Financial Risk Register

Introduction

As a public authority we must have appropriate arrangements in place. As a minimum, authorities must identify and assess risks and address those identified risks by mitigating or managing them.

Risks are unavoidable, but they need to be managed either by mitigation or controls such that they are tolerated, treated, transferred, or terminated. Insurance is a significant way of managing and reducing risks relating to property, cash, and legal liability (amongst other things). This document looks at the potential financial risks to Balderton Parish Council and how we mitigate against them.

Risk Prioritisation

The table below is recommended in the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide. Risk prioritisation is an assessment of the severity of impact if something were to happen and how likely it is to happen.

Priority of risk management				
Likelihood of occurrence	Highly Likely (score 3)	Medium (3 x 1)	High (3 x 2)	Very High (3 x 3)
	Possible (score 2)	Low (2 x 1)	Medium (2 x 2)	High (2 x 3)
	Unlikely (score 1)	Very low (1 x 1)	Low (1 x 2)	Medium (1 x 3)
		Negligible (score 1)	Moderate (score 2)	Severe (score 3)
		Impact		

Source: JPAG 2023, section 5.97

No.	Risk description	Risk Likelihood x Impact	Mitigation	Review/Assess/ Revise	Risk Owner
1.	**Adequacy of Insurance which covers the following areas of risk:** General adequacy Compliance with terms Public Liability (statutory) Employers Liability (statutory) Money Fidelity Guarantee Property Libel and Slander Personal Accident Excess	 1x1 = 1 1x1 = 1 1x1 = 1 1x1 = 1 1x1 = 1 1x1 = 1 1x2 = 2 1x2 = 2 1x2 = 2 1x1 = 1	Policy to be reviewed and limits checked. Prompt response to any issues brought to the Council's attention. New assets added to Asset Register after acquisition & reported to insurer where required. Asset register review annually. Policy to be reviewed and limits to be checked annually An annual review is undertaken of insurance arrangements. Employers Liability, Public Liability and Fidelity Guarantee are a statutory requirement. Clerk consults with insurance company and Council to ensure the cover is appropriate and conditions are met to ensure compliance.	As part of Cyber Essentials certification – cyber insurance of upto £25,000 total indemnity included. Covering 24-hour helpline to provide crisis management & incident response against common online threats	Full Council and Clerk

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			Risk Assessments in place and reviewed annually.		
2	**Inadequate precept request/budgetary provision/reserves**	1x2 = 2	Formal budgetary consideration by Full Council based on advice from the Clerk. Council sets the precept by February. Quarterly budget monitoring to be reported to full council. Fluctuations in income monitored. All income and expenditure logged and balanced monthly.		Full Council and Clerk
3	**Payroll and Salaries** Incorrect recording and payment of mandatory financial liabilities such as salaries/pensions/taxes leading to regulatory penalties. Incorrect calculations of salaries	2x3 = 6	Keep up to date on HMRC & NCC Pension requirements. Calculations checked by 2 councillors. HMRC & NCC Pension paid monthly. Internal Auditor checks. Report of total salaries to Council.	Risk increased because of unavailability of experienced Sage user on aged version. External resource identified and secured. Consideration to outsourcing payroll	Full Council and Clerk

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			Adherence to Financial Regulations.		
4	**Employees/Employment Law** Fraud	1x2 = 2	Contract in place with HR specialists. Advice sought regarding HR. New staff have best practise contracts. Fidelity Guarantee/Insurance Training and equipment for staff. Staff handbook in place. All online payments authorised by 2 councillors. All invoices signed off by 2 councillors. All bank reconciliations signed off by 2 councillors.		Full Council and Clerk
	Health and Safety	1x2 = 2	Staff welfare a priority Necessary PPE clothing and equipment provided Necessary equipment for office staff comfort provided. Appropriate risk assessments in	Updates received from Worknest should there be any changes in legislation etc. Personnel and Policy Committee meetings in place so the council has oversight of personnel management.	

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			place.	Ongoing monitoring for health and safety requirements and insurance annually	
	Workforce gaps (i.e. loss of Clerk, to resignation, illness, fraud, failure of council activities or actions, increase to council's responsibilities and duties, insufficient resource) leading to non-achievement of Council objectives.	3x3 = 9	Key Person Cover included on insurance policy to cover staff absences of more than fourteen days. Contingency for locum Clerk to be put in place – refer to Notts SLCC/Notts ALC. Ensure Clerk's Contract Terms & Conditions /Training are updated regularly. Consider the need for future staff succession/training.	Lack of workforce resilience. Council is briefed. Personnel and Policy Committee is active and there is capacity built into budget to respond appropriately (within reason) through the recruitment of officer resource, the outsourcing of services, and the deployment of sector-specific AI.	
	Litigation and reputational risks arising from employee, grievance /dispute.	1x2 = 2	Employee contracts are in place. Annual appraisals conducted. Regular monitoring by Clerk/Council as part of good working practice.		
5	**Bank and banking** Inadequate checks Bank mistakes Payment mistakes - monetary	 1x2 = 2 1x1 = 1 1x2 = 2	 Adherence to Financial Regulations.		Full Council and Clerk

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	loss through electronic banking errors. Lack of cover due to insurance thresholds (£120,000 per bank) for funds held above financial institutions leading to invalidation of cover. Lack of signatories	 1x3 = 3 1x2 = 2	Reconciliation done at least every 2 months to pick up any mistakes. All online payments authorised by 2 councillors. All invoices signed off by 2 councillors. All bank reconciliations signed off by 2 councillors. Review checks that signatories are up to date	 Extend to provision of staff banking access	
6	**Financial loss through internet fraud.**	1x3 = 3	Adherence to Financial Regulations. All staff and councillors with online banking access keep their passwords and log in details private. The potential for fraud is mitigated by no payment being able to be made through the council's bank accounts/investments without 2 councillors approving it. Financial limit on debit card		Full Council & Clerk

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			which is held by the Clerk.		
7	**Financial reporting not transparent**	1x1 = 1	Adherence to Financial Regulations. Financial reports taken to full council meetings. Quarterly budget reviews are conducted.		Full Council & Clerk
8	**Financial records /administration** Loss of payroll data Loss of computer files Lack of audit trail Maladministration of payments Bank account/finance system not reconciled	 1x2 = 2 1x2 = 2 1x2 = 2 1x2 = 2 1x1 = 2	Payroll data backed up on server. Rialtas data backed up daily. Regular reconciliations undertaken to ensure financial accuracy. Professional Sage payroll and Rialtas accounts packages used. Supported by an independent external accountancy service. IT company contract in place. Anti- virus software on all computers. Financial reconciliations	Huntress – 24/7 endpoint detection and response against hackers being deployed to mitigate hacker risk. Consideration of outsourcing payroll needs to factor in the outsourcer's protections & mitigation.	Full Council & Clerk

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			reported to full Council and verified by 2 members.		
9	**Charges – fees receivable not paid**	1x2 = 2	Process in place to chase overdue payments.	Financial year end process to identify any bad debt	Full Council & Clerk
10	**VAT – not reclaimed** Non-compliance with VAT regulations leading to regulatory penalties.	1x1 = 1	HMRC VAT regulations adhered to and online claims made. Supported by an independent external accountancy service. Internal Audit check.		Full Council & Clerk
11	**Financial loss as a result of theft of cash**		Minimal cash on site (kept in safe) as customers are encouraged to pay by bank transfer. Regular deposits to Lloyds. Ensure customers know banking details to maximise electronic payment. Insurance in place.		Full Council & Clerk
12	**Unqualified/Non impartial Internal Audit**	1x2 = 2	Independent, competent Internal Auditor appointed. Auditor's appointment approved by Council		Full Council & Clerk

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			Proceed under a Terms of Reference letter		
13	**External audit not completed within set timescales** Regulatory penalties as a result of errors on annual returns.	1x1 = 1	Clerk follows duties and responsibilities provided in guidance from the external auditor. Diligence demonstrated in when completing and approving the return. Training updates attended by Clerk.	New assertion to evidence as part of Governance statement	Full Council & Clerk
14	**Lack of transparency**	1x3 =3	Proper, timely and accurate reporting of Council business in agendas and minutes. Rights of inspection publicised on noticeboards at Balderton Village Centre and on the Council's website Council strategy and action plan in place. Adherence to the Standing Orders and governance of Council including the Publication Scheme and Transparency	Council projects for the forthcoming year agreed.	Full Council & Clerk

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			Regulations. Staff training budget to encourage continual professional development Sector membership of professional bodies: the National Association of Local Councils membership for Councils and Clerk member of the Society of Local Council Clerks		
15	**Public Amenities Liability** Allotments Cemetery & St Giles churchyard Open spaces – playing fields, play park and lake	1x3 = 3	 Allotment Sub Committee formed of members and tenant representatives with system in place for allotment inspections. Ground staff routinely inspect communal areas. Memorial stones checked in line with current H&SE advice. Memorial testing policy in place. Play equipment inspected and recorded weekly, any repairs arranged immediately, any		Full Council & Clerk

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	Village Centre including car park		dangers removed. Annual independent, professional inspection conducted. High priority recommendations on annual inspection actioned. Action plan in place for lower priorities CCTV cameras in place. Tree Management Policy (TMP) in place with inspections on all Parish Council owned sites – regularity dependent on level of risk – Appendix 2 in TMP Subject to inspections to check Health & Safety requirements are met including by 3rd party contractors.		
16	**Dance Studio**	1x2 = 2	Public Works Loan Board (PWLB) loan taken over 10 years so exact amount of repayments are certain. Total amount of annual		Full Council & Clerk

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			repayments built into the budget. Tenancy agreement in place. Rent from tenant helps offset cost.		
17	**Loss of infrastructure** Village Centre Machinery Store Vehicles Mechanical Equipment Dance Studio building	1x3 = 3	Considered as part of the budgetary process when setting the precept. Adequate insurance in place. Routine maintenance conducted and reserves budgeted for replacement. Fire risk assessment with mitigations in place. Risk assessments regularly reviewed. A contingency fund for emergencies built into the budget.	The impact of Martyn's Law to be considered	Full Council & Clerk
18	**Regulatory penalties and reputational risk** arising from non-compliance	1x2 = 2	Ensure resolutions are within Council's legal powers. Further advice can be sought from sector bodies.		Full Council & Clerk

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	with legislation (illegal actions) governing Council processes. Non-Compliance with General Data Protection Regulation leading to regulatory penalties.		Staff and Councillors training budgets in place Council has access to sector specific support and information including on new legislation. Standing Orders and Financial Regulations govern Council processes which are regularly reviewed to account for changes in law and other events Council is registered with the information Commissioner's Office. GDPR policies and publication scheme in place. SLCC / NALC membership is in place.		
19	**Conflict of interest** Risk negative publicity and reputational damage to the council as a result of members conflict of interests.	1x2 = 2	Ensure Register of Interests is updated. Councillors must declare interests at meetings.		Councillors