



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.

1. **Risk: Accounting errors due to lack of financial control Procedures to address risk:**
 - a. ***Responsible Finance Officer (RFO) to be appointed by the Town Council.¹***
 - b. ***Two Members of the Town Council Finance Committee to be Financial Scrutinisers and verify monthly Bank Statements to the Computerised Financial records by signature.***
 - c. ***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.²***
 - d. ***Back-up of the computerised system carried out at regular intervals. Back-up to be taken off-site.***
 - e. ***Cheques to be written and entered into the accounting system.***
 - f. ***Cheque numbers to be written on invoices when paid.***
 - g. ***Payment Authorisation Sheets to be completed by the Town***

¹ This is also a legal requirement, see section 151, Local Government Act 1972.

² An exception to this rule is made, at the discretion of the Council, to allow for 'home working' during the Covid-19 crisis or similar unusual situation. However, it is the responsibility of the Town Clerk to ensure that all documents are kept securely.

Clerk for all cheque payments and countersigned by two authorised Councillors.

- h. Payments by Direct Debit to be entered onto the Council's Direct Debit Authorisation Sheet, which is to be signed by the Mayor on commencement of the regular payments and at least annually thereafter.**
 - i. Details of payments made under Council's PAYE system will be in line with figures supplied by the Council's payroll contractor and confirmed monthly in a confidential document signed by the RFO and Mayor.**
 - j. Payments made by the Clerk using the Wales Purchasing Card under delegated authority or when authorised by the Council will be monitored by the Finance Committee, two representatives of which will countersign the monthly statement.**
 - k. Invoices to be filed sequentially.**
 - l. Received cash and cheques to be entered into the computerised system upon receipt and banked as soon as reasonably practicable.**
 - m. Receipts to be issued for all monies received by the Council, except items received through BACS.**
 - n. VAT to be reclaimed annually.**
 - o. Financial Scrutinisers to carry out a review of the accounts at least annually.**
- 2. Risk: Budget overspend Procedures to address risk:**
- a. 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.**
 - b. Budget to actual income and expenditure to be reviewed by the Council every three months as a minimum, or more often as required.**
 - c. All invoices to be scrutinised to ensure payment is as quotation provided.**
 - d. 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.

- e. Contracts of Employment and salaries of the employees to be reviewed annually in line with the NJC (National Joint Council) salary scale recommendations.**

**3. Risk: Loss of funds due to the misappropriation of public money
Procedures to address risk:**

- a. All accounts for payment to be authorised at a Council meeting and noted in the Minutes unless the payment related to the Council's PAYE system, or falls within the remit of Petty Cash payment. This Council authorisation should, wherever possible be obtained (and minuted) in advance of the payment being made. However, if payments are made to address urgent health, safety or security risk, or made by the Clerk under his/her delegated authority, as stipulated in Standing Orders, details of the payment should be brought to the attention of the Council at the next available meeting and minuted.**
- b. All expenditure necessary to maintain the normal administration working environment does not require authorisation.**
- c. 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).**
- d. All cheques to be signed by two Councillors authorised by Bank Mandate and cheque stubs to be initialled by those two Councillors.**
- e. The two authorised signatories to sign the Payment Authorisation sheet corresponding to each invoice in the space provided.**
- f. Councillors authorised to sign cheques to be determined by the Council and normally consist of the Mayor, Deputy Mayor and the past Mayor.**
- g. No member of staff to be authorised to sign cheques.**
- h. The Council's debit card shall be held by one designated Councillor who shall also be one of the bank account's signatories and held away from the Council's premises. The Councillor holding the Council's debit card shall be chosen by Full Council.**
- i. Payments made using the Wales Purchasing Credit Card will be regularly monitored by members of the Finance Committee.**

- j. 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.***
 - k. Year-end accounts to be prepared by the RFO for circulation to the Town Council following the financial year-end on 31st March.***
 - l. Appointment of Independent Internal Auditor to be reviewed annually at the Annual Council Meeting in May of each year.***
 - m. The Council has its accounts audited each year by external auditors appointed by the Welsh Government.***
 - n. Records of petty cash to be kept and reconciled into accounts on a regular basis.***
- 4. Risk: Under-insurance of Town Council assets Procedures to address risk:**
- a. Insurance cover to be reviewed annually to ensure adequate cover is maintained and value for money achieved.***
 - b. Properties valued at £500,000 or more are inspected by the Insurance Company.***
 - c. Asset Register to be maintained by the Clerk and updated annually and to be presented as part of the Annual Accounts.***
- 5. Risk: Liability to Public to Provide a Duty of Care Procedures to address risk:**
- a. Public Liability covered to £5million.***
 - b. Council employees and Councillors 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.***
 - c. 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.***
 - d. Financial Risk Assessments to be reviewed annually.***

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

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

Review and accepted by the Council

Clerk's signature:

M Hanks

Date: 31/01/2021

Mayor's signature:

K Beard

Date: 31/01/2021