

# Westerham Town Council Financial Risk Assessment & Management

## Introduction

***“The greatest risk facing a local authority is not being able to deliver the activity or services expected of the Council.”***

Risk assessment is a systematic general examination of working conditions, workplace activities and environmental factors that will enable the employer to identify any and all potential risks inherent in the place or practices. Based on a recorded assessment the employer should then take all practical and necessary steps to reduce or eliminate the risks, insofar as is practically possible. Making sure that all employees are made aware of the results of the risk assessment. This document has been produced to enable the Town Council to assess the risks that it faces and satisfy itself that it has taken adequate steps to minimise them. In conducting this exercise, the following plan was followed:

- ✍ Identify the areas to be reviewed.
- ✍ Identify what the risk may be.
- ✍ Evaluate the management and control of the risk and record all findings.
- ✍ Review, assess and revise if required.

| Subject              | Risk(s) Identified   | H/M/L | Management of Risk  | Review/Revise/Assess          | Action By |
|----------------------|--|-------|---|-------------------------------|-----------|
| Precept              | <ul style="list-style-type: none"> <li>• Adequacy of precept</li> <li>• Not submitted</li> <li>• Not paid by District Council</li> </ul> | L     | <ul style="list-style-type: none"> <li>• The Town Council regularly receives budget update information, and projects income &amp; expenditure for the following year, the net total of which is resolved to be the precept amount.</li> <li>• This figure is submitted by the Clerk in writing following agreement of the precept at full council.</li> <li>• The RFO informs Council should the monies not be received by the due date.</li> </ul> | Existing procedures adequate. |           |
| Charges – Allotments | <ul style="list-style-type: none"> <li>• Review of charges</li> <li>• Rental invoices</li> <li>• Cash banking</li> </ul>                 | L     | <ul style="list-style-type: none"> <li>• Charges reviewed annually by APFOS Committee</li> <li>• Allotment registers/invoices</li> </ul>  |                               |           |

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|---|--|-------------|---|---|--|
|   |  |             | numbered and reconciled to take.  |   |  |
| Charges –<br>Chamber Hire<br>GP surgery<br>Rent<br>Sports Clubs | <ul style="list-style-type: none"> <li>• Review of charges</li> <li>• Loss of income</li> <li>• Invoices issued</li> <li>• Receipt when due</li> </ul>                         | L<br>L<br>L | <ul style="list-style-type: none"> <li>• Chamber Hire charges reviewed annually by F&amp;GP Committee, and GP rent reviewed in accordance with terms of lease.</li> <li>• Sports club charges reviewed annually by APFOS Committee</li> <li>• Risk of GP surgery not renewing lease – early re-negotiation</li> <li>• Invoices issued as contracted/per the diary</li> <li>• Income register kept of invoices issued &amp; monies received- checked weekly</li> </ul> | Existing procedures adequate.<br><br>Income register kept to ensure all income is received and banked on time<br><br>Renegotiated in 2016 – review in March 2021. |  |
| Grants –<br>Receivable  | <ul style="list-style-type: none"> <li>• Claims procedure</li> <li>• Receipt of grant when due</li> </ul>  | L<br>M      | <ul style="list-style-type: none"> <li>• Clerk checks quarterly grants available, as do individual committees for projects considered</li> <li>• Checked and reported to Finance Officer</li> </ul>   | Existing procedures adequate.   |  |
| Investment<br>Income  | <ul style="list-style-type: none"> <li>• Receipt when due</li> <li>• Investment Performance</li> </ul>   | L<br>L      | <ul style="list-style-type: none"> <li>• Finance officer – diary</li> <li>• Reviewed annually by Finance Officer/F&amp;GP Committee</li> </ul>  | Receipt of CIL funds has increased balances held – a fourth account has been opened with Metro Bank to reduce risk  |  |
| Bank and<br>banking   | <ul style="list-style-type: none"> <li>• Inadequate checks</li> <li>• Bank mistakes</li> <li>• Loss</li> <li>• Charges</li> <li>• Loss of funds</li> <li>• Cashflow</li> </ul> | L           | <ul style="list-style-type: none"> <li>• The Council has Financial Regulations which set out the requirements for banking, online banking, cheques and reconciliation of accounts. There are six nominated Councillors as signatories (any two or clerk and councilor to authorize payment).</li> <li>• The bank does make occasional errors in processing cheques which are discovered when the</li> </ul>   | Monitor the bank statements monthly.  |  |

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|                           |  |   | <p>Finance Officer reconciles the bank accounts once a month, and corrected immediately by informing the bank.</p> <ul style="list-style-type: none"> <li>• Cash flow is monitored by the Finance Officer monthly, when completing the reconciliations and money is transferred between accounts as necessary.</li> <li>• The risk of loss through bank failure is distributed by using different bank accounts covered by the FCS.</li> </ul>   |  |  |
| Salaries and assoc. costs | <ul style="list-style-type: none"> <li>• Wrong salary paid</li> <li>• Wrong hours paid</li> <li>• Wrong deductions of NI or Tax</li> <li>• Unpaid Tax &amp; NI contributions to the Inland Revenue</li> <li>• Loss of key personnel</li> </ul> | L | <ul style="list-style-type: none"> <li>• The Town Council authorises the appointment of all employees through F&amp;GP Committee. Salary rates are assessed annually by this Committee and applied from 1st April each year.</li> <li>• Staff overtime is authorized by the Clerk. Clerk's overtime is authorized by a member of F&amp;GP. Salary slips are produced by the Finance Officer together with a schedule of payments to the Inland Revenue (for Tax and NI).</li> <li>• The Tax and NI is worked out using HMRC Real Time.</li> <li>• All Tax and NI payments are submitted to HMRC monthly when payroll is run.</li> <li>• The Clerk/Deputy/Assistant have a contract of employment and job description.</li> <li>• A payroll contingency is budgeted for each year. In addition a Payroll</li> </ul> | Existing appointment and payment system is adequate. |  |

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|                                       |  |             | <ul style="list-style-type: none"> <li>contingency reserve is held.</li> <li>RBS provide a locum service for the accounts package (the same package is used by STC who may be able to offer assistance in the event of RFO absence)</li> </ul>  |  |  |
| Annual Return                         | <ul style="list-style-type: none"> <li>Submit within time limits</li> </ul>  | L           | <ul style="list-style-type: none"> <li>The RFO completes the Employer's Annual Return online and submits to HMRC within the prescribed time frame.</li> </ul>   | Existing procedure adequate.                                   |  |
| Grants Payable                        | <ul style="list-style-type: none"> <li>Authorization of Council to pay</li> </ul>  | L           | <ul style="list-style-type: none"> <li>All such expenditure to go through the required Council process of approval and minuted.</li> </ul>  | Existing procedure adequate.                                   |  |
| Direct Costs/<br>Overhead<br>Expenses | <ul style="list-style-type: none"> <li>Goods not supplied</li> <li>Invoice incorrectly calculated</li> <li>Cheque payable is excessive</li> <li>Cheque payable to wrong party</li> </ul> | L<br>M<br>M | <ul style="list-style-type: none"> <li>Clerk / Finance Officer operate an order system and approve all invoices for payment.</li> <li>Finance Officer checks arithmetic and authorizes payment</li> <li>Members check invoice to prepared cheque/transfer prior to signing and verify details – signatory initials on stub/invoice</li> </ul>             | Existing procedure adequate, and approved by internal auditor. |  |
| Cllrs Expenses                        | <ul style="list-style-type: none"> <li>Cllr overpaid</li> </ul>  | L           | <ul style="list-style-type: none"> <li>Claim approved by committee in advance</li> <li>Claim form checked and verified by Finance Officer</li> </ul>  | Existing procedure adequate.                                   |  |
| Election Costs                        | <ul style="list-style-type: none"> <li>Risk of cost from an election</li> <li>Invoice at agreed rate</li> </ul>  | L           | <ul style="list-style-type: none"> <li>When an election is due the Clerk will obtain an estimate of costs from the District Council for a full election and an uncontested election. There are no measures which can be adopted to minimise the risk of having a contested election as this is a democratic process and should not be stifled.</li> </ul> | Existing procedure adequate.                                   |  |

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|                                     |   |             | <ul style="list-style-type: none"> <li>Finance Officer/Clerk check and verify, and consider budget</li> </ul>   |   |  |
| VAT                                 | <ul style="list-style-type: none"> <li>VAT analysis</li> <li>Charged on sales</li> <li>Claimed within time limits</li> </ul>      | L<br>L<br>M | <ul style="list-style-type: none"> <li>All items are listed in the cash book and verified by the Finance Officer</li> <li>Considered annually</li> <li>Returns are verified and submitted quarterly by the Finance Officer</li> </ul>   | Existing procedure adequate, as confirmed by Jan 2016 visit and review by VAT office.           |  |
| Best value<br>Accountability        | <ul style="list-style-type: none"> <li>Work awarded incorrectly</li> <li>Overspend on services</li> </ul>                         | L           | <ul style="list-style-type: none"> <li>The Council has Financial Regulations which set out the requirements. Normal Town Council practice is to seek alternative quotations for goods or work to be undertaken. If a problem is encountered with a contract the Clerk would investigate the situation and report to Council.</li> </ul>             | Existing procedure adequate.  |  |
| Reporting<br>and auditing           | <ul style="list-style-type: none"> <li>Information</li> <li>Communication</li> <li>Compliance</li> </ul>                          | L           | <ul style="list-style-type: none"> <li>A monitoring statement is produced regularly at each Council meeting which is distributed, discussed and approved. This statement includes budget update and a breakdown of receipts and payments made.</li> <li>Council should regularly audit internally to comply with the Fidelity Guarantee.</li> </ul> | Existing communication procedures adequate. Internal audit twice yearly and reported to Council |  |
| Reserves:<br>General &<br>Earmarked | <ul style="list-style-type: none"> <li>Adequacy</li> </ul>  | L           | <ul style="list-style-type: none"> <li>Considered at budget setting and with year end accounts</li> <li>General reserves maintained at a level of approximately 30% of precept – deemed adequate by KALC</li> </ul>   | Existing procedure adequate   |  |
| Assets                              | <ul style="list-style-type: none"> <li>Loss, damage etc</li> <li>Risk or damage to third party property or individuals</li> </ul> | M<br>M      | <ul style="list-style-type: none"> <li>Annual inspections, update insurance and asset registers</li> <li>Annual review of Public Liability Insurance and</li> </ul>   | Existing procedures adequate  |  |

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|                       |   |   | adequacy of indemnity limit.   |   |   |
| Insurance             | <ul style="list-style-type: none"> <li>• Adequacy</li> <li>• Cost</li> <li>• Compliance</li> </ul>                                    | L | <ul style="list-style-type: none"> <li>• An annual review is undertaken (before policy renewal) of all insurance arrangements.</li> <li>• Employers and Public liability insurance is a necessity.</li> <li>• Ensure compliance measures are in place.</li> </ul>  | Existing procedure adequate. Review compliance.   | Annual Review undertaken by RFO and Chair end of 2017 and renewed for 5 years in 2018 |
| Maintenance           | <ul style="list-style-type: none"> <li>• Poor performance of assets or amenities</li> </ul>   | M | <ul style="list-style-type: none"> <li>• Annual maintenance inspections are made of: buildings, walls, playgrounds and playing fields, trees and an annual fire risk assessment is made.</li> </ul>  | Existing procedures are adequate and resulting identified work undertaken. As a result of health and safety risks identified, Council formed a Health & Safety Committee. Formal maintenance schedule is currently being created to inform budgeting. |   |
| Employees             | <ul style="list-style-type: none"> <li>• Loss of key personnel</li> <li>• Fraud by staff</li> </ul>                                   | L | <ul style="list-style-type: none"> <li>• As good practice, the Council should ensure Employee Guidelines are followed/reviewed.</li> <li>• The Clerk should have opportunity for training, reference books, access to assistance and legal advice required to undertake the role.</li> <li>• Fidelity Guarantee insurance guides to be adhered to with regards to Fraud and references for employees.</li> </ul> | Existing procedure adequate. Purchase revised books, membership of the SLCC/ training. Monitor working conditions, safety requirements and fidelity insurance regularly.  |   |
| Borrowing/<br>Lending | <ul style="list-style-type: none"> <li>• Adequacy of finances to be able to repay loans</li> </ul>                                    | L | <ul style="list-style-type: none"> <li>• Financial review and cashflow forecasting monthly</li> </ul>  | N/A – no current borrowing  |   |
| Legal Powers          | <ul style="list-style-type: none"> <li>• Illegal activity or payments</li> </ul>  | L | <ul style="list-style-type: none"> <li>• All activity and payments over £5000 within the powers of the Town Council to be resolved and minuted at Full Town Council Meetings.</li> </ul>   | Implemented alongside the Procurement Policy.   |   |
| Financial Records     | <ul style="list-style-type: none"> <li>• Inadequate records</li> <li>• Financial irregularities</li> <li>• Loss of records</li> </ul> | L | <ul style="list-style-type: none"> <li>• The Council has Financial Regulations which set out all financial requirements.</li> </ul>  | Existing procedure adequate.  |   |

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|   |  |   | <ul style="list-style-type: none"> <li>The Finance Officer updates records weekly/monthly (as appropriate)</li> <li>Twice yearly internal audit</li> </ul>   |  |  |
| Minutes/<br>Agendas/<br>Notices<br>Statutory<br>Documents | <ul style="list-style-type: none"> <li>Accuracy and legality</li> <li>Business conduct</li> </ul>                                  | L | <ul style="list-style-type: none"> <li>Minutes and agenda are produced by the Clerk and will adhere to the legal requirements.</li> <li>Minutes are approved and signed at the next Council meeting.</li> <li>Minutes and agenda are displayed according to the legal requirements.</li> <li>Business conducted at Council meetings should be managed by the Chair.</li> </ul> | Existing procedure adequate.   |  |
| Members' Interests  | <ul style="list-style-type: none"> <li>Conflict of interest</li> <li>Register of Members interests not being up-to-date</li> </ul> | L | <ul style="list-style-type: none"> <li>The declaring of interests by members at a meeting is a regular and identifiable process.</li> <li>Register of Members Interest forms should be reviewed regularly.</li> </ul>  | Members take responsibility to check and update their Register and undertake training  |  |
| Freedom of Information Act                                | <ul style="list-style-type: none"> <li>Policy Provision</li> </ul>   | L | <ul style="list-style-type: none"> <li>The Council has a model publication scheme in place.</li> <li>The Clerk is aware that if a substantial request arrives then this may require many hours of additional work. The Council is able to request a fee if the work will take more than 15 hours.</li> </ul>   | Monitor and report any requests made under the Freedom of Information Act - ongoing.   |  |
| Council records - paper                                   | <ul style="list-style-type: none"> <li>Loss through theft/fire/damage</li> </ul>   | L | <ul style="list-style-type: none"> <li>The Town Council records are stored at the Town Council Office. Records include historical correspondence, minute books and copies, deeds and leases for land or property, records such as personnel, insurance, salaries etc.</li> <li>Recent materials are in a</li> </ul>  | Existing storage of deeds and leases are in a fire proof safe. Most recent materials are also kept electronically and title deeds are registered at the land registry. | Material archived is being reviewed to ensure we comply with WTC GDPR policies |

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|------------------------------|--|---|--|------------------------------|--|
|                              |  |   | metal filing cabinet (not fire proof) and more historical records are sent off- site to the County Council for secure storage.   |                              |  |
| Council records - electronic | <ul style="list-style-type: none"> <li>Loss through theft/fire/damage/computer corruption</li> </ul> | L | <ul style="list-style-type: none"> <li>The Town Council's electronic records are stored on the Clerk and Finance Officer's computers.</li> <li>Back-ups of the files are automatically taken and stored in the cloud.</li> </ul> | Existing procedure adequate. |  |

**REVIEWED: 3rd March 2021 by Finance & General Purposes Committee, and adopted 15<sup>th</sup> March 2021 by Council**