



OGMORE VALLEY COMMUNITY COUNCIL / CYNGOR CYMUNED OGMORE VALLEY

Financial Risk Assessment

Introduction

A financial risk assessment is a systematic general examination of working conditions, workplace activities and factors that will enable the Community Council to identify any and all potential financial risks inherent in its practices. Based on a recorded assessment the Community Council should then take all practical and necessary steps to reduce or eliminate the risks, insofar as is practically possible and ensure that all employees and councillors are made aware of the result of the financial risk assessment. This document has been produced to enable the Community Council to assess the financial risks that it faces and satisfy itself that it has taken adequate steps to minimise them. In conducting this exercise, the following plan was adhered to:

1. Identify the areas to be reviewed.
2. Identify what the risk may be.
3. Evaluate the management and control of the risk and record all findings.
4. Review, assess and revise as required or annually.

Area	Risk(s) Identified	Risk Level	Management of Risk	Review/Revise/ Assess
Precept	<ul style="list-style-type: none"> • Adequacy of precept • Not submitted • Not paid by Bridgend County Borough Council 	Low	<ul style="list-style-type: none"> • The Community Council will regularly receive budget updates, review its budget and project income and expenditure for the 	Existing procedures adequate.

			<p>following year, the net total of which is resolved to be the precept amount.</p> <ul style="list-style-type: none"> • This figure is submitted by the Clerk in writing following the agreement of the precept at full council. • The Clerk/RFO informs the Community Council should the monies not be received by the due date. 	
Charges – Allotments and community buildings.	N/A	N/A	N/A	Should the Council take over the management of Blackmill Youth and Community Centre or the running of other community assets, this section will be reviewed.
Grants - receivable	<ul style="list-style-type: none"> • Inadequate funding • Not paid on time • Underspend 		<ul style="list-style-type: none"> • All grant funding applied for 	

		Low	<p>should be fully costed and approved by Community Council</p> <ul style="list-style-type: none">• Clerk shall communicate with funder and provide accurate information relating to timescales, grant acceptance and banking details• If grant is not adequate to cover the entirety of a project then this shall be brought to council to consider match funding the shortfall of project before accepting.• Bank statements to be checked for correct and timely payment of grant funding.	
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			<ul style="list-style-type: none"> If there is underspend on a project, the Clerk will communicate this to the funder and the RFO will arrange for repayment of underspend. 	
Bank and banking	<ul style="list-style-type: none"> Inadequate cheques Bank mistakes Charges Loss of funds Cashflow Loss of internet access passwords and keys 	Low	<ul style="list-style-type: none"> The Community Council has Financial Regulations which set out the requirements for banking, cheques and reconciliation of accounts. All payments are approved at meetings. Cheques require 2 signatures. Electronic payment require approval after being set up online. There are 3 	<p>Financial Regulations were updated and adopted on</p> <p>Councillors were added to the bank signatory list following review after the election based on availability.</p> <p>Monthly banks statements will continue to be monitored.</p>

			<p>nominated Councillors as signatories (any two to sign).</p> <ul style="list-style-type: none">• The bank does make occasional errors in processing cheques which are discovered when the RFO reconciles the bank accounts once a month, and corrected immediately by informing the bank.• Cash flow is monitored by the RFO monthly, when completing the reconciliations and money is transferred between accounts as necessary with approval of the council.• Bank statements are monitored	
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			<p>to ensure that payments have been correctly made.</p> <ul style="list-style-type: none"> • Only Clerk, RFO and signatories are to have internet banking keys and passwords. Copies of these are to be kept securely at the fire proof lockable cabinet in Blackmill Youth and Community Centre. 	
Staff, salaries and associated costs	<ul style="list-style-type: none"> • Wrong salary paid • Wrong hours paid • Wrong deductions of NI or Tax • Unpaid or overpaid Tax and NI to Inland Revenue • Wrong Pension paid 	Low	<ul style="list-style-type: none"> • The Community Council authorises the appointment of all employees through the Personnel Committee. Salary rates are assessed annually by this committee and applied from 1st 	<p>Payment system is adequate.</p> <p>Personnel Committee to review salaries annually.</p> <p>Personnel Committee to provide employment contracts.</p>

			<p>April each year.</p> <ul style="list-style-type: none"> • Staff overtime is authorised by the Clerk. Clerk's overtime is authorised by the Personnel Committee. Salary slips are produced together with an Employer's Summary and Inland Revenue NI/Tax due. • Payroll will be outsourced to minimise risks of staff salary fraud. Payroll will be conducted by Rob Cole • Staff will have a contract of employment and a job description. 	
Employer's Annual Return	<ul style="list-style-type: none"> • Submit within time limits 	Low	<ul style="list-style-type: none"> • Appointed payroll to complete the Employer's Annual Return and 	Existing procedure adequate.

			submit to HMRC within the prescribed time frame.	
Grants - payable	<ul style="list-style-type: none"> • Authorisation of the Community Council 	Low	<ul style="list-style-type: none"> • All such expenditure to go through the full Council subject to approval and minuted. 	Existing procedure adequate.
Costs/ expenditure	<ul style="list-style-type: none"> • Goods not supplied • Invoice incorrectly calculated • Cheque payable is excessive/inadequate • Cheque payable to the wrong party 	Medium	<ul style="list-style-type: none"> • Clerk/RFO to operate an order system and produces invoices for approval. • RFO checks arithmetic and prepares cheque/approval. • Councillors check invoice to prepared cheque/electronic payment and verify details – signatory initials on stub/approve payment 	Existing procedure adequate
Councillors' expenses and	<ul style="list-style-type: none"> • A councillor is over or under paid 	Low	<ul style="list-style-type: none"> • Claims are approved by the Council in advance • Claim form is checked 	Existing procedure adequate

allowances			and verified by RFO and Chair	
Election Costs	<ul style="list-style-type: none"> • Risk of cost from an election • Invoice at agreed rate 	Low	<ul style="list-style-type: none"> • When an election is due the Clerk will obtain an estimate of costs from Bridgend County Borough Council for a full election and an uncontested election. There are no measures which can be adopted to minimise the risk of having a contested election as this is a democratic process and should not be stifled. • Clerk/RFO will check and verify the estimate of costs, and consider the budget. 	Existing procedure adequate
VAT	<ul style="list-style-type: none"> • VAT analysis • Charged on sales • Claimed within time limits 	Low	<ul style="list-style-type: none"> • All items are listed in the cashbook 	Needs to be reviewed.

			<p>and verified by the RFO.</p> <ul style="list-style-type: none"> Returns are verified and submitted annually by RFO. 	
Best value accountability	<ul style="list-style-type: none"> Work awarded incorrectly Overspend on services 	Low	<ul style="list-style-type: none"> The council has Financial Regulations which set out the requirements. Normal Community Council practice is to seek alternative quotations for goods or work to be undertaken. If a problem is encountered with a contract the Clerk should investigate the situation and report to the Council. 	Existing procedure adequate.
Reporting and Auditing	<ul style="list-style-type: none"> Information Communication Compliance 	Medium	<ul style="list-style-type: none"> A monitoring statement is produced monthly at each Council meeting which is distributed 	<p>Existing procedure adequate.</p> <p>Internal audit annually.</p>

			<p>and approved. This statement will include budget update, bank reconciliation and a breakdown of receipts and payments made.</p> <ul style="list-style-type: none"> • Council will regularly internally audit. The report will be presented at the Finance Committee and Full Council and statement completed ready for external audit. 	
Reserves – General and Restricted	<ul style="list-style-type: none"> • Adequacy 	Low	<ul style="list-style-type: none"> • Considered at budget setting and with year end accounts. • General reserves maintained at a level of approximately 15% of precept 	

Assets	<ul style="list-style-type: none"> • Loss, damage etc • Risk of damage to third party property or individuals. 	Medium	<ul style="list-style-type: none"> • Annual inspections, update insurance and asset registers • Annual review of Public Liability Insurance and adequacy of indemnity limit. 	
Insurance	<ul style="list-style-type: none"> • Adequacy • Cost • Compliance 	Low	<ul style="list-style-type: none"> • An annual review is undertaken (before policy renewal) of all insurance arrangements. • Employers and Public liability insurance is a necessity • Ensure insurance is encompassing before bought to reduce the risk of lack of compliance. 	Annual Review
Maintenance	<ul style="list-style-type: none"> • Condition of Council owned properties or amenities. 	Medium	<ul style="list-style-type: none"> • Annual maintenance inspections are made of assets. 	Existing procedures are adequate

Employee s	<ul style="list-style-type: none"> • Loss of key personnel • Fraud by staff 	Medium	<ul style="list-style-type: none"> • Staff should have the opportunity for training, reference books, access to assistance and legal advice required to undertake the role. • Financial regulations are adhered to and monthly statements including budget review, payments approval and bank reconciliation are presented to full council. • Payroll is operated by an external agency. 	Existing procedures are adequate Fidelity Guarantee Insurance.
Borrowing / Lending	N/A	N/A	N/A	To be reviewed if the council decides to pursue either avenue in the future.
Legal Powers	<ul style="list-style-type: none"> • Illegal activity or payments 	Low	<ul style="list-style-type: none"> • All activity and payments within the powers of 	

			the Community Council to be approved at full council meetings.	
Financial Records	<ul style="list-style-type: none"> • Inadequate records • Financial irregularities • Loss or records 	Medium	<ul style="list-style-type: none"> • The Council has financial regulations which set out all financial requirements. • The RFO updated records weekly/monthly (as appropriate). • Audit 	
Minutes/Agendas/Notices	<ul style="list-style-type: none"> • Accuracy and legality • Business conduct 	Low	<ul style="list-style-type: none"> • Minutes and agendas are produced by the Clerk and will adhere to the legal requirements. • Minutes are approved and signed at the next council meeting. • Minutes and agendas are displayed according to the legal 	

			<p>requirements.</p> <ul style="list-style-type: none"> • Business conducted at Council meetings should be managed by the Chair. 	
Councillors' Interests	<ul style="list-style-type: none"> • Conflict of Interest • Register of Interests not being up-to-date. 	Low	<ul style="list-style-type: none"> • The declaring of interests by Councillors at a meeting is a regular and identifiable process. • Register of Councillors' interest forms should be reviewed regularly. 	Declaration of interests are completed annually.
Freedom of Information Act	<ul style="list-style-type: none"> • Request for substantial amount of information. 	Low	<ul style="list-style-type: none"> • 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. 	Monitor and report any requests made under the Freedom of Information Act – ongoing.

Council records - paper	<ul style="list-style-type: none"> Loss through theft/fire/damage 	Low	<ul style="list-style-type: none"> The Community Council stores its records at Blackmill Youth and Community Centre in a fire proof cabinet. Records include personnel, insurance, salaries, contracts, minutes etc. More historical records will be sent off-site to Glamorgan Archives for more secure storage. 	
Council Records - electronic	<ul style="list-style-type: none"> Loss through theft/fire/damage/c computer corruption. 	Low	<ul style="list-style-type: none"> The Community Council's electronic records are stored on the Clerk and RFO's computers. Back-up of the files are taken at regular intervals and can be found attached to emails. 	

Reviewed on 9 February 2021 by Finance Committee

Adopted on 26 February 2021 by Ogmore Valley Community Council

Reviewed: Annually.