

MADRON PARISH COUNCIL FINANCIAL RISK ASSESSMENTS

In accordance with Audit Commission requirements, proper practices and the Council's own Financial Regulations, the Council needs to complete and review financial and other risk assessments and identify any actions it considers necessary to minimise those risks. The following table attempts to identify the key financial risks and recommends necessary actions. The list can be added to as and when new risks are identified. Risk assessments for other matters are maintained separately. For each identified area of risk, its impact (I) and its probability (P) are assessed as either high (H), medium (M) or low (L) and multiplied together to give a risk rating in accordance with the following table:

Probability / Impact	High (3)	Medium (2)	Low (1)	Risk rating total
High (3)	High (9)	High (6)	Medium (3)	High (6-9)
Medium (2)	High (6)	Medium (4)	Low (2)	Medium (3-5)
Low (1)	Medium (3)	Low (2)	Low (1)	Low (1-2)

Area	Risk	Control Measures	Recommendation	I	P	RR
Precept	Illegal expenditure	All expenditure is presented to the Council at each ordinary meeting. Accounts are checked by the Internal Auditor who reports to the Council prior to the completion of the Annual Return.	Continue with current control measures	M 2	L 1	L 2

	Inadequate monitoring of performance	<p>The Clerk presents a quarterly Budget Assessment at Audit.</p> <p>The Council is able to satisfy itself that sufficient funds are available, prior to making unbudgeted expenditure.</p>	Continue with current control measures	M 2	L 1	L 2
	Annual precept not the result of proper detailed consideration	The proposed budget is presented to the Council with explanatory notes.	Continue with current control measures	M 2	L 1	L 2
Accounting	Non-standard and/or non-compliant records kept	<p>All expenditure is presented to the Council at each ordinary meeting.</p> <p>Accounts are checked by the Internal Auditor who reports to the Council prior to the completion of the Annual Return.</p>	Continue with current control measures	M 2	L 1	L 2
Area	Risk	Control Measures	Recommendation	I	P	RR
Accounting	Non-compliance with audit requirements	<p>Accounts are checked by the Internal Auditor who reports to the Council prior to the completion of the Annual Return.</p> <p>Reports from Internal and External Auditors are analysed, and appropriate action taken.</p>	Continue with current control measures	M 2	L 1	L 2
Administration	Payment arrangements	<p>The Clerk presents the payments to the Council for approval.</p> <p>The two Councillors who sign the cheques at the meeting also cross check them against the invoices.</p> <p>Monthly checks on all financial transactions are undertaken by way of monthly report to all Councillors.</p>	Continue with current control measures	M 2	L 1	L 2
	Reconciliation	Bank reconciliations are undertaken on a monthly basis by the clerk and reported in the monthly report to Councillors.	Continue with current control measures	L 1	L 1	L 1

	Petty Cash	Not held.	Continue with current control measures	L 1	L 1	L 1
	Agency advice	Membership of CALC and SLCC.	Continue with current control measures	L 1	L 1	L 1
Payroll	Incorrect calculations	All expenditure is presented to the Council at each ordinary meeting. Monthly checks on all financial transactions are undertaken by the clerk and circulated to all Councillors.	Continue with current control measures	M 2	L 1	L 2

Area	Risk	Control Measures	Recommendation	I	P	RR
Payroll	Loss of services of employee	Immediately advertise any vacancy (if permanent loss). Maintain good working relationships with other Town/Parish Clerks to cover absence.	Continue with current control measures	M 2	L 1	L 2
Insurance	Public Liability (statutory)	Insured for £10,000,000	Continue with existing cover	L 1	L 1	L 1
	Employers Liability (statutory)	Insured for £10,000,000	Continue with existing cover	L 1	L 1	L 1
	Money	Not required – minimal risk	Continue with existing cover	L 1	L 1	L 1
	Fidelity Guarantee	Insured for £250,000	Continue with existing cover	L 1	L 1	L 1
	Property	Annual review of Asset Register against existing insurance cover and adjusted accordingly throughout the year if required.	Continue with current control measures	M 2	L 1	L 2
	Loss of revenue	Not covered – minimal risk	Continue with existing cover	L 1	L 1	L 1
	Personal Accident	Cover is limited to £100,000.	Continue with existing cover	L 1	L 1	L 1
			Continue with existing cover	L 1	L 1	L 1
Legal expenses	Insured for £250,000	Continue with existing cover but investigate additional cover for contract disputes.	M 2	L 1	L 2	

Chairman:

Clerk/RFO:

Date of Review: March 2023