



HERTINGFORDBURY PARISH COUNCIL

Adopted: June 2012

Reviewed and amended: 08th March 2023

Minute ref:2022-2023-101-C

Financial and Risk management for the period 1st April 2023 to 31st March 2024

Introduction

Risk assessments must be in place as part of HPC internal controls.

The Financial and Management Risk Policy must be reviewed and adopted by council at least annually.

Assessing risk is an essential action to enable council to propose a positive assertion when signing the Annual Governance Statement-Assertion 5 — Risk management¹

We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the those of the internal controls and/or external insurance cover where required. In order to warrant a positive response to this assertion, the authority needs to have the following arrangements in place:

Definition of Risk Management

Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated, and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements.

This document has been produced to enable the Parish Council to assess the risks that it faces and satisfy itself that it has taken adequate steps to minimise them. The Parish Council is aware that although some risks can never be eliminated fully, it has in place a strategy that provides a structured, systematic and focused approach to managing risk, which:

1. Identifies and assesses risks — The authority needs to identify, assess, and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences.
2. Addresses risks — Having identified, assessed, and recorded the risks, the authority needs to address them by ensuring that appropriate measures are in place to mitigate and manage risk. This might include further internal controls or extended use of external insurance.

¹ JPAG -Joint Panel on Accountability and Governance 'Practitioners Guide' 2022



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Insurance must be used to ensure that where risk cannot be mitigated adequately through internal controls and management, cover is in place to assure financial and reputation damage or loss to the council is mitigated. Each year the council must review its insurance policy schedule and make sure adequate cover amounts are in place for each of the liabilities which may present to the council. A list of those covers needed and their current cover amounts are below.

Topic	Risk Identified	Risk Level H/M/L	Management of Risk	Staff action
INSURANCE				
Cost	Price of insurance being too big of an expense	L	Review annually and change provider if necessary. Ensure cover is reflected in cost.	Continue to review annually
Adequacy	Insurance in place not being adequate	M	Annual review taken prior to renewal. Risk assessment to insurable items take near the time of renewal.	Continue to review annually
Public Liability (statutory)	Statutory Requirement	L	Continue existing cover (£10m)	Continue to review annually
Employers Liability (statutory)	Statutory Requirement	L	Continue existing cover (£10m)	Continue to review annually
Fidelity Guarantee	Statutory Requirement	L	Continue existing cover (£100K)	Continue to review annually
Loss of revenue	Not covered	M	Contingency held for 3 months revenue.	Review Quarterly budget and review insurance policy if contingency is not held.
Officials Indemnity	Statutory Requirement	L	Covered under public liability above	Continue to review annually
Libel & Slander	Statutory Requirement	L	Continue with existing cover (£250K)	Continue to review annually



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FINANCIAL				
Precept	Not submitted	L	Full Minute – Clerk (RFO) follow up	Clerk to ensure follow up by March
	Not paid by DC	L	Confirm receipt, Minute Receipt in Financial Report	Clerk chase if not paid by Oct
	Adequacy of precept	H	Half yearly review of budget to actual using accounting software	Clerk to present to council in June
Cash	Cash handling	L	Cash handling is avoided, but where necessary – appropriate Controls are in place	Annual review of documented controls
	Cash banking	L	Segregate duties. Check to bank statements. Regular bank reconciliations	Member to verify reconciliations taking place
Business continuity	Council not being able to operate due to an unexpected or tragic circumstance	L	All file and records are secure in cabinet or within the clerks' home office. In the event that the clerk be indisposed the Chairman has access to the cabinet and the address of the clerk with a list of necessary documentation for operations to proceed. Membership to HAPTC in place for council to gain advice.	Adequate measures in place.
Grants	Claims procedure	M	Clerk/RFO check as required, follow grants policy	As required, Review grants policy 3 yearly
	Receipt of grant when due	M	Clerk/RFO check as required	Clerk to follow up as required
Contracts	Legal requirements not being met.	L	follow the Procurement Policy adopted on 14/12/16. Approve the practice of seeking tenders for Greens maintenance every three years.	Continue to review and update procurement policy as per external guidelines when necessary
Investment Income	Receipt when due	L	Clerk/RFO check as required	Clerk to follow up as required



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	Surplus funds	L	Review levels and investment policy	When required
Reserves	Too many reserves or not enough	L	Provide quarterly budget report to review.	RFO to follow up if any inadequacy before next budget set.

Topic	Risk Identified	Risk Level H/M/L	Management of Risk	Staff action
Salaries	Wrong salary/hours/rate paid	M	Use payroll services, check hours and rate to contract	Member to verify
	Wrong deductions – NI and Income tax	M	Check with payroll company	Member to verify
	Pension contributions, scheme compliance, employment obligations not known to members or staff	M	Comply with pensions act, clerk to arrange pensions and ensure training where required. Clerk to return annually or when appropriate, clerk to confirm auto-enrolment when required (every 3 years)	Employment committee training, clerk training
Direct Costs and overhead Expenses	Goods not supplied to Council	M	Follow up on all orders, clerk to chase	Approval check by banking authorisers
	Invoice incorrectly calculated or recorded	L	Check arithmetic on invoices and perform bank reconciliations on monthly basis	Member to verify
	Cheque payable is excessive or to wrong party	M	Signatory initials Stub & Voucher	Approval check
Grants & support	No power to pay or no evidence of agreement of Council to pay	M	Minute council agreement with the power used to authorize payment, follow grants policy guidance	Member verify



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	Conditions agreed	L	Agree and document any reasonable conditions	RFO check
Election Costs	Invoice at agreed rate	L	RFO check and budget, earmark election costly annual	RFO verify
VAT	VAT analysis	M	All items in cash book lists	RFO verify
	Charged on sales	M	N/A currently	RFO Verify
	Charged on purchases	L	Consider all items per cash book lists	RFO verify
	Claimed within time limits	M	Agree returns submitted	RFO verify

Topic	Risk Identified	Risk Level H/M/L	Management of Risk	Staff action
Reserves – General	Adequacy	L	Consider at Budget setting	RFO opinion, yearly plan
Reserves – Earmarked	Adequacy	L	Consider at Budget and review of final accounts	RFO opinion, yearly plan
	Unidentified Earmarked or Contingent liability	L	Review minutes, minute any changes	RFO/member view
Assets	Loss, Damage etc	M	Annual inspection, update insurance and asset registers	Clerk to renew insurance
	Risk or damage to third party property or individuals	M	Review adequacy of Public Liability Insurance	Clerk to renew insurance
Best value accountability	Work awarded incorrectly	L	3 contracts are obtained for all substantial work as per internal controls and financial regs	Adequate measures in place.



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Reconciliation	Incorrect accounting	M	Continue with bank reconciliation to be carried out on the receipt of each statement.	Continue to follow internal controls and financial regs.
Payment Arrangements	Payments missed incurring fines	L	Ensure adequate authorisers to payments and ensure payments list are produced monthly to council	Continue to follow internal controls and financial regs.
PEOPLE				
Staff	Loss of key personnel (Clerk)	L	Hours, health, stress, training, long term sick, early departure, use SLCC/HAPTC for guidance or interim Clerk	Employment committee view
	Fraud by staff	L	Fidelity Guarantee value appropriately set	Council to review annually
Members	Loss of all council members	L	Communicate with monitoring officer at EHDC for guidance.	Clerk to enforce proceedings
Third Party	Consequential loss due to critical damage to third-party.	L	Review adequacy of Insurance cover, public Liability cover.	Clerk to renew annually
Trespassers	Trespassers on Village greens	L	Bollards or dirt in place to obstruct where appropriate. Maintain smaller areas. Maintain legal reserve for legal fees.	Clerk to ensure Greens risk assessments are carried out annually by members by Sept
ASSETS OR BUILDINGS				
Maintenance	Reduced value of assets or amenities	M	Annual maintenance inspection by members and reported to clerk. Check and review insurance.	Clerk to check and chase these are done by Sept




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Village Greens	Greens not being used for purpose causing damage to areas.	M	Installation of bollards, parking signs on greens, Village Green protection rules posted on notice boards. Risk assessments reviewed annually. East End Green 6 Monthly	Clerk to manage occasions when required, following consultation with council
Play area	Play area damaged or unusable	M	Annual RoSPA to be carried out by EHDC, member to check playground quarterly, risk assessment to be carried out by council 6 monthly	Clerk to chase RoSPA in June, chase member for inspections. Training where necessary.
Pond	Danger to persons, habitat, wildlife	M	Ensure pond edge is visible and wildlife can access the water.	Continue to maintain edge where necessary. Risk assessment at time of Village greens assessment.
Fly Tipping	Injury to people or wildlife	M	Report to county council and encourage residents to do the same	Adequate measures in place.
Meeting Location	Hall not being available. Adequate health and safety	L	Council gives the school office the calendar year of meeting dates to ensure that meetings are scheduled in. meeting dates unavailable to the school are arranged for a different location within the parish. Hall provides relevant policy for health and safety to all hirers. Housekeeping given at the beginning of meetings as per instruction of the headteacher to the clerk.	Adequate measure in place
DATA				
Council Records	Loss through theft, fire, damage or non-compliance with statutory duty.	L	Records are stored up to 10 years in parish council storage. Older records are held at the county record office. Statue papers are scanned and stored on electronic storage drive.	Adequate measures in place. Continue to keep adequate, complete and statutory financial records and accounts
Financial Records	Inadequate records	L	RFO/clerk check regularly + internal audit review	Annually
Financial Auditing	Non-compliance with internal audit	L	Appoint internal auditor through HAPTC and continue practice of regular internal audit checks.	Adequate measures in place.



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	requirements.			
Minutes/Agendas	Accurate and legal	L	Review at following meeting	Annual meeting annually
Members interests	Conflict of interest	M	Declarations of interest to be documented, minute any conflict addressed as appropriate.	Annually or when appropriate
GDPR	Data being held inadequately	M	Secure all personal data in accordance with data protection policy, ensure staff/member training.	Clerk to manage personal data on secure drive.
	Policy Provisions	M	Data protection policy in place and followed, Clerk to attend any relevant training and to offer training to councillors.	Continue to offer training and attend training where necessary. Continue to follow policy guidelines
Legal Powers	Illegal activity or payment	H	Educate Council as to their legal powers	Clerk to set up New Councillor Training with HAPTC
Freedom of information	Policy provision	L	The council has a model policy in place and will reference when necessary. A list of FOI requests is recorded.	Continue to record FOI requests and seek legal advice if needed. Continue to follow FOI act. Review FOI policy when necessary.
Payroll	Loss of data on PC due to system fault.	L	Payroll provider in place holds information.	Continue to use Payroll provider

Key  High Risk-Council to assure training, insurance, and procedure in place immediately to mitigate risk.

 Medium Risk- Council to observed risk continually and review or assess accordingly.

 Low Risk- Council to review annually or when relevant.

Note: Risk assessment must be reviewed and adopted by council annually during the financial year and before 31 March.



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System of Internal Control

The following statement sets out the system of internal control maintained by Hertingfordbury Parish Council.

1. The Council has adopted comprehensive Financial Regulations which set out detailed procedures and controls for the conduct of its financial affairs.
2. A detailed budget for the financial year starting on the following 1 April is adopted at each January/February meeting of the Council prior to the setting of the precept for the year ahead.
3. At each Council meeting, reports of all transactions undertaken since the last meeting are presented and reviewed.
4. All receipts and payments are made by cheque, direct debit or bank transfer and the Council does not hold any funds in cash.
5. All bank transactions are considered and approved at full council meetings. Clerk/RFO uploads onto online banking. Two members authorise payment upon email request to do so. Cheques are presented and signed by two members upon approval at full council meetings.
6. The Council's chequebooks are always (except for the period of the internal audit) kept and maintained by the Responsible Financial Officer.
7. Cheque counterfoils and invoices are initialled by those two councillors signing the cheques.
8. Bank statements are reconciled with the cashbook monthly.
9. An internal auditor is appointed to provide an independent and objective opinion on risk management, controls and governance annually.
10. The effectiveness of the internal audit process for the internal auditor are reviewed by the Council annually. The internal auditor is appointed for the next financial year at the annual parish council meeting.
11. A register of assets and comprehensive risk management schedule are maintained and reviewed annually before the next financial year.
12. Compliance with PAYE regulations is assured by outsourcing payroll processing to an independent agent registered with HMRC.

This statement shall be reviewed by the Council annually in accordance with The Accounts and Audit (Amendment) (England) Regulations 2022. Approved by the Council at its meeting on 8th March 2023.