Final returns for HMRC (Tax & NI) and NYPF 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 Finance and Gen Purposes Cttee or Full Council at their scheduled meetings.  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 Gallagher 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  Lack of training taken up by Councillors | M | All such expenditure must adhere to the Council process of approval, being minuted and listed accordingly when payment is made using S137 powers of expenditure.  Councillors to undertake whole council training in January 2024 with a specific module to include the awarding of grants under Section 137 | M \*\* |

\*\* Following whole council training the Risk Level control will be on track to reduce to a Low rating.

Adopted: 18 September 2023 Review: May 2024