

Bishopstoke Parish Council - Financial Risk Management Record

BISHOPSTOKE PARISH COUNCIL

**Financial Risk Assessment
2023 / 24**

**This Financial Risk Assessment was adopted
by the Finance Committee on 12th March 2024**

**S Thorogood
RFO to Bishopstoke Parish Council**

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Risk Area	Risk Identified	Risk of Occurrence 1 (high) to 3 (low)	Risk of Impact 1 (high) to 3 (low)	Risk Management
Section One: Areas where there may be scope to use insurance to help manage risk				
Property and contents owned by the council.	Loss or damage.	2	2	An up-to-date register of assets and investments is kept and reviewed annually. Inspections carried out according to area.
Damage to third party property or individuals.	Public liability claims.	3	2	Sufficient public liability insurance held. Currently with Aviva Insurance Limited through BHIB Ltd. Entered into a Long Term Agreement to 21 Nov 2025. Annual renewal date of 21 Nov 2024. Reviewed annually by RFO and auditor. Current value of insurance: £10,000,000
Consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party.	Public liability claims. Inability to continue functions of Council.	3	2	Sufficient business interruption insurance held. Currently with Aviva through BHIB. Renewal date of 21 Nov 2024. Reviewed annually by RFO and auditor. Current value of insurance: £10,000.
Cash.	Loss of cash through theft or dishonesty.	3	3	Sufficient fidelity guarantee insurance held. Currently with Aviva through BHIB. Renewal date of 21 Nov 2024. Reviewed annually by RFO and auditor. Current value of insurance: £500,000.
Legal liability as a consequence of asset ownership.	Public liability claims.	3	1	Sufficient insurance held. Currently with Aviva through BHIB. Renewal date of 21 Nov 2024. Reviewed annually by RFO and auditor. Current value of insurance: £10,000,000.

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Section Two - Working with others to help to manage Risk				
Security for vulnerable buildings, amenities or equipment.	Theft, damage, health and safety.	2	2	Regular inspections of Council property by council staff and external contractors. Schedule appropriate to area. E.g. Full play area inspection quarterly by qualified contractor Play area hazard inspection weekly by Assets Officer Allotment equipment maintained annually.
The provision of services being carried out under agency / partnership agreements with principal authorities.	Default, or partnership failure, failure to follow contracts.	N/A	N/A	Standing orders and financial regulations deal with the award of contracts. Currently no risk as no such agreements are in place.
Banking arrangements, including borrowing or lending.	Fraud or corruption.	3	3	Financial regulations reviewed annually and can be amended at any time. Checks carried out by Finance Committee every other month. All reviewed by Internal Auditor.
Ad hoc provision of amenities / facilities for events to local community groups.	Public Liability claims.	3	2	Hire forms reviewed once per council, risk assessments for amenities & facilities. Groups are required to have sufficient insurance and, where appropriate, provide their own risk assessments.
Vehicle or equipment lease or hire.	Theft or damage.	3	3	Follow all procedures from lease / hire company. Hire from reputable companies, monitor by council.
Trading units (leisure centres, playing fields, burial grounds, etc.).	Public Liability claims.	3	1	External contractors for maintenance. Monitor work throughout. Employment law followed.
Professional services (architects, accountancy, design, etc.).	Default, or partnership failure, failure to follow contracts. Adequacy of Standing Orders.	3	1	Standing orders, Financial regs and policies deal with the awarding of contracts. Reviewed annually by Council and Internal Auditor. HALC available for legal advice.

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Section Three - Self Managed Risk				
Proper financial records.	Fraud. Error. Corruption.	3	2	RFO ensures the Council keeps up to date with best practice and law and that records are in accordance with statutory requirements. Reviewed by Council and Internal Auditor.
Business activities.	Not within the legal powers of councils.	3	2	Ensuring that they are within the legal powers of councils by reference to legislation and guidance, and review by auditor.
Borrowing.	Defaulting.	3	2	Comply with restrictions. Sound planning to ensure payments are made as required. No current borrowing. Only use PWLB loans. Reviewed by Council and Internal Auditor.
Employment law and Inland Revenue regulations.	Breach of requirements.	3	1	Clerk to keep up to date with best practice and law. Reviewed by Council and Internal Auditor.
VAT.	Breach of regulations. Fines. Loss of refund.	3	1	RFO to ensure that requirements are met under HMRC regulations. Reviewed by Council and Internal Auditor.
Annual precept.	Non-compliance with timing and regulations.	3	1	RFO ensures budget is financially sound. Preparations, including 3-year forecast begin in September. Budget scrutinized by Finance Committee, agreed by Council and reviewed by Internal Auditor.
Monitoring of performance.	Council not functioning.	3	2	Cllrs review budget twice per year and policies at least once every Council cycle.
Grants.	Not giving to appropriate organisations. Fraud.	3	3	Ensuring proper use of funds granted to local community bodies under specific powers, s137 or GPC. All grants based on approved form and supporting information, minuted and checked by Internal Auditor.

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Council Minutes.	Inaccurate reporting of council business. Lack of transparency.	3	3	Proper, timely and accurate reporting of council business in the minutes. Posted on website for public to see, agreed by subsequent meetings and reviewed by Internal Auditor.
Rights of public inspection of documents.	Documents not available. Lack of transparency.	3	3	Where possible, all documents made available on Council website.
Document control.	Incorrect information.	3	3	Policies to be reviewed at least once every Council cycle. Standing Orders, Financial Regulations and Terms of Reference reviewed annually.
Register of Members' Interests and Gifts and Hospitality.	Not in place. Council reputation.	3	3	Ensure they are published on Council website, complete, accurate and up to date. Overseen by Eastleigh Borough Council.
Compliance with Transparency Code.	Fines. Lack of transparency.	3	3	Clerk to ensure the Transparency Code is followed and that any legislative changes are assessed and applied.
Parish Records	Fire / Water damage	3	1	All staff to maintain backups of hard drive. All essential Council documents kept on the cloud. Business continuity plan.

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Section Four – Internal Control Areas				
Bookkeeping.	Fraud. Error. Corruption.	3	2	RFO ensures the cashbook is up to date and accurate. Bank rec and accounts checked by Finance Committee every other month. All reviewed by Internal Auditor.
Standing Orders and Financial Regulations.	Not kept in line with best practice and legal requirements.	3	3	Clerk to ensure best practice and legal requirements are followed. Annual review of documents by Council.
Purchase Orders.	Work being completed without being fully approved.	3	2	Purchase orders are required for all work valued at £1,000 or for items of capital expenditure. Officers to ensure all contractors and service providers are aware of this.
Payment Controls.	Fraud. Error. Corruption.	3	3	Payment matches invoices, VAT claimed properly, Grants recorded, Accounts checked every other month, VAT reclaimed quarterly. Monthly payment list kept in minute book.
Risk Assessments.	Not done. Out of date.	3	2	All Council properties, equipment and sites to have risk assessments. These should be reviewed annually by Officers.
Budgetary Controls.	Fraud. Error. Corruption. Controls insufficient.	1	2	RFO ensures budget is financially sound. Preparations, including 3-year forecast begin in September. Budget scrutinized by Finance Committee, agreed by Council and reviewed by Internal Auditor. Budget monitoring performed by Finance Committee every other month.
Income Controls.	Lack of finance.	3	2	Ensure budget provides adequate income for expected expenditure. RFO to monitor expected income and produce monthly bank reconciliation. Reviewed every other month by Finance Committee and annually by Internal Auditor.

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Payroll.	Do wages paid match expected wages? Is HMRC / LGPS being operated correctly?	3	3	RFO prepares payroll each month which is then checked by the Clerk. HMRC software used to ensure correct amounts are paid in National Insurance, Tax and Pensions.
Asset Control.	No asset register kept.	3	3	An up to date register of assets is kept, updated and is reviewed annually.
Bank reconciliation.	Cash discrepancies.	3	3	RFO prepares reconciliation which is checked monthly and signed by the Chair or a member of the Finance Committee. Signed bank reconciliations to be kept in minutes book.
Year end.	Finances not kept in order.	3	2	RFO to ensure training is up to date, accounting practices are suitable and changes in legislation are applied.
Officer Expenses.	Fraud. Error.	3	3	Where possible, all expenses paid by Council debit cards. Where not details and receipts are provided on the appropriate form, which will be counter-signed by another officer.