

# ASHINGTON TOWN COUNCIL

## FINANCIAL AND MANAGEMENT RISK ASSESSMENT

This risk assessment systematically examines the Town Council’s working practices, enabling the Council to identify all potential risks inherent in its financial and management systems. Based upon a completed assessment, the Council can take the practical and necessary steps specified to control, reduce, or eliminate the risks. The risk assessment enables the Town Council to assess the risks that it faces and satisfy itself that it has taken all reasonable steps to minimise them. The risk assessment specifies the controls in place and identifies further controls required.

The risk rating balances the likelihood of a given risk with impact of the risk in question and results in an overall risk rating. RED (not acceptable), AMBER (acceptable/action required), GREEN (acceptable/no action required)

This Risk Assessment is produced in accordance with the requirements of Regulation 4 of the Audit and Accounts Regulations 2003, as amended by the 2006 Regulations. It is a working document that is continually reviewed and updated.

Received at the Full Council Meeting on, 27<sup>th</sup> September 2022 (scheduled reviews: January, May, and September 2023)

		Likelihood			
		1 Unlikely	2 Possible	3 Probable	4 Highly Probable
Impact	1 Minor				
	2 Moderate				
	3 Serious				
	4 Major				



FINANCIAL	Impact	Likelihood	Risk Rating	Controls in Place	Additional Controls Required (or for consideration)
Delay in paying approved invoices due to cheques being the method of payment	2	3	6	<p>Currently five Cllrs with signing authority, by virtue of position.</p> <p>Cheques are written for local suppliers at the earliest opportunity.</p> <p><b>Bacs payments are now in place</b></p>	Progress online access to banking, and for those Cllr signatories who are comfortable with on-line banking. ✓
Precept Demand Inadequate due to error or reluctance to increase	4	1	4	<p>Prior to the January budget meeting of the full council the Clerk/RFO will have carried out the following:</p> <ul style="list-style-type: none"> <li>- identified all committed spending expected for the remainder of the year</li> <li>- identified any income expected or accounts unpaid</li> <li>- estimated any income for the remainder of the year</li> <li>- checked all committed spending to ensure nothing is missing</li> </ul> <p>Using the balances available at the start of the year, minus spending + income, the Clerk/RFO can forecast year end balances/reserves.</p> <p>The Council agrees the budget and the required precept based on the forthcoming plans of the Council.</p> <p>Budget and expenditure are monitored monthly.</p> <p>General Reserves and Contingency held at 25% general expenditure.</p> <p>Asset Reserve fund being built up to fund replacement of asset in the future.</p>	<p>Town Council to develop aims and objectives through community engagement and preparation of a business/action plan.</p> <p>By having short/medium/long term planning in place, it will allow longer term budget planning.</p>
Council overspend	2	1	2	Areas of spending are closely monitored by the Clerk/RFO and reported to the full council monthly.	

				<p>Financial Regulations do not allow spending that is not budgeted for, and spending is limited within these regulations and agreed by a meeting of the Council.</p> <p>The Clerk/RFO ensures that all committed spending is input into the budget, as far as possible, prior to setting the budget in January.</p> <p>General Reserves and Contingency held at 25% general expenditure.</p>	
Incomplete or inaccurate financial records	1	1	1	<p>The Clerk/RFO has a system set up on excel that contains a cashbook and summary of budget spending.</p> <p>The Council complies with Governance and Accountability for Smaller Authorities in England and has published Financial Regulations.</p>	<p>Two Cllrs to carry out a review of internal controls, as required by audit, at the year end.</p> <p>The internal auditor could carry out an interim review of records, prior to the year end.</p>
Breach of Financial Regulations	2	1	2	<p>Members and officers are required to comply with Financial Regulations.</p> <p>All spending levels have an element of control with the Financial Regulations.</p>	<p>Compliance checks could be carried out by cheque signatories.</p> <p>Cheque signatories updated/renewed</p>
Damage/loss/theft of Town Council assets	2	2	4	<p>All assets are listed in a comprehensive asset register and are insured.</p> <p>The Council employs a Neighbourhood Services Officer who can make immediate repairs on many assets, when this is not possible trusted local contractors are used.</p> <p>Clerk is seeking legal agreement for assets for which responsibility has been transferred from NCC to ATC, i.e. play areas, bus shelters, litter bins and seats.</p>	<p>Develop an Assets Inspection Policy, inspection regime and Risk Assessment template for assets.</p>
Grant Funding usage	2	2	4	<p>All Grant Aid applications detail why Grant Aid is being requested and include the group constitution.</p>	<p>Update the Grant Aid Policy and Funding process.√</p>

				<p>Reports are brought to Council for resolved decisions.</p> <p>Cllr representatives have a close working relationship with many community groups. Checks increase with new applications.</p> <p>Grant Aid Policy has been amended and more controls are in place with regards to policies. Large recipients will present quarterly reports and be paid in quarterly instalments.</p>	<p>Where funding exceeds £1000, ATC should ask for evidence of spending, and request regular reports to Council. ✓</p>
Incorrect VAT claim/Non-compliance	1	1	1	<p>VAT is reclaimed using the cashbook which is reconciled every month against the bank statement. VAT is checked by the internal auditor at year end.</p> <p>Clerk has completed VAT training for Town Councils.</p>	<p>Interim internal audit.</p> <p>Allotment Associations reminded that when costs will be met by the Council, the order must be placed by the Council so VAT can be recovered.</p>
Insurance inadequate	2	2	4	<p>The assets register is reviewed annually as part of the AGAR, and when cashbook purchases are added.</p>	<p>Develop an Assets Inspection Policy, inspection regime and Risk Assessment template for assets.</p> <p>Check the insurable value of assets.</p>
Banking errors	1	2	2	<p>The Council has Financial Regulations setting out the requirements for banking, cheques, and the reconciliation of accounts.</p> <p>Payments go through a 3-stage process, RFO/Cllr 1/ Cllr 2 and all payments are currently by cheque.</p> <p>Any errors in processing payments are discovered when the bank accounts are reconciled every month. These are dealt with immediately.</p>	<p>Move to bacs payments to improve the speed at which payments are received and can be reconciled in banking.</p>
Debtors	1	1	1	<p>The Council has few debtors. Invoices are raised and expected to be paid within 30 days. When invoices are not</p>	

				paid on time a further two letters are issued by recorded delivery. Where invoices remain unpaid following reminders, future opportunities are withdrawn.	
Inadequate reserves and safeguarding reserves for intended purposes	3	2	6	<p>Funds are transferred to support capital works, and additions to the fund are approved as part of the budget process at the start of the financial year. There is a separate annual resolution approving the Asset Reserve Fund that makes clear that the Fund is reserved for the funding of approved capital works only.</p> <p>A General Reserve Fund and Earmarked Reserve Fund have been established. Capital projects that are being saved for to be restricted as such in the earmarked reserves and with an unrestricted contingency fund.</p> <p>Proposal for the use of any fund is subject to a resolution by the Full Council, as per standing orders.</p>	<p>Develop Asset Management Plan to include life-span analysis and incorporate renewal/improvement of TC assets. Ensure allocation of reserves in an earmarked budget for this purpose.</p> <p>This should include an allocation of funding each budget year.</p>
Excessive underspend at the year end	1	2	2	<p>Planning and prioritising operational plans will maximise spending plans being realised.</p> <p>The Clerk/RFO has included a full half-year review on September FGS Committee with recommendations for budget movement.</p>	<p>Budget reviews are carried out throughout the year and where it is unlikely that funding allocated will be spent, the Council is asked to consider alternative spending plans.</p>
Unknown budget costs due to taking on assets without due diligence	4	2	8	<p>The council should consider working with experienced partners but must protect their own interests.</p> <p>The Clerk has completed training on asset transfers.</p> <p>Where asset transfers are expected, a separate Risk Assessment is carried out by the Clerk/RFO.</p>	<p>The Clerk seeks professionally indemnified reports on the condition of any assets expected to be transferred, including repairs carried out, in advance of the Council taking a decision.</p> <p>The insurance arrangements for any asset transfer are</p>

					<p>sought directly from the Council's insurer.</p> <p>Ongoing costs are sought in advance of liability transferring.</p> <p>A legal agreement must exist to establish responsibility for an asset</p> <p>All decisions are taken in the public domain and subject to the usual financial regulations of the council.</p> <p>The Clerk advises the Council to pay for professional advice whenever necessary, ensuring professional indemnity guarantees.</p> <p>Engage in community consultation prior to taking on assets for which there will be on-going costs and commitments.</p>
<b>GOVERNANCE</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Risk Rating</b>	<b>Controls in Place</b>	<b>Additional Controls Required (or for consideration)</b>
Breach of standing orders	2	2	4	Standing Orders are adopted each year and Cllrs are issued with a copy.	New Cllrs to receive an induction.

				<p>Where it is thought that Standing Orders have been breached, external written advice is sought and presented. If the breach is proven, any decisions would be revisited.</p> <p>Clerk is CiLCA qualified.</p>	
Members fail to behave in accordance with Code of Conduct	2	2	4	<p>The Code of Conduct is adopted by the council at the Annual Meeting each year, members are provided with a copy.</p> <p>Cllrs can attend training for Councillors on Code of Conduct and Behaviour in Public Office.</p> <p>All Cllrs sign a declaration of acceptance of office, which includes the Code of Conduct.</p> <p>Cllrs and members of the public are advised that Code of Conduct Complaints should be made to the Monitoring Officer. As a result, sanctions for failure to comply are out of the Council's control.</p> <p>Council has adopted a social media policy.</p>	New Cllrs to receive an induction.
Agenda not issued/published correctly	2	1	2	<p>Agendas for all Town Council full and committee meetings are published on the Town Council website and issued to members three clear days in advance.</p> <p>Agendas are agreed with the chair prior to publication.</p> <p>All meetings of the Council are held in accordance with the law, and proper practice.</p>	<del>Working group meetings are meetings of the Council and are required to be held in accordance with the law, unless officers are members.</del>
Conflict of interest not declared or dealt with appropriately	1	1	1	<p>All members complete a declaration of interests form at the outset of the political term.</p> <p>'Declarations of interest' is the second item on every agenda which acts as a reminder.</p> <p>DOI is reviewed at the Annual Meeting each year</p>	

Council meeting not quorate or not minuted properly	2	1	2	Attendance recorded as part of minute taking to evidence quorum. Where quorum is not achieved, Clerk would declare the meeting could not take place.  Minutes are published on TC website as required.	
'Best value' principles and accountability	2	2	4	Specifications for works or supply of goods is drawn up by the Clerk or Assets and Facilities Manager.  Model Financial Regulations have been adopted.	
<b>STAFFING</b>					
	<b>Impact</b>	<b>Likelihood</b>	<b>Risk Rating</b>	<b>Controls in Place</b>	<b>Additional Controls Required (or for consideration)</b>
Incorrect grades for staff	3	1	3	Job descriptions are drawn up in consultation with staff and evaluated using the NALC/SLCC guidelines.  Staff have an annual appraisal where concerns regarding grading can be brought.	Benchmark with other 'like' Councils.  Short/medium/long term planning would allow strategic staffing response and review of roles.
Inadequate training	3	2	6	Members are responsible for their own development and are sent training opportunities via NALC, NCC and other local training providers.  Clerk is CiLCA qualified and committed to staff having ILCA.	Record Members training and seek training where required.  Little training is available locally, consider collaborative approach with neighbouring Councils.



				<p>Clerk is following a programme of continuing professional development.</p> <p>NALC issue regular updates on legal topic notes.</p>	<p>Staff development plans adopted.</p>
Lone Working	3	2	6	<p>Building is secure, only tenants have access.</p> <p>Lone Worker out on site, ensures personal safety with a risk-assessed approach to working. Mobile phones used.</p> <p>Lone Worker ensures personal safety by contacting home when leaving the building, if at night.</p> <p>Shared Google calendar used by Council staff.</p> <p>Regular communication between Assets and Facilities Mgr and Neighbourhood Services Officer</p>	<p>Investigate additional controls.</p> <p>Personal safety training.</p>
Anxiety and Stress due to the cost-of-living crisis	4	2	8	<p>Salaries, pay, holidays, working hours and benefits are governed and negotiated in accordance with the National Joint Council (NJC), and therefore mostly out of the control of the Council.</p> <p>We continue to ensure that staff are on the appropriate grade, as this is within the Council's control.</p>	<p>Let staff know where they can get free, confidential, and independent money and debt advice from the government's Money and Pensions Service.</p> <p>Normalise conversations about money worries at work; showing concern and empathy can help to break down any stigma.</p>
<b>HEALTH &amp; SAFETY &amp; LEGAL</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Risk Rating</b>	<b>Controls in Place</b>	<b>Additional Controls Required (or for consideration)</b>

Members of the public, staff or Cllrs injured, at ATC office, event or on land owned or leased by the Council	3	2	6	<p>Public and employer's liability insurance in place which covers Cllrs and volunteers at events. All those attending events to show PLI. Risk assessments are carried out for all TC events.</p> <p>Clerk seeking legal agreement for those assets for which responsibility has been transferred to the Council from NCC, i.e. play areas, bus shelters, seats and bins.</p>	<p>All staff and members to be made aware of their health and safety responsibilities.</p> <p>Health &amp; Safety Policy required.</p> <p>Inspection Regime and RA policy, for all assets.</p>
Members of the public, staff or Cllrs suffer loss because of negligent behaviour on the part of the Council	2	2	4	<p>Risk Assessment carried out for all potential activity/decision making or as issues arise.</p> <p>Advice is always sought from suitably qualified professionals, with professional indemnity.</p> <p>Insurance made aware of any potential claim at the earliest opportunity.</p> <p>All decisions are taken at formal meetings, with agenda and minutes.</p>	
Health & Safety, and liability risk due to taking on assets without due diligence	4	2	8	(See identical financial risk above)	
Loss of data	2	2	4	<p>All systems are securely backed up.</p> <p>Due to compliance, a wealth of ATC information is available on-line and therefore is uploaded onto the Town Council website.</p> <p>Signed paper copies of all TC minutes are held on file.</p>	Data & Retention Policy required.√
Excessive Freedom of	1	2	2	In view of the information available on the website, minimal additional information is likely to be requested. Frequent requesters could be referred to website.	<del>Model Publication Code to be adopted.</del>

Information Act (FOIA) Requests				All information required in the Transparency Code is available on the Town Council website. Model Transparency Code Adopted.	Staff Training Required
Breach of data protection	2	1	2	Data Protection Policy adopted.  Passwords for on-line email system changed regularly.  Town Council specific email addresses are available for all Councillors.	<del>Town Council specific email addresses can be provided for all Councillors.</del>  Staff and Member Training Required
Breach of data protection by members of Allotment Associations	3	3	9	Current controls are unknown.	Training Required
Safeguarding issues on allotment sites, recipients of Grant Aid, members of the public in contact or other	3	2	6	Safeguarding Policy in place  Grant Aid recipients to share their own safeguarding policy  All staff and Cllrs to be aware of Safeguarding Procedure	All staff to receive training in safeguarding  All staff and Cllrs to be aware of Safeguarding Procedure  Allotment Sites to be included in Council's Safeguarding procedure.
Claim of statutory nuisance in respect of fires on allotments.	2	3	6	Allotment Bonfire Rules are in place and enforced by Allotment Associations.  Reports of nuisance fires are recorded and investigated.  Management Agreements, Association Tenancy Agreements and Allotment Tenancy Agreements are being developed in consultation with Allotment Associations, this will include rules on bonfires on allotments.	Be clearer about the interpretation of 'nuisance fire'.  Work with allotment associations and neighbours to allotment sites to tighten the rules to reduce the risk of fires being considered a nuisance.

				<p>Assets and Facilities Mgr liaises with NCC Environmental Health Officer, Allotment Associations, and complainants.</p> <p>NCC have the statutory responsibility to investigate complaints of statutory nuisance in the form of smoke.</p>	
<b>REPUTATION</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Risk Rating</b>	<b>Controls in Place</b>	<b>Additional Controls required</b>
Adverse press/social media coverage	3	2	6	<p>Public and press welcome to attend council meetings, all decisions taken in public domain and reported professionally and without bias.</p> <p>Where controversial Council decisions are taken, Clerk to issue PR as a matter of priority.</p> <p>Social Media and Email Policy adopted.</p> <p>Good working relationship with local reporters.</p>	<p>Members to inform Clerk of any negativity on social media so this can be dealt with appropriately.</p> <p>Cllrs encouraged to share official Town Council posts rather than posting individual posts regarding town council decisions.</p>
Lack of community engagement	2	2	4	<p>The Council seeks ways to interact with the community via events, and with public meetings.</p> <p>Town Council office is open to the public.</p> <p>Website is engaging and informative.</p>	<p>Market (Great Big Green Week)</p> <p>Hirst Park event – unveiling Christmas Light Switch-On</p> <p>Fair Day</p>
Adverse relationship with Northumberland County Council	2	2	4	<p>Regular two-way communication with local officers at neighbourhood level and with County Councillors.</p> <p>Issues raised with County Officers via the Town Council Office.</p>	<p>NCC currently reviewing the adoption of Local Charter.</p> <p>NALC reviewing communication between T&amp;P Councils and County Cllrs.</p>