

Financial and Management Risk Assessment for Llannerchymedd Community Council
Last Clerk's review 14.01.20

Topic	Risk Identified	Potential Consequence	Likelihood	Severity Score	Risk H/M/L	Measures to be taken to Reduce/Minimise/Control Risk
Councillors / Members	Losing Councillor membership or having more than 5 vacancies at any one time				High	When a vacancy arises there is a legal process to follow in order to appoint a new member. This either leads to a by-election or into a co-option process. An election is out of the Community Council's control. The co-option process begins with an advert, acceptance of applications, consideration of applicants and co-option vote at a Council meeting then appointment. Existing procedures adequate.
					Low	If there are more than 5 vacancies at any one time on the Council it becomes inquorate. The legal process of the County Council appointing members takes place. Procedures of another body are adequate.
Business continuity	Risk of Council not being able to continue its business due to an unexpected or tragic circumstance				Low	In such circumstances, the County Council would take appropriate action to ensure that the Council is supported or dissolved as necessary.

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Precept	Inadequacy of Precept				Low	The precept is determined following a detailed discussion by the Finance Committee based on the actual income and expenditure of the current financial year and that projected for the forthcoming financial year. The Finance Committee will present their recommendations to the Full Council. The Council will map out the required monies for standing costs and projects for the following year and apply specific figures to budget headings, the total of which is resolved to be the precept amount to be requested from the County Council. The Clerk/RFO presents monthly reconciled accounts, All monthly receipts and expenditure and Financial Summary is submitted to each Council and / or Finance Committee meeting
	Not Submitted				Low	Clerk/RFO prepares budget annually in January to be considered by the Full Council/Finance Committee in order to determine precept annually in January. Clerk/RFO to notify County Council in writing by determined deadline on official claim forms.
	Not paid by County Council				Low	Clerk/RFO to monitor and report to Council when monies received (three payments throughout the year), paid directly to bank account by BACS.

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Financial records	Inadequate records and / or Financial irregularities				Low	Existing procedures adequate. The Council has adopted Financial Regulations (2018) setting out the requirements.
Bank and banking	Inadequate checks Bank mistakes Loss Charges Loss of signatories				Low Low Low Low	The Council has Financial Regulations which set out the requirements for banking, cheques and reconciliation of accounts. The bank does make occasional errors in processing cheques which are discovered when the Clerk reconciles the bank accounts once a month when the statement arrive - these are dealt with immediately by informing the bank and awaiting their correction. Monitor the bank statements monthly. The Full Council and / or Finance Committee will appoint signatories as required
Borrowing/Lending	Adequacy of finances to repay loan				Low	Provision made in Annual Budget as necessary.
Investment Strategy Income/Policy	Investment Strategy Policy				N/A	Not applicable at present. Policy to be produced when required
Loss of Money	Business Interruption				Med	Crossed cheques and other non-negotiable money insured up to £250,000
	In Premises or In Transit				Med	Adequate insurance cover sought.

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	Through theft or dishonesty of Staff or Members				Low	All monies including cheques to be paid into the bank as soon as possible. Full audit trail for accountability of all monies – income and expenditure.
Litigation	Potential risk of legal action being taken against the Council				High	Council to maintain up to date asset register and ensure safekeeping of legal documents.
Reporting and Auditing	Information Communication Compliance				Low	The Clerk/RFO will produce monthly financial reports and quarterly reports in addition to the year-end financial report to be presented to the Finance Committee and ultimately the Full Council. The internal auditor appointed by the Council will audit the accounts and report to the external auditor.
Direct costs Overhead expenses Debts	Goods not supplied but billed Incorrect invoicing Cheque payable incorrect Loss of stock Unpaid invoices				Low	The Council has Financial Regulations which set out the requirements for procurement. At each Council / Finance Committee meeting the list of invoices awaiting approval is distributed to members and payment approved. Two signatories are required for each cheque payment. The signatories also initial the cheques stub to confirm they have seen the original invoice. Unpaid invoices to the Council for services are pursued and where possible, payment is obtained in advance.

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Grants and support – payable	Legal power to contribute Overspend Failure to identify Council policy				Medium	Funds included in annual budget.
Grants - receivable	Receipts of Grant				Low	The Clerk/RFO will produce monthly financial reports and quarterly reports in addition to the year-end financial report to be presented to the Finance Committee and ultimately the Full Council.
Charges - rentals payable	Payments of charges, leases, rentals				High	Council to discuss and decide on each lease on an individual basis and merit taking into account additional costs e.g. rates as necessary. - Caeau Peldroed - Lawnt Fowllo - Rhandiroedd - Cae Aml-bwrpas - Eglwys Ceidio - Any other future lease

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Charges - rentals receivable	Receipt of rent and Insurance implications				Medium	Council to discuss and decide on each lease on an individual basis and merit taking into account additional costs e.g. rates as necessary. Assets to be insured by Community Council (buildings) and tenant (contents). ➤ Station Café ➤ Gardd Gymunedol ➤ Unedau 1-6 Tan y Foel ➤ 2 X Compounds Tan y Foel ➤ Rhandiroedd - Any other future lease Rent paid by BACS or cheques
Cemetery	Grave Allocation Third Party Claims (Trip,slip or fall) Collection of proper internment charges				Low	Updating of Burial Register ongoing. Keep paths free of obstructions/walls and boundaries checked. Loose headstones put on their back with warning tape along with broken edges. In extreme conditions lock the cemetery. Finance committee to check receipts with fees. No burials to take place until Burial Clerk has received signed application form and fees. Clerk/RFO to undertake annual audit of cemetery accounts book.
Service Level Agreements (SLAs)	Loss of Income Failure to fulfil agreement				Medium	Community Council to negotiate SLA and contracts as required Finance Committee to undertake periodical reviews.

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Best value Accountability	Work awarded incorrectly Overspend on services				Medium	Normal Community Council practice would be to seek, if possible, more than one quotation for any substantial work required to be undertaken or goods. For major contract services, formal competitive tenders would be sought. If a problem is encountered with a contract the Clerk would investigate the situation, check the quotation/tender, research the problem and report to Council. This is covered in the Financial Regulations. Existing procedure adequate. Include when reviewing Financial Regulations.
Salaries/Wages	Wrong salary paid				Low	Clerk's salary paid quarterly. Salary calculated and prepared by external accountant, also responsible for preparing PAYE by set deadlines.
Salaries/Wages Employees	Wrong Rate Applied				Low	Salary prepared by external accountant as per set NALC payscale.
	False Employee				Low	Finance Committee to undertake examination of PAYE records Salary and PAYE prepared by independent accountant.
	Not Accounting for correct deductions of NI, Tax				Low	Finance Committee to undertake examination of PAYE records Salary and PAYE prepared by independent accountant.
	Submission of PAYE records Payments				Low	Returns submitted quarterly in line with salary payments. Annual Return to be completed electronically by independent accountant.

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	Loss of key personnel - Clerk/RFO through ill health, retirement, long term sickness or even death Unpaid Tax & NI contributions to the Inland Revenue				Medium	Review staff structures, working hours, duties and responsibilities. The Clerk/RFO should be provided with relevant training, reference books, access to assistance and legal advice required to undertake the role. Reference to the Continuity Plan should be made in case of loss of key personnel. Two Clerks for neighbouring communities have relevant skills, knowledge and work similar administrative systems. The requirements of the Fidelity Guarantee insurance to be adhered to with regards to Fraud. Action – consider contingency plan in case of loss of key personnel
Councillor allowances	Councillors over-paid Income tax deduction				Low	Consider and budget for expenses as per remuneration panel guidance.

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Election costs	Risk of an election cost				High	Risk is higher in an election year, but on recent history there is now a high risk that a by- election is called for any casual vacancies. When a scheduled election is due the Clerk will obtain an estimate of costs from the County Council for a full election and an uncontested election. There are no measures which can be adopted to minimise the risk of having elections, as this is a democratic process. The Council will ensure adequate contingency fund in case of an election.
VAT	Entitlement to reclaim VAT for a period being lost				Low	VAT claimed annually (or within the 3 year deadline) dependent on sum to be claimed.
	Improper recording of input/output VAT				Medium	Accounts transactions recorded on Excel spreadsheet which allows for VAT to be calculated quarterly as per invoices..
	Improper identification of Non Business Activities				Medium	Finance Committee and / or Full Council to approve all payments. Cheque signatories to initial cheque stubs to confirm having seen invoice. All payments to be allocated to budget headings and justified.
	Inability to meet quarterly submissions to H.M. customs				Low	No requirement to submit quarterly claims as the Community Council is a local government organisation and not a business. Claims can be submitted monthly, quarterly, six monthly or annually as required.

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Employers Annual Return	Paying and accounting for NI and Tax of employees' salaries				Low	Employer's Annual Return is completed and submitted by the external accountant as part of the payroll package.
Audit - Internal Audit	Completion within time limits				Medium	Internal auditor is appointed by the Council. Internal auditor is supplied with the relevant documents to audit and the form to complete and sign for the External Auditor.
Annual Return – External Audit	Completion/Submission within time limits					Annual Return is completed and signed by the Council, submitted to the internal auditor for completion and signing then checked and sent on to the External Auditor within time limit.
Legal Powers	Illegal Payment or Activity				Medium	All activity and payments within the powers of the Community Council to be resolved and minuted at Finance Committee or Full Community Council Meetings. Ensure compliance with Standing Orders and Financial Regulations. Review of Standing Orders and Financial Regulations on a regular basis.

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Minutes/Agendas/ Notices Statutory documents					High	Minutes and agenda are produced in the prescribed method by the Clerk and adhere to the legal requirements and best practice guidelines. Minutes are approved and signed at the following Council meeting. Minutes and agenda are displayed according to the legal requirements (website, library) Business conducted at Council meetings should be managed by the Chair. Members to adhere to Code of Conduct.
Members interests	Conflict of interest Register of Members interests				High	The declaring of interests by members at a meeting is a requirement of the Code of Conduct and recorded in minutes and filed accordingly. Training to be available for all members with regard to the requirements of the Code of Conduct to ensure understanding.

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Insurance	Adequacy Cost Compliance Fidelity Guarantee				High	An annual review is undertaken (before the time of the policy renewal) of all insurance arrangements in place. Employers and Employee liability insurance is a necessity and must be paid for. Ensure compliance measures are in place. Ensure Fidelity checks are in place. Existing procedure adequate. Review insurance provision annually.
Data protection	Policy Provision				Low	The Council is registered with the Information Commissioner's Office. Ensure annual renewal of registration and compliance with GDPR requirements.
Freedom of Information Act	Policy Provision				Low / Medium	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 but the applicant also has the right to re-submit the request broken down into sections, thus negating the payment of a fee. Action – produce and adopt a policy stating how the Council will deal with FoI requests.
Reserves - general	Ensure Adequacy				Medium / High	Consider at Budget Setting and account for unforeseen expenditure.

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Reserves - earmarked	Ensure Adequacy				Medium / High	Consider at Budget Setting.
Training of Clerk / Staff and Members						Training priorities to be defined and budgeted for.
Consultations	Meeting of deadlines for response				Very High	Planning Committee plus affected Community Members to consider planning applications and other consultative documents falling in between normal monthly meetings.
Document Security	Appropriateness of existing facilities				Very High	Storage by electronic means/Purchase fire resistant cabinet. Back up data monthly Deposit historical records with County archives. Register assets with the Land Registry Action: review currently ongoing with Independent Consultant.
Financial Records	Inadequate Records				Low	Financial records updated monthly and back-up kept external hard drive.
Minutes	Accurate and Legal				Low	Reviewed, signed and dated at following meeting. Full minutes available by contacting the Clerk. Minutes also available on Council website. Poster displaying details of website on noticeboard
Health and Safety Risk Assessment	Failure to identify				Medium	Action: In process of developing Policies. Advice to be sought from independent Health and Safety Consultant. Report to be provided and recommendations to be implemented.

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Disability Discrimination Issues	Failure to identify and implement adaptations				Low	Equality and diversity policy adopted.
Register of Members Interest, Gifts and Hospitality	Identification of interest and recording of gifts and hospitality				Very High	Register of Interest file to be held by Council and implemented. Declaration of Office signed by all members and copies held by Council. See also conflict of interest.
Code of Conduct	Adoption of Code of Conduct				Very High	Code of Conduct has been adopted by Council and implemented. Training to be provided for all members and employees.
Sustainability						New legislation will require Community Council to include this in future decision making.
Complaints Procedure					Low	Action: Complaints Policy to be developed and adopted.
Procedure for employing Contractors					Medium	Procurement and Tendering incorporated in the Financial Regulations document.

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Welsh Language Policy	Preparation of and implementation of Policy				Medium	Welsh Language Policy developed and approved. Instantaneous translation to be made available at full council meetings if required. Agenda and other official documentation to be produced bilingually. Letters received in Welsh to be replied to in Welsh. Bilingual corporate identity.

NODER:19.03.20 - Mae'r ddogfen hon yn barod am adolygiad na ellir ei gwblhau oherwydd cyfyngiadau COVID 19. Bydd yn cael ei adolygu, cyflwyno a'i chadarnhau yng nghyfarfod Pwyllgor Llawn cyntaf yn dilyn codi'r cyfyngiadau.