

# **PENMAENMAWR TOWN COUNCIL**

## **FINANCIAL RISK ASSESSMENT DOCUMENT**

This document is produced to enable the Town Council to assess the risks that it faces and satisfy itself that it has taken adequate steps with control systems to minimise the risks. This will enable the Council to make the required declaration in its return to the external auditors. The Risk Assessment document to be reviewed annually.

### **Finances**

#### **Risk: Accounting errors due to lack of financial control**

#### **Procedures to address risk:**

1. Responsible Finance Officer (RFO) to be appointed by the Town Council.
2. Two Town Councillors to be Financial Scrutinisers and verify monthly the Bank Statements to the Computerised Financial records.
3. All financial documentation to be held in the Town Council office, e.g. cheque books, paying in books, invoices, receipts, bank statements, VAT reclaim papers, electronic accounting system.
4. Back-up of computerised system carried out at regular intervals. Back-up to be taken off-site.
5. Cheques to be written and entered into the accounting system.
6. Cheque numbers to be written on invoices when paid.
7. Invoices to be filed sequentially.
8. Cash and cheques to be entered into the computerised system upon receipt and banked as soon as reasonably practicable.
9. Receipts to be issued for all monies received by the Council, except items received through BACS.
10. Bank statements to be reconciled with the computerised system monthly.

11. VAT to be reclaimed annually
12. Financial Scrutinisers to carry out a review of the accounts at least annually.

**Risk: Budget overspend**

**Procedures to address risk:**

1. Budget to be prepared by the RFO annually in November to determine the budget for the following financial year and to be discussed by Full Council to determine the precept.
2. Budget to actual income and expenditure to be reviewed twice yearly.
3. All invoices to be scrutinised to ensure payment is as quotation provided.
4. Clerk to seek competitive quotations for all major purchases and works in line with Best Value practice and as set out in Financial Regulations and Standing Orders.
5. Contracts of Employment and salaries of the employees to be reviewed annually in line with the NJC (National Joint Council) salary scale recommendations.

**2 Risk: Loss of funds due to misappropriation of public money**

**Procedures to address risk:**

1. All accounts for payment to be authorised at a Council meeting and noted in the Minutes unless the expenditure relates to addressing an urgent health, safety or security risk, such expenditure being delegated to the Clerk under Standing Orders.
2. All expenditure necessary to maintain the normal administration working environment does not require authorisation.
3. All expenditure to be ratified at each Full Council meeting and recorded in the minutes except for salary payments which are considered a personal transaction and not for the public domain (except as a staff salary total for the annual audit).

4. All cheques to be signed by two Councillors authorised by Bank Mandate and cheque stubs to be initialled by those two Councillors.
5. The two signatories to initial the corresponding invoice in the space provided.
6. Councillors authorised to sign cheques to be determined by the Council and normally consist of the Mayor, Deputy Mayor and the past Mayor.
7. No member of staff to be authorised to sign cheques.
8. Clerk to maintain a Register of Interests of all Councillors. Councillors to advise the Clerk of any changes to those interests as and when they occur as set out in the Code of Conduct.
9. Year end accounts to be prepared by the RFO for circulation to the Town Council following the financial year end on 31<sup>st</sup> March.
10. Appointment of Independent Internal Auditor to be reviewed annually at the Annual Council Meeting in May of each year.
11. The Council has its accounts audited each year by external auditors appointed by the Welsh Assembly.
12. Records of petty cash to be kept and reconciled into accounts on a regular basis.

## **Insurance**

### **Risk: Under-insurance of Town Council assets**

#### **Procedures to address risk:**

1. Insurance cover to be reviewed annually to ensure adequate cover is maintained and value for money achieved.
2. Properties valued at £500,000 or more are inspected by Insurance Company.
3. Asset Register to be maintained by the Clerk and updated at the time assets are added or removed and to be presented as part of the Annual Accounts.

**3 Risk: Liability to Public to Provide a Duty of Care  
Procedures to address risk:**

1. Public Liability covered to £5million..
2. Council employees and Councilors regularly undertake visual inspections of the condition of the Council assets to ensure that health and safety obligations are met and that appropriate action is taken to minimise any risk of injury to third parties.
3. Health and Safety checks to be carried out on the play areas every week and on all other street furniture monthly to monitor and identify risks to the health and safety of the public using the items. Records of checks and any action taken retained in the office.
4. Risk assessments to be reviewed annually.

**Risk: Compensation Claim from Employee for Malpractice or Injury  
Procedures to address risk:**

1. Contracts of Employment issued to employees within 2 months of commencement of employment (but subject to probationary period).
2. Job descriptions of employees reviewed annually.
3. Appraisals carried out annually.
4. Matters relating to employees to be discussed in confidence (public and press to leave the meeting room) and minutes recorded as confidential.
5. Appropriate training to be provided for all identified training needs necessary to carry out role.
6. Appropriate equipment to be provided to ensure that employees can carry out role effectively and safely.

**Clerk's signature:**  
**Date: 02/06/2010**  
**Review date: November 2011**

**Chair's signature:**  
**Date: 02/06/2010**