

Saffron Walden Town Council

Risk Assessment and Procedures 2018-19

	Risk	Steps taken to control or mitigate risks	Action needed
Change of Council	Maintain smooth operation of accounting function	Procedures in place to amend cheque signing authority with the bank.	
Data Protection	Phishing, virus attacks	Virus protection in place. External data sources scanned before plugging into system.	
Handling Cash	The greatest risk, as highlighted in previous internal audits, is the handling of cash from Market Traders	Whilst this is not material in an audit sense proper procedures should be in place to minimise the risks. The policy is that all regular users of the Market pay their fees monthly by BACS directly into the bank account. A list of market traders is kept and the money received checked against this. Casual traders pay cash to the Market officers, they maintain their own receipts books to record these. The money is handed to the RFO, usually the day it is received or the soonest working day. A receipt for this is then given by the RFO. This money is also recorded against a list of Market Traders, this provides a cross reference to ensure the correct money has been paid and when.	
Management of Assets	Custody, control and maintenance	These are recorded under an asset register together with copies of the purchase invoices and photographs of the asset itself. Management and maintenance of assets: a full schedule of Building Maintenance is budgeted for and checked monthly to ensure inspections have been carried out. There is a "Building Maintenance - Annual Works" programme which is maintained by the RFO/Ops Manager	
Bank Payments	Unauthorised payments to 3rd parties	Bank payments; all Purchase Ledger payments are authorised by Finance and Establishment in advance. These are then settled by cheque or by BACS. Interim cheques are signed by two Councillors. These are then submitted to the next Finance and Establishment meeting. A selection of payments is checked by the internal auditor half yearly. The bank accounts are reconciled every month and are also checked by the Internal Auditor. Standing Orders and Direct Debits can only be set up on completion of the relevant Banking Forms and authorised by two Councillors. We have the facility to pay by BACS, the RFO inputs the data and one Councillor authorises payment and cross checks to the amounts agreed in advance by F&E. The Council has a debit card it for internet purchases. It is kept in the safe and is only used under the authority of the Town Clerk.	
Changes to payee bank details	Fraudulent requests to change payee details	Such requests are usually in writing or by e-mail. The RFO will find a verified telephone number (not the one supplied in the letter or e-mail) and use this to confirm with the company's accounts department that such a change is legitimate. No such instructions to be accepted over the telephone.	
Risk of Bank Failure	The banking system collapses	We currently have all our cash with Lloyds Bank. Lloyds is a major High Street Bank with world wide operations and total assets of £812.109 billion.	
Petty Cash	Theft	All petty cash expenses, for the Council and Tourist Information Office, are accompanied by receipts and a selection are checked by the Internal Auditor. Petty cash is insured up to £200 (the float). The Petty Cash tin is locked in the safe over night and the key to the safe kept off site outside office hours. Petty Cash is reconciled at least twice a month. Cheques for cash for are signed by two Councillors on presentation of receipts. Cheques are cashed by the RFO.	
Payroll	Payment of wrong salaries or to phantom employees	Salaries are presented to Council as part of the budgeting process. Staffing is agreed by Council along with salary scales. Pay rises are according the Nationally agreed scales. Payroll settlement, tax, NI and pension contributions, is outsourced. However, the hours and extras are calculated by the RFO with reference to time sheets authorised, where applicable, by the operations manager. These are then reviewed and signed off by the Town Clerk. Payroll is also sampled by the internal auditor with reference to contracts and standard Local Government pay scales.	

Placement of Contracts	Preferential treatment	We are obliged to advertise all contracts worth over £25,000 on the Government's Contract Finder Website (https://www.contractsfinder.service.gov.uk). In practice all contracts of over £5,000 are placed on this site as the responses have been very good and attract nationwide interest. Other contracts for over £1,000 three quotes are obtained. All such contracts are presented to Council for approval. Specifications are written to ensure all quotes are based on the same level of work. Council ensures that all contractors have adequate public liability, PI (if required) and other insurance cover and safety certificates. Council ensures that work is of a good standard and completed prior to releasing payment.
Purchase Orders	Unauthorised ordering of materials etc.	Purchase Orders need to be authorised by the Operations Manager and input by the RFO. These are then automatically matched to final invoices when these are entered on the Purchase Ledger. Prior to settlement Purchase Orders appear as "Committed Expenditure" in the accounts
Purchases/Payments	Unauthorised payments	All payments are backed up by invoices that are coded to Budget codes on the Nominal Ledger and allocated to one or more of 16 Cost Centres. All payments by cheque are signed by two Councillors. Payments are reported to Council on a monthly and quarterly basis. All ledgers and invoices are open to scrutiny by Councillors.
Receipts/Sales	Syphoning off of Council receipts	Sales ledger in operation for Bookings of Town Hall, Golden Acre, The Common, Bridge End Garden and the Bandstand. Bookings are entered into the system by the Bookings Officer. Invoices raised once a month by the RFO. Customers are encouraged to pay by BACS, this is posted at least weekly usually more frequently. Reconciled at month end. The Sales Ledger is also used to invoice major customers (eg Funeral Directors). Instructions to invoice are given by the Cemetery Officer and raised by the RFO. Regular Market traders pay by Direct Debit or Standing Order, receipts are posted once a month and reconciled against the bank. Cash receipts are banked daily.
Tourist Information Centre: Receipts	Syphoning off of Council receipts	Cash and cheques are entered into the till in the TIC and are banked once a week and reconciled against the EPOS Till reports. This covers all receipts received by the TIC. 3rd Party money is held separately: Saffron Screen and Saffron Hall cash/cheques banked on their behalf into their accounts, credit card receipts are paid directly into their accounts and reconciled with their Bookings software. Other 3rd parties (one off promoters) cash and cheques are only methods of payment and these are handed to the promoter after the event. This is reconciled against the finite number of tickets the TIC is given to sell on their behalf. This is subject to a half yearly review by the Internal Auditor
Tourist Information Centre: Payments	Unauthorised payments	Purchases are made via invoices presented to the RFO which are authorised by M Starte and are annotated with TIC's own order number system, this is matched to invoices and goods received file. TIC maintains its own Petty Cash float, payments are recorded in a book and reconciled to invoices once a month and a cheque drawn.
Stock	Pilfering, shoplifting	The only material "stock" is held by the TIC (approx. £10,000) at any one time. A full stock take is carried out once a year in March just prior to year end. Stock is kept either on display or in the cellars under the shop with only staff access. Shoplifting is negligible. Stock review is carried out as part of the Internal Audit review. Stock take software allows reconciliation of stock at any time.
Loss of data. Disaster Recovery	Major disaster befalls Saffron Walden	Current computer data is backed up on a daily basis by our IT providers (Force36). In the event of a loss the office data can be recovered and operations continue. Historic data is backed up regularly to two external hard drives, one is kept in the safe on site the other is kept off-site.
Mayoral Chain and regalia	Theft or damage	The chain is kept locked in the safe except when in use during Mayoral functions. The chain is insured. The large mace and the two smaller maces are kept by the Saffron Walden Museum. These are insured under the Museum's insurance. The larger mace is also insured by the Town Council as it is used in public ceremonies twice a year. The Mayoral Chain is not permitted to be taken out of the UK without the express permission of Full Council (Min Ref FC106-16 Oct 2016)

Unforeseen expenditure or significant drop in budgeted income	Council has exceeded budget, insufficient Precept requested.	Council has built up General Reserves and has Earmarked Reserves that could be drawn upon in the event of a shortfall. This means the Council could continue to operate for a minimum of 3 months and cover its current regular outgoings. The Council carries out a lengthy and robust budgeting exercise.	
Insurance	Insufficient insurance cover. Insolvency of insurance company. Uninsured or under insured items	The Council uses professional brokers (WPS) familiar with the needs and risks of Town Councils. The insurance is place with large companies providing specialist cover. Insurance is reviewed annually. Professional valuations are acquired when needed. Brokers are informed of any new asset acquisition.	
Pension Fund	Capitalisation failure by Pension Provider, insufficient funds to pay staff pensions	The pension provider (Essex Pension Funds) is monitored by Essex County Council. Annual actuarial reviews are carried out together with a triennial revaluation. All contributors to the Fund pay an amount to fund the actuarial deficit. Funds are invested in secure quoted stocks and exposure is limited to any one stock. Regular updates are provided by the ECC Pension Fund to the Council as appropriate	
Inflation	Unforeseen increase in inflation	An allowance is built in to the budget and Precept Review. This is currently 1.5% and will be reviewed annually	
Central Government	Government introduces a cap to Precepts	TA five year budget exercise has been carried out. This is predicated on a 2% increase in the Precept.	
Grant Awards	Overspend grants to 3rd Parties	There is a budget for grants payable. This is reported on monthly as part of the budget to expenditure report	
Budget	Spending over Budget. Insufficient controls or budget monitoring	Budget is approved annually by Committees and Council. Spending is made in line with Financial Regulations. Regular budget monitoring statements to Council.	
Budget	Expenditure on activities not within legal powers of local councils.	Adopted General Power of Competence	
Business Continuity Plan	Loss of information, failure of computer system due to power failure, hardware or software failure	Virus protection installed. General Reserves for emergency replacement of equipment. Rolling budget to replace equipment, contractor support, regular updates, regular back ups (kept off site). Surge protectors in place for computers	
Pandemic	Controls on movement loss of staff	Arrangements for home working. This is in place for the Town Clerk and Operations Manager	Needs review to ensure that all staff have remote access
Staff sickness	Loss of staff due to long term sick.	Provision within budget for temporary cover	
Fire, flood	See Business Continuity		
Council Vehicles	Damage, loss of vehicles	Vehicles regularly serviced. Staff trained and competent to drive. Check on DVLC for valid licences. Maintenance and replacement budgeted for	

Employee Fidelity	Dishonesty, fraud, theft	References taken. Dishonesty clause in insurance cover. Cheques signed by 2 Councillors. Lockable Cash tin locked in safe overnight. Cash limited to £200. Cash transactions reviewed by signatories and internal auditor. Payments reported to Council
Legal exposure	Prosecution for not meeting statutory requirements in keeping proper financial records, fees payable, damage to reputation	Records kept in accordance with Accounts and Audit regulations. Training available to Staff and Councillors. Appointment of responsible officers. Operation of approved HMRC systems and providers. Contracts of employment in place. Staff handbook in place and reviewed. Members of EALC/NALC for advice.
Claims: Risks to 3rd parties, property or individuals	Public at risk from using dangerous equipment or spaces	Procedures are in place to address claims and paid professional help from Stallard Kane (nominated person) for H&S and employment issues is available. Insurance in place. Open spaces and play equipment regularly checked. Annual ROSPA inspection Trees investigated. Risk assessments carried out annually on events eg Christmas Lights events. All 3rd party users of Council facilities have to complete a booking form and provide Public liability insurance and a risk assessment, where appropriate. Adequate Cemetery rules in place. Yearly memorial inspections carried out.
Compliance with Employment Law.	Prosecution for failure to comply with relevant statutes	membership of various national and regional bodies including EALC and NALC. The Town Clerk is a member of SLCC and the Council belongs to EALC and NALC. Health and Safety and Employment Law services provided by Stallard Kane (nominated person)
Safety of staff and visitors	Prosecution for failure to comply with relevant statutes	Employees are provided with adequate direction and safety equipment needed to undertake their roles with appropriate PPE. Staff training undertaken as required and appraisals in place. Health and safety services provided by Stallard Kane. Risk assessments carried out and reviewed annually. Annual health check by Stallard Kane. Staff have mobile phones, procedures in place for lone working. Office security in place. CCTV coverage in place for staff and public protection.
Councillors' propriety	Register of interest, gifts and hospitality in place	Register of interest forms completed, as appropriate. It is the responsibility of Councillors to update as required. Declaration of interests is an agenda item for all meetings.
Compliance with HMRC requirements	Payments missed. Quarterly VAT returns inaccurate or submitted late	3rd party payroll provider calculates wages, pension and NI and arranges settlement to HMRC each month. Liaison with Essex Pension Fund with annual reconciliation of pension contributions. Accounting software in place to account for VAT reviewed as part of internal audit
Tendering process	Procedures not followed for significant contracts, best value not achieved. Fraud	Standing Orders correctly followed. Procurement procedures in place and staff have received training. Contract posted on Contract Finder where necessary. Contracts reviewed regularly.
Excessive Freedom of Information requests	Vexatious levels of requests made.	ICO registration in place. Publication of data in place. Minutes published. Expenditure greater than £500 published monthly. Public and press welcome to attend council meetings. Vexatious policy in place
Adverse press coverage	Council brought into disrepute	Public and press welcome to attend/film Council meetings. Council has a media policy which is regularly reviewed. Clerk and Chairman respond to media enquiries. Promote and apply community engagement.
Government no longer values the work of local councils	Introduction of caps/restrictions	Council engages with EALC which promotes the work of local councils with government. Respond to Govt. consultations. Develop community engagement and promote good news stories. Work with organisations such as NABMA to defend local businesses and enlist the MP where appropriate

