



Kimberley Town Council

Financial Risk Assessment

Adopted by Finance Committee on 20th February 2020 F/20/04
Reviewed by Full Council on 21st March 2024 TC/24/705
Reviewed by Full Council on 27th March 2025 TC/25/213

Kimberley Town Council Financial Risk Assessment

RISK MANAGEMENT

Notes

Risk assessment is a systematic general examination of working conditions, workplace activities and environmental factors that will enable the Town Council to identify all potential risks inherent in the place or practices. Based on a recorded assessment the Town Council should then take all practical and necessary steps to reduce or eliminate the risks, as far as is possible. This document has been produced to enable the Town Council to assess the risks that it faces and satisfy itself that it has taken adequate steps to minimise them. In conducting this exercise, the following plan was followed.

- Identify the areas to be reviewed.
- Identify what the risk may be and level of risk.
- Evaluate the management and control of the risk and record all findings.
- Review, assess and revise if required.

This report will be reviewed and is updated on an annual basis.

ASSESSMENT OF RISK

Each risk identified will be assessed in terms of its “likelihood” and “severity” upon the Town Council.

Likelihood

1	Unlikely to occur within the next 10 years	Rarely occurred
2	Likely to occur within the next 10 years	Occasional Occurrence
3	Likely to occur within the next 2 years	Regular Occurrence

Severity

		Risk Threat
1	Minor	Limited inconvenience, no impact on Reserves, no legal challenge.
2	Significant	Some public censure or small impact on Reserves (less than 10%), no legal challenge.
3	Serious	Impact on Reserves greater than 10% or legal challenge or severe public censure

Level of Risk (Likelihood x Severity)

1 or 2 = Low Risk

3 or 4 = Medium Risk

5 or 6 = High Risk

Area	Risk(s) Identified	L	S	Level	Control
Assets and Liabilities					
	Assets not adequately covered by insurance	2	2	M	Annual review of assets for insurance purposes including maintenance, storage provisions, street furniture. Review by RFO and considered at Finance Committee and Full Council. Non-fixed assets are stored and locked to the standards set out by the Insurance Company.
	Liabilities not adequately covered by insurance.	2	2	M	Public and Employers Liability, Fidelity Insurance as mandatory. Review annually. Check fidelity insurance – It is on the insurance policy as it is mandatory.
	Theft or vandalism of Council Vehicles Vehicle damage	1	3	M	Annual review of insurance. Vehicles returned to council premises each night. Vehicles to be emptied each night. Vehicles signed in and out each day. Vehicles be locked when parked up during work hours. Staff aware of use of council vehicles. Review of staff driving licences every 3 years.
	The Council does not meet insurance or legal building requirements	1	1	L	Regular inspections and maintenance where needed. Electrical testing, fire exists, fire alarms and extinguishers periodic testing. Intruder alarm in the Parish alarm. Key sheets, sets of keys signed for and must be returned when finished with. Adequate insurance reviewed annually.
	Civic Regalia – lost, damaged or stolen	2	1	L	Locked in office in filing cabinet. Items insured as separate item. Mayor aware of need for security.

	Damage /injury to third party due to lack of maintenance of Council assets	1	1	L	Regular inspection and maintenance. Adequate insurance cover
	Damage/injury to third party due to health and safety risk	1	1	L	Regular inspection and maintenance. Adequate insurance cover
	Damage to or loss of Council assets due to poor housekeeping	1	1	L	Cleaning of Parish Hall. Regular inspections. Annual inspections to identify significant repairs or renewals.
	Inappropriate meeting and activity venue causing risk to Members, Staff or public	1	1	L	Venues evaluated in advance to cope with numbers likely to attend activity taking place. Risk assessment in place.
Financial Management					
	Inaccurate budget	1	2	L	Budget prepared by Finance Committee annually and finalised by Full Council. Reserves are maintained and agreed at Finance Committee and Full Council. The reserves are reviewed annually.
	Precept does not deliver budget	1	2	L	Council receives and discusses monthly financial reports. Finance Committee reviews Income and Expenditure in depth quarterly. New budget and precept approved in January Full council meeting.

	Precept rules change e.g. capped	1	2	L	Contribute to all relevant consultations. Lobby, as necessary.
	Income from facilities/activities falls below budget	2	2	M	Monitor monthly and quarterly. Review charges annually. Improved marketing.
	Expenditure on facilities/activities run above budget	2	2	M	Monitor monthly and quarterly. Review charges annually.
	Financial Regulations are not aligned with current legislation or do not deliver best value	1	1	L	Reviewed annually or as the legislation changes. Council is a member of NALC.
	Council takes on more services with no extra funding	1	3	M	Set appropriate fees or increase precept or fund from reserves.
	Lack of regular review of fees and services	1	1	L	Financial Regulations require annual review of all fees and charges. This review is on the annual review list.
	Bank insolvency	1	2	L	The Council holds three bank accounts with reputable banks. This means that £85,000 in each account is covered by the FCSC guarantee.

	Investments	1	1	L	Take independent advice when considering investments. The Council has an investment policy reviewed annually.
Financial Control					
	Risk of incorrect purchase invoicing	1	2	L	At each Full council meeting a list of invoices is distributed for ratification. All invoices are checked by the RFO and signed by the Clerk and two councillors who are bank signatories. Bank reconciled twice a month. The Council has up to date Financial Regulations and an internal Control policy. Both are reviewed annually.
	Risk of incorrect payments	1	1	L	As above.
	Risk of late payment	1	1	L	Payment process allows timely payment. RFO produces an unpaid invoice list weekly to ensure no payments have been missed.
	Incorrect salaries paid	1	1	L	Timesheets checked and signed by the Clerk. The Council use the PAYE Basic Tool from HMRC which is updated automatically when signed in. RFO produces the salaries, and the payment sheet is signed by the Chair of the Council and the Chair of HR. bank is reconciled monthly.
	Incorrect NI and PAYE	1	1	L	NI and tax are calculates using the PAYE Basic Tool software.
	Incorrect payment from Petty Cash	1	1	L	Council no longer uses petty cash.
	Theft/dishonesty, including cash and cheques	1	1	L	Minimal cash received. All cash received has a corresponding receipt. The cash is locked in a drawer and paid in immediately to the bank where a receipt is obtained. This is then reconciled on the bank statements.
	Late or non-receipt of rents, fees, and charges	1	1	L	RFO produces a list of debtors weekly and follows up any late receipts.
	VAT return incorrect	1	1	L	Council use the Omega accounting package, and this automatically calculates the VAT return. The return then gets submitted electronically to HMRC quarterly. Any VAT issues then RFO contacts NALC for advice.

	Late receipt of Precept	1	1	L	Maintain adequate reserves. Payment normally arrives beginning of April.
	Loss of cheques (Receipts)	1	1	L	Minimal cheques received. Receipt recorded and banked correctly. If lost, sender asked to cancel.
	Unpaid invoices (Receipts)	1	2	L	RFO produces a list of debtors weekly and follows up any late receipts
	Risk of inaccurate or incomplete financial records	1	1	L	Council use the Omega accounting software specifically designed for parish/town councils. Pay the service provider for annual support. Annual Internal Auditor engaged as per the regulations. Any errors will be noticed and identified on the Internal Auditor report. Training for the RFO and Clerk where needed.
	Risk of bank making error, not identified.	1	1	L	RFO checks the bank online every working day. Reconciliations are done throughout the month. Month end reconciliations are signed by two councillors, one a signatory and one a non-signatory. If an error is made, the RFO will contact bank immediately.
	Annual return not completed correctly	1	1	L	Annual return produced by the RFO. Internal auditor engaged. Return is then reviewed by the Finance committee and then take to Full Council for ratifying and signing off by the Clerk and chair of the Council. Return then submitted to the External Auditor in the correct timeline.
	Annual return not completed within time limit	1	1	L	Monitor and abide by the timeline set out by the External auditor.
	Loss of data on PC due to system fault.	1	1	L	RFO takes a backup of the BASIC PAYE software after each submission. RFO takes a backup of the Omega accounting system at the end of every day. These two backups are also backed up on a memory stick. Data is saved to OneDrive, and passwords are locked in the safe.
People					
	Loss of Clerk	3	2	H	Employ locum via NALC or other source. Assistant Clerk/RFO to stand in. Start recruitment process.

	Loss of any employee	1	3	M	Keep all job descriptions up to date. Initiate recruitment immediately through the HR Committee.
	Long term sick of employee	2	2	M	Employ locum officer via NALC or other source. For maintenance employee a temporary member of staff, contractors. Contingency reserve to cover costs.
	Actions of employees bringing the council into disrepute	1	3	M	Disciplinary procedures as per the employee handbook. Contact NALC ACAS for advice. Management via the HR Committee. Code of conduct.
	Current or ex-employee brings claim against the Council	3	2	H	Use HR advisors. Management via Hr Committee. Grievance procedures to be followed.
	Temporary staff, or contracted resources do not meet obligations	1	2	L	Clear contract and work specifications. Effective supervision.
Systems and processes					
	Council unable to continue its business due to major system failure	2	1	M	Accounting system is backup very night on the OneDrive and a memory stick. PAYE BASIC TOOL is backed up after each payroll run on the OneDrive and a memory stick. Emails are on Microsoft and can be accessed on any computer with the passwords, which are locked away. All documents are saved to the OneDrive, and these can be accessed on any computer with the passwords that are locked away. IT specialist is available as a preferred supplier.
	Loss of paper records through fire, theft, or damage	2	1	M	As above. Records i.e. Minutes are kept at the Nottingham archive centre.

	Loss of electronic records through fire, damage, or corruption of computer	2	1	M	As above
	Loss of data held by the Council, in whatever format, which could identify individuals from a third party	1	1	L	Minimal data kept for minimal time. All personal information shredded when no longer required. Employee information locked in a secure drawer. Registered with the ICO.
	Financial or resource requirements of responding to FOI requests	1	3	M	Model publication scheme in place. Ensure all agendas, agenda items minutes, policies and financial documents are published on the Council website.
	Financial or resource requirements of DSAR request	1	1	L	Minimal difficulty in providing information.
	Data protection breach	1	1	L	Employees and Councillors aware of GDPR and the ways of working. Council is registered with the ICO.
Procurement					
	Poor procurement decisions	2	2	M	Act in accordance with Financial Regulations.

	Contractors are not insured	1	2	L	Check contractors' indemnity insurance and keep a copy for records.
	Supplier/Contractor failure	1	1	L	Due diligence in the tendering process.
Governance					
	The Council acts illegally/does not comply with current regulations	1	3	M	Council ensures that all activities and payments including grants given are properly resolved and minuted at the appropriate Council meeting.
	The Council does not comply with its Standing Orders	1	2	L	All members have copies of Standing Orders which are reviewed annually, or as changing legislation dictates. Council is a member of NALC.
	The Council does not make decisions in the best interest of residents	2	2	M	Members declarations of interest signed on appointment and published on the Council's website. These are checked every year and update them where necessary. Update them at any time if something changes.
	The Council does not act in a professional manner	2	2	M	Standing orders to be followed and reviewed annually or as legislation changes. Council adopted the Broxtowe Borough Council model of code of conduct. Dispensations are requested and approved as required.
	Changes to legislation affect Council decision making or operations	2	2	M	Contribute to all relevant consultations. Lobby as necessary
	The Council does not make decisions in the best interest of residents	2	2	M	Council meetings are held in public. Agendas, minutes, and policies are published on the council website.

	Requirement to hold referendum, parish poll, election etc	1	2	L	Maintain a reserve for the elections.
Multi-Factor Risk					
	Pandemic or Epidemic Disease	2	3	H	Fixed income (mainly precept) exceeds fixed costs (mainly salaries). Adequate reserves maintained. Application of official restrictions and advice to avoid infection of staff. Segregation of staff to avoid cross-contamination. Emergency assistance from Broxtowe Borough Council, NALC etc employees become disabled.