

The Parish Council of Little Harrowden

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Little Harrowden Parish Council

Financial Risk Assessment and Management

Reviewed: 21st April 2025

Updated and adopted: 13th May 2026

Signed:

Name:

Position:

Date:

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 successfully execute its strategies. Risk Management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements.

This document has been produced to enable the Parish Council to assess the risks that it faces and satisfy itself that it has taken adequate steps to minimize them. In conducting this exercise, the following plan was followed.

- Identify the areas to be reviewed
- Identify what the risks may be
- Evaluate the management and control of risk and record findings
- Review, assess and revise as necessary.

Subject Risk(s) Identified High (H) / Medium (M) / Low (L) Management/Control of Risk Review/Assess/Revise

Subject	Risk	H/M/L	Management/Control of Risk	Review/Assess/Revise
Precept	Adequacy of precept	L	To determine the precept amount required, the Parish Council regularly receives budget update information, and the precept is an agenda item at full Council. At the Precept meeting Council receives a budget update report, including actual position and projected position to end the year and indicative figures or costings obtained by the Clerk. With this information the Council maps out the required monies for standing costs and projects for the following year and applies specific figures to budget headings, the total of which is resolved to be the precept amount to be requested from the Borough Council. This figure is submitted by the Clerk in writing.	Existing procedures adequate.
	Requirements not submitted to Council in time	L	Precept should be considered by Council before the deadline - deadline January	
	Amount not received by Council	L	The Clerk informs Council when the monies are received (approx. April/May).	
Financial Records	Inadequate records	L	The Council has Financial Regulations which set out the procedures	Existing procedures adequate
	Financial irregularities	L		
Bank and Banking	Inadequate checks	L	The Council has Financial Regulations which set out the requirements for banking, cheques and reconciliation of accounts.	Existing procedures adequate
	Bank mistakes	L	Any bank errors are identified when the Clerk reconciles the bank accounts once a month, these are dealt with immediately by informing the bank and awaiting their correction.	
	Loss / Charges	L	Monitor the bank statements monthly.	
	Loss of signatories	L	Council identifies replacements but the bank takes time to implement changes. Minimum of 4 Councillors as signatories to cover resignations.	
Cash/Cheques loss	Loss through theft of dishonesty	L	The Council has Financial Regulations which set out the requirements. Cash/cheques received are deposited to the bank within 3 banking days. There is no petty cash or float. A Councillor is appointed as oversight. This is audited annually.	Existing procedures adequate

Litigation	Legal action being taken against the Council	M	Public liability insurance covers general personal injury claims where the Council is found to be at fault. All decisions are properly minuted, relevant policies are followed, and legal advice is sought where appropriate.	Insurance is adequate for requirements Existing procedures adequate
Reporting and auditing	Information Communication	L	A monitoring statement is produced regularly and presented to Council, discussed and approved at the meeting. This statement includes bank reconciliation, budget update, and a breakdown of receipts and payments balanced against the bank.	Existing procedures adequate
	Compliance	M	A Councillor has been appointed to oversee and check expenditure and receipts against bank statements to comply with the Fidelity Guarantee.	
Direct costs		L	The Council has Financial Regulations which set out the requirements.	Existing procedures adequate
Overhead/ Expenses		L	The Parish Council employs a Clerk who also acts as the Responsible Financial Officer (RFO)	Any request to change supplier bank details must be verified using a telephone number independently sourced from previous correspondence or the supplier's official website. Email instructions alone are never accepted. All changes require dual approval.
		L	At each Council meeting the list of invoices awaiting approval is distributed to Councillors and considered.	
Debts		L	Two Councillors check each invoice against the associated paperwork and initial the invoice voucher. Council approves the list of requests for payment.	
		L	Awareness of supplier changing bank details after an invoice is submitted	
		L	Payments are made via online banking with dual authorisation in accordance with Financial Regulations. Cheques are used only where electronic payment is not possible	
		L	The Council has no stock	
Grants and support payable	Facility for Council to make grants	L	All such expenditure goes through the required Council process of approval, is minuted and listed accordingly if a payment is made using the S137 expenditure.	Existing procedures adequate
Grants Receivable	Receipt of Grants	L	The Parish Council does not presently receive any regular grants. One off grants come with terms and conditions to be satisfied.	Existing procedures adequate Compliance with requirements necessary
Charges - rentals payable & receivable	Payment & receipt of charges, leases, rentals	L	The Council does not pay or rent anything	N/A
Best Value accountability	Work awarded incorrectly	L	Normal Parish Council practice would be to seek, if possible, more than one quotation for any substantial work required to be undertaken for works. If a problem is encountered with a contract the Clerk would investigate the situation, check the quotation, research the problem and report to Council	Existing procedure adequate.
	Overspend on services	M		Contracts monitored
Salaries and associate costs	Salary paid incorrectly	L	The Parish Council employs a Clerk who also acts as the Responsible Financial Officer (RFO)	Existing appointment system adequate.
	Wrong hours paid Wrong rate paid False employee Wrong deductions of NI	L	The Parish Council authorises the appointment of all employees.	Existing payment system is adequate.

	or Tax Unpaid Tax & NI contributions to the Inland Revenue	L L L	Salary rates are assessed annually by full Council in line with budget and applied on 1 April each year. Salary analysis and slips are produced by the Clerk monthly together with a schedule of payments to the Inland Revenue (for Tax and NI). These are inspected at the Council meetings. The Tax and NI is worked out using an Inland Revenue computer programme updated annually. All Tax and NI payments are submitted in the Inland Revenue monthly. The Clerk has a contract of employment and job description. Salaries are paid in arrears, but if a meeting is cancelled or moved then payments could be late or missed.	
Employees	Fraud by staff	L	The requirements of the Fidelity Guarantee insurance to be adhered to with regards to Fraud.	Existing procedure adequate.
Councillor Allowance	Councillors over paid Income tax deduction	Negative L	No allowance is made to parish Councillors The Chairman is entitled to an allowance which is set when the budget is approved.	No procedure required
Election Costs	Risk of an election cost	M	Risk is higher in an election year. Recent experience is that insufficient candidates stand for a contested election. When an election is due to take place, the Clerk to ascertain costs and these be added to the budget to be taken into account when setting the precept.	Existing procedures adequate
VAT	Reclaiming	L	The Council has Financial Regulations which set out the requirements. VAT is claimed regularly	Existing procedures adequate
Employers Annual Return	Paying and accounting for NI & Tax salaries	L	HM Revenue & Customs Basic PAYE package deals with Real Time so no annual return is required	Existing procedures adequate
Audit - internal	Completion within time limits	L	Internal auditor is appointed by the Council. Internal auditor is supplied with the relevant documents to audit and the form to complete and sign for the External Auditor. Procedures are all covered in the 'Review of Effectiveness of the system of Internal Audit' which is reviewed annually.	Existing procedures adequate
Annual Return	Completion/submission within time limits	L	Annual Return is completed and signed by the Council, submitted to the internal auditor for completion and signing then checked and sent on to the External Auditor within time limit	Existing procedures adequate
Legal powers	Illegal activity or payments	L	All activity and payments within the powers of the Parish Council to be resolved and minuted at Full Parish Council Meetings.	Existing procedures adequate
Insurance	Adequacy Cost Compliance Fidelity Guarantee	L L L M	An annual review is undertaken (before the time of the policy renewal) of all insurance arrangements in place. Employers and Employee liability insurance is a necessity and must be paid for. Ensure compliance measures are in place. Ensure Fidelity checks are in place.	Existing procedure adequate. Review insurance provision annually. Review of compliance.
Cyber / IT / Data Protection	Data Security breach	M	The Council uses password-protected devices, cloud-based backups, and complies with GDPR requirements. The Clerk ensures secure handling of personal data and financial information.	Existing procedure adequate.

Business Continuity		M	Essential documents are stored electronically with backup. Delegated authority to the Clerk/RFO ensures essential financial functions continue in the event of disruption	Existing procedure adequate.
Assets	Loss or Damage Risk/damage to third party(ies)/property Obsolescence / Decay	L L	An annual review of assets is undertaken for insurance provision and maintenance When setting the budget a 10% contingency is also included for any unforeseen problems. There is also an allowance for village maintenance.	Asset register updated in accordance with BDO suggestions. Existing procedure adequate

Signed copy held on file