

LITTLE OAKLEY PARISH COUNCIL

FINANCIAL RISK ASSESSMENT

Adopted 8th April 2026 (Minute Number 25/155)

Reviewed Annually

Next Review Date October 2026

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 and incorporates a number of policies and procedures combined

Risk Policy Statement

- The Council recognises its responsibility to manage risks effectively to protect its Councillors, staff, assets, liabilities and community against potential losses where this may have either a financial or reputation impact on the council.
- The Council is aware that some risks can never be eliminated fully and will ensure a risk management strategy is in place to ensure all such risks are identified and properly assessed.

Risk Management

- The Clerk has ultimate responsibility and authority for Risk Assessments.
- Identifying and reporting risk is everybody's responsibility.
- Any risks identified are to be reported to the Clerk at the earliest opportunity so that action can be taken to mitigate or remove the risk.
- Risks reported to the Clerk are to be accounted for in the Risk Register, if necessary.
- The Council will assess each risk to mitigate its impact to an acceptable level. This will be done in a cost-effective manner and using any and all resources available.
- Each risk identified is to be recorded in the Parish Council Risk Assessment (attached to this document) and be assessed in terms of:
 - a) its impact
 - b) its risk rating (RAG rated)
 - c) measures to be taken to mitigate the risk
 - d) the frequency in which it should be reviewed

Responsibility for Risk Management

- The Council recognises that it is the responsibility of the Clerk, Councillors and staff to identifying and manage risks whilst carrying out their duties.
- The Council is responsible for ensuring that this policy is adhered to.
- The Council will conduct an annual review of its approach to risk management and the Risk Assessment document.

Little Oakley Parish Council – Financial Risk Assessment				
Subject	Risk(s) Identified	High, Medium or Low	Management/Control of Risk	Review/Assess/Revise Comment
Business Continuity	Council not being able to continue its business due to an unexpected or tragic circumstance.	L	All files and recent records are kept in the possession of the clerk. The files are automatically backed up to cloud storage, in the event of the Clerk/RFO being unavailable the files can be accessed remotely.	New remote back-up provision to be investigated.
Precept	Inadequate/Excessive Precept Precept not paid by Local Authority	L L	A sound budget is built, considering current cost base, future risks and opportunities, internal and external change factors. Opportunities for public engagement with the budget setting process are provided via physical noticeboards and online. The Clerk/RFO presents the draft budget draft to the Finance Committee for review prior to recommendation to the Full Council meeting where the budget is agreed and the precept set. The Precept is set at a Parish Council meeting by November. The Completed Ready Reckoner form is sent to the precepting authority (TDC) prior to the mid-January deadline. The Clerk/RFO checks the bank account in April and in October, to ensure the two instalments have been received in accordance with TDC’s written notification.	The procedures in place are adequate.
Financial Regulations	Not adhering to policy and procedures as set out in the Financial Regulations	L	The Clerk/RFO and Council follows the Financial Regulations as set out by NALC, the latest model of which has been adopted by the Parish Council. The FRs are reviewed annually by the Clerk/RFO and checked for updates then adopted at the Annual Parish Council Meeting.	Financial Regulations were reviewed and adopted at February council meeting.

Standing Orders	Not adhering to policy and procedures as set out in the Standing Orders	L	The Clerk/RFO and Council follows the Standing Orders as set out by NALC, which have been adopted by the Parish Council. These are reviewed annually by the Clerk/RFO and checked for updates then adopted at the Annual Parish Council Meeting.	Current Standing Orders are adequate and adopted by Council. To be reviewed in May 2026.
Bank Records & Banking	Banking / Financial Errors	L	Invoices for payment are authorised at each council meeting and once paid, entered promptly into the cashbook and reflected in the budget. The accounts are reconciled monthly in line with the bank statement.	Current procedure adequate.
	Loss through theft and dishonesty	L	All receipts and payments are provided to Council by way of an RFO report at monthly council meetings being approved by Council and minuted as such. Multi-level authorisation is required for payments via the bank account to provide an additional level of protection. The Council is also covered by an adequate level of Fidelity cover as part of the insurance policy.	Current procedure is adequate and insurance is reviewed annually.
Electronic Payments (BACS)	Payments made without Council approval	L	All BACS payments are approved at a Parish Council Meeting. In rare cases of a payment needing to be made outside of the meeting, then approval is sought from the Chairman, with the decision and payment ratified at the next available council meeting in accordance with Financial Regulations.	Reviewed annually.
	Incorrect electronic payment or amount made / No monitor on actual electronic entry	M	Council uses multi-level authorisation with its bankers, which requires approval by an independent signatory before payments are made. The Council has four (4) signatories to minimise risk of collusion between clerk and member. The inputter and the approver both check the electronic entry to ensure that it matches the approval list from the meeting.	Signatories to be reviewed annually or as membership changes.
Council Records	Loss through theft, damage or fire	L	Paper documents kept to a minimum. All electronic records kept secure on council-owned laptop and adequately backed-up.	
Financial/Account Records	Inadequate Records	L	The Clerk/RFO maintains a cashbook listing all receipts and payment. The Clerk/RFO compiles all paperwork relating to monthly income and expenditure in hard copy. Electronic files are saved to the laptop and are backed up periodically to an external source. All files are reviewed by the deputy chair and internal auditor.	Reviewed annually.
Investment Account/Income	Loss of funds	L	The accounts are reviewed and reconciled monthly. Parish Councils are covered by the Financial Services Compensation Scheme (FSCS) and funds are adequately covered owing to a recent increase in protection levels to £120k.	Reviewed as required.

Grants Awarded to Council	Not receiving grant funding when successfully applied for	L	The Clerk/RFO is to ensure that all grant payments are made to the Council according to the terms of the grant and at the correct time, following up with the individual local authority and/or organisation if they are not. Council will risk assess any activity for which grant funding is sought to ensure a plan is in place to either amend or delay activity if required.	Assess as per activity.
Grants Awarded by Council	Not following the grant claims procedure	L	The Clerk/RFO ensures the Grant Awarding Policy is adhered to and the latest guidance is easily accessible to prospective applicants to ensure eligibility.	All reviewed annually.
	Grant Payments	L	The Clerk/RFO also ensures there is a power to pay such grants before presenting any application to Council for consideration. The Clerk/RFO ensures an adequate Grant budget and a schedule of any payments is kept for audit purposes.	
Cash	Loss through theft and dishonesty	L	No petty cash is held by the Clerk/RFO or Council members. Any sundry items are to be purchased in accordance with the Council's Expenses policy. All expenses are to be approved and the payment authorised at a council meeting.	N/A Current procedure adequate. Reviewed annually.
Borrowing	Ability to repay any loans	L	The Clerk/RFO ensures adequacy of precept to cover any existing loan repayments as part of annual budgeting process. A report is presented to Council by the Clerk/RFO before any loans are applied for.	Reviewed as and when finance is required for a particular project not covered by the Precept and at budget time.
Best Value	Charges made on the Parish Council are too high	L	The Clerk/RFO follows procedures for obtaining best value as set out in the Financial Regulations.	Current procedure is adequate.
Financial Reporting	Insufficient information	L	Prior to each meeting, the Clerk/RFO circulates an RFO Report to Council, outlining income and expenditure against current bank balances. Budgets are monitored by the clerk throughout the year with more formal reviews being carried out by the Finance Committee at its meetings in May and October. All receipts and payments are also entered into the cashbook and assigned to a cost code to facilitate ease of monitoring. The Clerk/RFO ensures that all VAT returns are made in a timely manner (quarterly) and recorded in the cashbook. All accounts are available for public inspection.	Current procedure is adequate. Financial performance vs budget is reported on every 6 months. Financial information is uploaded to the website in accordance with the Transparency Code 2014 and the Publication Scheme.
Audits	Annual Audit is not completed within the set deadline	L	The Clerk/RFO prepares the year end accounts and completes the Section 2 (Accounting Statements) of the Annual Governance and Accountability Return (AGAR in accordance with guidance provided by the external auditor). The Internal auditor is appointed early in the process to allow time for completion of the AIAR prior to the approval meeting, which falls prior to 1 st July. Council considers the assertions under Section 1 of the AGAR	Current procedure adequate. Clerk is familiar with deadlines for submission of the approved AGAR.

	Annual Audit is not advertised	L	<p>before completing the Annual Governance Statement and approves the AGAR no later than the June meeting.</p> <p>The Clerk/RFO ensures the approved AGAR and conclusion of audit notices are displayed on the Council notice board and website for the public to view, for the prescribed period of time.</p>	Clerk is familiar with the reporting requirements and notice periods.
Invoices	<p>Goods not supplied but billed In</p> <p>Incorrect Invoicing</p> <p>Unpaid Invoices</p>	L L L	<p>Invoices are only paid after the service or goods have been received to the Council's satisfaction, and only after full Council has accepted their terms of business and authorised the expenditure.</p> <p>All requests /orders for goods and services are confirmed in writing by the Clerk/RFO, to agree all costs involved. All goods and services are budgeted and updated monthly to closer reflect expected values.</p> <p>The Clerk/RFO checks all invoices received for accuracy and ensures all information is entered into the Cashbook.</p> <p>The Parish Council raises very few invoices. Any unpaid invoices will be followed up by the Clerk as part of month end routines.</p>	Current procedure is adequate. The budget is reviewed annually by the Clerk/RFO.
Freedom of Information Act	Non-compliance with the Model Publication Scheme	L	<p>Information and documentation is made available on the Parish Council website, in order to comply with the Model Publication Scheme.</p> <p>Information is kept under review to ensure it's readily available.</p>	Current ICO Model Publication Scheme adopted by Council at its March 2026 meeting.
Salaries	<p>Salary and expenses paid incorrectly</p> <p>Incorrect NI & Tax deductions and Pension contributions</p>	L L	<p>Parish Council contracts a payroll processing company to undertake all PAYE processing. Reports are issued monthly to dictates values to be paid to the clerk and to the HMRC/pension provider.</p> <p>The Clerk/RFO checks the amounts calculated.</p> <p>PAYE reports are presented to Full Council for approval at the monthly Parish Council meetings.</p>	Current procedures are adequate.
Data Protection	Non-compliance with Data Protection Legislation	L	<p>The Council is registered with the ICO and is governed by data protection legislation and the GDPR. The Council is the Data Controller and has several data-related policies adopted to enable compliance, including Data Protection Policy, Document and Data Retention Policy and IT Policy.</p>	Current procedures are adequate. Policies to be reviewed periodically.

Insurance	Inadequate Cover	L	An annual review is undertaken of the asset register prior to the renewal of the insurance policy. Third party risk is included within the cover, with current liability set at £10m.	Insurance renewal is in June. Where an LTA is in place, provision is still reviewed annually.
	Fidelity Guarantee	L	The amount is reviewed annually to ensure insurance cover is sufficient for the Parish Council's needs.	
	Public Liability	L	The Parish Council maintains insurance cover in all areas.	
	Personal Accident	L	All Council members, employees and/or volunteers of the Parish Council are covered under the personal accident plan of the insurance policy. Risk Assessments are undertaken for any major events and the insurance company notified.	
	Cost	L	Where cover is comparable, quotations are obtained from insurers specialising in town and parish councils to ensure best value.	
Physical Assets	Loss, theft or damage to Council assets	M	Asset register maintained to ensure all assets are adequately monitored for maintenance or repair/replacement.	The Asset Register is updated when necessary, with a full review conducted annually. Reviewed annually.
	Injury claims		Adequate level of Public Liability insurance is in place. Considered by Council annually at budget setting in November/December and minuted.	
Financial Assets	Adequacy of Reserves	L	Reserves considered during budget setting in November	