



**Buckingham Town Council**  
**Financial Risk Assessment**

Date Agreed:  
 13/3/19  
 Minute  
 Number: 846.3/16  
 Prepared by:  
 Version: 2.7

Mr. C.P. Wayman

| RISK AREA                                                                                  | RISK IDENTIFIED                                                                                                                      | MITIGATION                                                                                                                                                                                                                             | NOTES |
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| To provide and maintain standards for Town Council services to the residents of Buckingham | The risk of legislative change which will have an impact on the Town Councils powers, duties and funding                             | Town Clerk & staff keep appraised of developments                                                                                                                                                                                      |       |
|                                                                                            | The protection of physical assets owned by the Town Council including buildings and equipment (loss or damage)                       | All physical assets insured<br>All assets checked regularly<br>Management Systems being put in place                                                                                                                                   |       |
|                                                                                            | The risk of damage to third party property or individuals as a consequence of the Town council providing services (public liability) | Public liability Insurance renewed annually                                                                                                                                                                                            |       |
|                                                                                            | Insufficient staff or other resources to deliver the service needs                                                                   | Staff have general awareness of other team member's essential tasks and can provide cover when required.<br>Town Clerk to formally monitor and review staff and work levels. Any concerns regarding this to then be brought to Council |       |
| To provide a safe and fulfilling working environment for staff                             | Employees contravene H & S Regs                                                                                                      | H & S & First Aid training, insurance, Risk Assessments regularly checked and updated                                                                                                                                                  |       |
|                                                                                            | Potential legal proceedings up to corporate manslaughter                                                                             | Employers Liability insurance Employee training and awareness                                                                                                                                                                          |       |

|                                                                                                    | Staff retention issues                                                                                                  | Staff training where appropriate                                                                                                                                                                                                                                     |
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| To maintain financial records that are correct and comply with all recommended accounting practice | Adverse audit reports, legal action and loss of confidence in Town Council<br><br>Loss of income through error or fraud | Clerk keeps up to date with legislative changes, discusses latest requirements with internal and external auditors<br><br>Fidelity Guarantee Insurance<br><br>Town Clerk continually review controls and current procedures                                          |
| To ensure that all actions taken by the Town Council comply with all current Legislation           | Non-compliance with legislation or practice Council being 'Ultra Vires'                                                 | Town Clerk to keep up to date with changes in legislation, seek advice from SLCC, BALC, NALC and others as necessary                                                                                                                                                 |
| Cemetery                                                                                           | Inadequate space to meet demand<br><br>Loss of income                                                                   | Current Negotiations with New College                                                                                                                                                                                                                                |
| Employment Contract                                                                                | Compensation claims from employee for contractual employment defects (including statutory failure)                      | Contract of employment in place<br><br>Matters relating to staff discussed in confidential session and discussed by personnel committee<br><br>Town Clerk to keep up to date with employment law and seek HR advice where appropriate<br><br>Other policies in place |
|                                                                                                    | Compensation claim from employee for contractual employment defects (including statutory failure)                       | Legal insurance in place<br><br>Limit of cover<br>£100,000                                                                                                                                                                                                           |
| Staff                                                                                              | Loss of services of employee                                                                                            | By distributing knowledge and roles ensure, so far as reasonably practical, that loss of any one employee does not cause unrecoverable damage to business                                                                                                            |

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|                             | Loss of key staff trained in financial systems, process or rules                                     | Staffing arrange so that knowledge is distributed between RFO and at least two other staff                                                                                                                                                                                                                                                                                           |
| Financial Control           | Inappropriate expenditure made                                                                       | Payments reported to Finance, Administration and Personnel committee for review and corrective action if necessary                                                                                                                                                                                                                                                                   |
|                             | Financial Regulations become out of date with change in technology, regulation or business           | Council to review financial regulations once a year<br>The RFO and Clerk react to any changes in legislation or other areas in order to ensure the regulations are fully compliant and also provide a strong framework compatible with Council's practices                                                                                                                           |
|                             | Lack of budgetary overview/overspend against budget                                                  | Quarterly review of normal ledger<br>Monthly review of income and expenditure<br>Seven week review by finance, Administration and Personnel Committee                                                                                                                                                                                                                                |
| Financial Systems & Records | Lack of finance to meet unbudgeted, urgent commitments ( with safety or other critical implications) | Contingency included in budget<br>Reserves equivalent to at least three month`s spend available                                                                                                                                                                                                                                                                                      |
|                             | Accounts<br>The RBS Omega accounts system is used which is an accepted accounts package              | A back up is also made to the main server at the end of each day; this is then backed up to a cloud server off site.<br>Hard copies linked to council reports are held on file together with bank reconciliation reports, invoices/receipts/payments and cheques issued<br>All cheques issued from the main account are authorised by Council<br>Documents are retained for 12 years |
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|  | <p>Vat</p> <p>The RBS Omega system incorporates a Vat schedule which is an accepted package which allows differentiation between tax rates etc. which is itemised in a full report relating back to the original item within the accounts</p> | <p>Vat is applied to all mileage payments at the rate applicable at the time as advise by HMR&amp;C</p> <p>Vat returns are lodged on a quarterly basis in line with accepted procedures</p> <p>Procedures have been inspected by HMR&amp;C every three/four years and have been approved</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |
|  | <p>Payroll</p> <p>The Sage payroll system is used which is an accepted payroll package</p>                                                                                                                                                    | <p>The Clerk authorises any overtime, mileage or special duty payments act, on a monthly basis</p> <p>Back-ups are made to the server and cloud server</p> <p>Hard copies linked to pay roll reports are held on file together with payslips, BACs payments and cheques issued to the pension fund and IR</p> <p>The associated Earnie prints which show loading references are maintained on file</p> <p>All BACs payments and cheques to the pension fund &amp; IR are authorised by council on a meeting cycle basis</p> <p>The monthly pay is issued BACs payments which have been established for some time with the bank and special monthly password are required which are held by the DTC</p> <p>Payments can only be issued for the nominated employees, which must be authorised in advance of the payment</p> <p>Documents are retained for 12 years</p> <p>Annual pension and year end payroll returns are issued in a timely manner to the appropriate bodies that inspect the</p> |  |

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| <p>Banking Arrangements &amp; Procedures</p> <p>Banking Security/Access to Finances</p> | <p>The Lloyds Bank is used which offers no Bank charges</p> <p>Accounts</p> <p>Cheques</p> <p>Transfers</p> <p>Bank Reconciliation</p> <p>Separation of Duties</p> <p>Access to the main bank accounts</p> | <p>information &amp; highlight and discrepancies</p> <p>one bank account used daily with RFO &amp; Accounts Assistant</p> <p>Reviewing how much is placed into a higher rate deposit account</p> <p>Each cheque from the main account must be signed by 2 Councillors as detailed on the back mandates (which are amended when required to ensure that sufficient signatories are available at all times)</p> <p>Monies may be transferred between the Councils accounts by letter signed by the Clerk apart from transfers to the higher rate deposit which are done via telephone by Clerk or by authorisation by the Clerk via online banking.</p> <p>All accounts are reconciled using the RBS Omega system within 5 days of receipt of any statement</p> <p>Any discrepancies are immediately reported to the bank for investigation</p> <p>All petty cash accounts which do not have statements are reconciled on a monthly basis by the Accounts Assistant against the cash held and any discrepancies are immediately reported to the Clerk</p> <p>The office has established separation of duties over the last few years to ensure that no one person has access to the bank balances or cash wherever possible</p> <p>As detailed under Banking arrangements &amp; Procedures above, no one person has access to monies held in the main accounts</p> |
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| <p>Cheques</p>                                 | <p>All invoices are checked by the Accounts Assistant in advance of payment and if related to an order, this has passed through the ordering procedure which has numerous stages of authorisation to ensure that fraudulent activities are not taking place (please refer to the Ordering Procedure section)</p>                           |  |
| <p>Access to petty cash accounts</p>           | <p>The Financial Regulations specify maximum balances to ensure that individuals do not have access to large amounts of money</p>                                                                                                                                                                                                          |  |
| <p>Cheques</p>                                 | <p>All payments must be authorised by the RFO before any cheque is issued. The RFO is to sign the invoice to confirm and record that the cheques have been authorised.</p> <p>Only payments or transfers below £250 are normally accepted and are reported to Finance Administration &amp; Personnel Committee</p>                         |  |
| <p>Petty Cash – Cash Payments</p>              | <p>All payments made in cash must be substantiated by an invoice etc. which has been authorised by the Clerk</p> <p>All payments are reported to Finance with a full reconciliation report for sign-off</p>                                                                                                                                |  |
| <p>Hire Charges</p>                            | <p>Council agree the charges</p> <p>The office must abide by these rates and any requests for preferential rates must be made by the hirer to Council for their approval</p> <p>All bookings must be paid for in advance to avoid bad debts other block bookers are invoiced or given the option of paying the sites on a weekly basis</p> |  |
| <p>Hire charges received within the office</p> | <p>All post is logged by an Officer and any payments received are</p>                                                                                                                                                                                                                                                                      |  |

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|  |                                             | <p>itemised &amp; given to the Accounts Assistant for processing</p> <p>All cash received from hirers that visit the office is itemised on the Accounts system</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |
|  | <p>Cash collected from community events</p> | <p>All cash collected at events is collected by appointed staff and volunteers in approved charity buckets which are allocated at the start of the event</p> <p>Any buckets are locked securely in the Town Council office or Chamber and at the end of the event</p> <p>At the office the cash is emptied and counted manually the following working day by at least two members of staff</p>                                                                                                                                                                                                                                                                                                                            |  |
|  | <p>Processing and banking</p>               | <p>When the money is received it is balanced within the office against any receipts/invoices and any discrepancies are followed up</p> <p>When the monies have been balanced, it is input onto the RBS Omega system and all entry references are printed out and retained</p> <p>The hire charges are banked when received</p> <p>The cash element is usually below £500</p> <p>A unique pay in reference is applied to each batch of banking which is loaded onto the RBS Omega system which is then checked against the bank reconciliation</p> <p><b>This is a strict routine that ensures that any booked hire cannot proceed without receiving the payments and guarantees that all monies are accounted for</b></p> |  |

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| Financial Administration | Records non-compliant or inadequate                                                                                    | Internal auditor reviews record keeping annually<br>Advice taken from internal auditor, external auditor, accountant, SLCC + NALC on changes in regulation                                                             |  |
|                          | Expenditure/income coded incorrectly                                                                                   | Town Clerk checks nominal ledger every quarter<br>Items are coded                                                                                                                                                      |  |
|                          | Standing Orders<br>Standing orders are reviewed and approved by Town Council on an annual basis at the AGM             | The Clerk reacts to any changes in legislation, requests from Town Council or other areas in order to ensure the regulations are fully compliant and also provide a strong framework compatible with Council practices |  |
|                          | Non-compliance with statutory deadlines for the completion/approval/submission of accounts and other financial returns | Programme of meetings to meet statutory deadlines                                                                                                                                                                      |  |
|                          | Invoice payment without authority                                                                                      | All payments reviewed against purchase order<br>Town Clerk authorises two councillors sign cheques and finance, Administration and personnel review                                                                    |  |
|                          | Incoming cash and cheque misappropriation                                                                              | Individual receipts to be issued for all cash payments and for cheque payments on request                                                                                                                              |  |
|                          | Theft of funds                                                                                                         | Bank statements reconciled monthly, Fidelity Insurance in place against theft of funds by staff, Councillors and other persons<br>Cash and cheques stored securely and banked within 5 working days of receipt         |  |
|                          | Incorrect entries by bank                                                                                              | Bank statements reconciled monthly                                                                                                                                                                                     |  |
|                          | To avoid fraud and ensure authority of expenditure                                                                     | A comprehensive ordering system was established in 2010                                                                                                                                                                |  |
|                          | Ordering Procedure                                                                                                     |                                                                                                                                                                                                                        |  |



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|                                                 |                                                   | <p>which ensures that all orders are requested in writing, correctly authorised by the Clerk or approved by council &amp; are within acceptable budget limits</p> <p>This system incorporates job numbers/minutes and RBS Omega codes so that any order can be traced from origin to finish across a variety of systems</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>Annual Budget &amp; Precept Calculations</p> | <p>The annual budget and precept calculations</p> | <p>The annual budget and precept calculations are initially calculated in October/November based upon the performance of the prior year and incorporating projected requirements which have been lodged by the office and council members</p> <p>The Town Clerk also completes a mid-year review in October for the current year to calculate possible year end surpluses which may be incorporated within the future budget. The actual precept level is then calculated from the balance sheet assuming that the remainder of the current year's budget will be utilised in order to estimate the year end bank balance</p> <p>The new budgeted income, expenditure and reserves are then set against this balance in order to calculate a budget shortfall on which the future precept is based</p> <p>The new budget is discussed and fine-tuned through the October, November and December Council and Committee meetings after the up to date number of band D properties have been confirmed by AVDC discuss &amp; amend any highlighted budget levels in order to best achieve, an acceptable precept level</p> <p>Comprehensive minutes are recorded at each stage to substantiate the budget development</p> |

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|                       |                               | The final budget is approved in January and AVDC is immediately advised of the precept                                                                                                                                                                                                                                                                                                                                      |                               |
| Monitoring of Budgets | Comprehensive budgets         | Comprehensive budgets are set for each committee & these are loaded onto RBS Omega accounts system at the start of the new financial year                                                                                                                                                                                                                                                                                   |                               |
|                       | Monitoring                    | <p>On-going daily expenditures have already been incorporated within the budget and the RFO monitors invoices etc. against the budget schedule to confirm that they are within the limits</p> <p>All orders are checked against the accounts system to verify expenditure within the account code to date and the remaining budget</p> <p>Any over expenditure is highlighted and brought to the attention of the Clerk</p> |                               |
|                       | Reporting                     | <p>A full report of expenditures against budget is lodged with council at each Finance Administration and Personnel meeting</p> <p>This incorporates a print out of the income and expenditure against each annual budget and the cashbook extract</p> <p>Any that do not meet the budget levels are highlighted by member if needed along with committed expenditure</p>                                                   |                               |
| Insurable Risks       | Public Liability              | Insurance cover                                                                                                                                                                                                                                                                                                                                                                                                             | Limit of cover<br>£10,000,000 |
|                       | Employers Liability           | In addition, weekly, annual checks of play equipment                                                                                                                                                                                                                                                                                                                                                                        | Limit cover<br>£10,000,000    |
|                       | Theft of money by third party | Insurance cover                                                                                                                                                                                                                                                                                                                                                                                                             | Cover varies                  |

|  |                                       | depending on situation                                                                                                                                                  |
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|  | Theft of money by employee or member  | Reviewed annually<br>Limit of cover £10,000,000                                                                                                                         |
|  | Property                              | Fidelity Guarantee cover<br>Cover for buildings & contents<br>All risks cover for selected items                                                                        |
|  | Officials Indemnity                   | Continue with existing cover (£250k)                                                                                                                                    |
|  | Libel and Slander                     | Continued existing cover (£250k)                                                                                                                                        |
|  | Personal Accident                     | Continue with existing cover (scale benefits)                                                                                                                           |
|  | Legal disputes                        | Cover for specified legal disputes                                                                                                                                      |
|  | Long term sickness of employee        | Not covered                                                                                                                                                             |
|  | Business interruption                 | Liability limited by contract<br>Potential alternative premises, IT back-up off site and ability to restore onto hired equipment etc<br>Cover in place for excess costs |
|  | Loss/destruction of financial records | Limit of cover £50,000<br>Key financial data held electronically and backed up off site<br>All electronic documents backed up daily offsite                             |
|  |                                       | Residual risk considered acceptable                                                                                                                                     |

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| Loss of Records | Loss of documentation | Deeds and other legal documents relating to real estate stored in the office, historic stored at the farm                                                                                                                                                                                                                                                                                                                                                                                                                |  |
| Asset List      | Purchased             | <p>An asset list is maintained by the Town Council Office on an excel spread sheet</p> <p>This is updated throughout the year from new assets which are in addition, a schedule of road furniture/bins/dog bins/bus shelters play area equipment etc., is kept on a secondary list</p> <p>Individual items below £500 are excluded following decision of the Council – to be removed</p> <p>The asset list is circulated to staff on an annual basis to ensure that all items are correct</p>                            |  |
| Internal Audit  | Internal Audit        | <p>The Internal Auditor is approved annually by Council at the AGM and attends the office to complete the internal audit in May of each year</p> <p>The report is presented to Council for acceptance</p>                                                                                                                                                                                                                                                                                                                |  |
| Annual Audit    | Annual Audit          | <p>The annual auditor is appointed and directs the format and structure of the audit in line with current legislation and requirements</p> <p>Audit costs and levels of requirement are determined by government legislation based upon the annual income or expenditure levels</p> <p>The Town Clerk &amp; Accounts Assistant completes the year end accounts to audit trial level and prepares any additional reports required by the external auditor</p> <p>The Town Clerk presents the completed Annual Return,</p> |  |

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|           |                    | <p>Financial Statement and other documentation required to Council in line with the timescales provided by the external auditor</p> <p>Once these have been formally adopted and signed by Council, they are lodged with external auditors</p> <p>Any queries raised by the auditors are dealt with by the Town Clerk in the first instance</p> <p>Final sign-off by the external auditor is presented to Council</p>                                                                                |  |
| Insurance | Fidelity Insurance | <p>Fidelity insurance levels have been set after taking into account the possibility of fraudulent activities gaining access to the bank accounts</p> <p>Procedures in place (as previously detailed) have been established over the past few years incorporating separation of duties, cross referenced receipts of income and the decision not to currently use e-banking</p> <p>These provisions have ensured that no individual is able to gain access to withdraw funds without due process</p> |  |
|           | Insurance          | <p>Zurich has been used as a recognised Town Council provider</p> <p>BTC are currently tied into a deal until 2015</p> <p>Annual reviews are carried out to ensure sufficient cover is in place</p>                                                                                                                                                                                                                                                                                                  |  |

Reviews will take place yearly unless clearly stated differently within each section.