

BARWICK in ELMET and SCHOLES PARISH COUNCIL

FINANCIAL RISK ASSESSMENT

1 INTRODUCTION

1.1 **Parish** Councillors and Officers are responsible for putting in place proper arrangements for the stewardship of the resources at their disposal and are accountable for ensuring that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Clerk is the Responsible Financial Officer (RFO) and shall be responsible for the proper administration of the Council's financial affairs and for production of financial management information

1.2 These arrangements include:

- maintaining an adequate system of in-house control designed to prevent and detect fraud
- ensuring that no improper payments will be made
- correct management of funds
- Employers Liability insurance covering the sole employee (the Clerk)
- Public Liability insurance cover of £10 million under the PC's own insurance policy

2 SUMMARY OF ACCOUNTING SYSTEMS

2.1 Payments

2.1.1 Only items of expenditure approved by the Council and properly minuted are authorised.

2.1.2 Goods and services may only be ordered after the expenditure is authorised.

2.1.3 Delivery of goods & services is checked by the recipient against the order.

2.1.4 Invoices received from suppliers are checked by the RFO against the delivery and order before authorisation for payment.

- 2.1.5 A cheque list is prepared by the RFO and approved by the Council prior to the signing of the cheques.
- 2.1.6 All cheques require two signatures from those authorised to sign who also initial the invoices and cheque stubs.
- 2.1.7 Direct debit payments are operative for water & telephone accounts which are approved via monthly statements.

2.2 Receipts

- 2.2.1 The RFO is responsible for sending statements of amounts due to the Council to allotment holders, sports clubs and other debtors to the Council.
- 2.2.2 All receipts other than the Parish Precept, VAT refund and bank interest which is automatically credited to the bank account, are paid into the bank account by the RFO and reported to the following Council meeting. Unpaid debts are reported to the Council for further action.

3 RECORDING AND MONITORING

- 3.1 Income and expenditure is kept on excel spreadsheets by the RFO and a cash book summary presented to the Council at each meeting, together with a balanced bank reconciliation.
- 3.2 Annual accounts are prepared by the RFO and presented to the Council for approval. All areas of Council activity are subject to in house as well as both internal and external audit on a regular basis.
- 3.3 Income and expenditure is monitored and checked to the annual budget via the budget monitor on a monthly basis which is prepared by the RFO and approved by the Council.

4 ASSESSMENT OF RISKS

4.1 Fraud

This is considered to be a low risk area, despite the fact that the day-to-day control of the Council's finances rests with relatively few people. The regular monitoring and reconciliation of the accounts should result in the early detection and therefore minimisation of any fraudulent action.

4.2 **Improper Payments**

This is considered a low risk area; as such payments would require collusion between all Councillors, the RFO and probably the internal auditor.

4.3 **Failure to Manage Funds**

This is considered to be a low risk area, because both income and expenditure are monitored on a monthly basis and compared to budgets. Also, the monthly reconciliation of balances ensures that any discrepancies are brought to light without delay.

5 SUMMARY

5.1 Fidelity insurance is carried by the Council to cover any loss caused by fraudulent actions of employees.

5.2 This document summarises the financial aspects of risk assessment connected with the activities of BARWICK in ELMET and SCHOLES PARISH COUNCIL and the actions taken to address and manage those risks.

5.3 This document was reviewed in:

May 2021 (no changes)
December 2019
June 2015
January 2014
June 2011
July 2009

Note : The in-house auditor carries out a six monthly examination of the financial records and reports accordingly to the Council.