

Bungay Town Council

Risk Assessment Review March 2016

The following risks have been identified in connection with the work of this Council and systems as outlined put in place to deal with these risks.

1. Financial

Bank accounts

The Council maintains one current and one deposit account and one investment account

Current account

Access to the current account is via a cheque book which requires the signature of any 2 councillors who are not involved with any internal audit function in relation to the Council. The cheque book is in the custody of the Town Clerk. Cheques are prepared by the Town Clerk in advance of committee and main meetings of the Council both of which are open to the public. Invoices and other documentation relating to the cheques drawn are available at the meeting where the cheques are to be signed. Cheques to be signed are presented to the meeting and signed by any 2 of the authorised signatories present at the meeting who also initial and date the cheque book stub and invoice. Bank statements should also be available at every meeting. A record of cheques drawn is incorporated in the minutes of the Council. Prior to despatch of signed cheques the Clerk makes and retains a photocopy of these cheques and these are filed with the relevant invoices and documentation. Monthly bank statements are received in relation to this account and reviewed on receipt by the Clerk.

Deposit and Investment accounts

These are used for holding funds not required in the near future and the deposit account funds can be withdrawn immediately. Funds are transferred *to* these accounts from the Council current account by cheque drawn as above and *from* these accounts by direct bank transfer authorised by the Clerk. Following transactions, the deposit taker issues statements which are retained and reviewed as for the other bank records.

The bank and deposit balances are reported to the finance committee when it meets and at all full council meetings. The bank, deposit and investment records and receipts and payments ledger are reviewed twice yearly by a councillor who is not a signatory to the bank accounts.

All these records are reviewed by the Internal Auditor following the year end.

Assessment of risk relating to the Council's bank accounts

It is considered that the procedures outlined above adequately protect the Council's bank and deposit accounts from misuse. This would require collusion of the Town Clerk and 2 of the councillors authorised to sign, theft of blank cheques or a cheque book by signatories or forgery by the Clerk, which acts would be expected to be discovered variously by the Clerk, the reviewing councillor or the Internal Auditor.

Income received

The Council regularly receives the following types of income – method of receipt is shown in brackets:-

Precept (bank transfer), rent (bank transfer), VAT refunds (bank transfer), hall hire (bank transfer, cash & cheque), interest (credited directly to account on which the interest arose), common dividend (cheque), event receipts (cheque and cash) and allotment receipts (cheque). Total cash received in the year to 31st March 2015 was £19.

Where payments are made by cheque, cheques are payable to Bungay Town Council and paid directly to the Council current account.

Assessment of risk relating to the Council's income received

Where payments are due to the Council, payment by cheque or bank credit is always requested and any cheque made out to any other payee but due to the Council is returned to the payer for re-drawing. Cash receipts are limited to some hall hire fees and some event receipts. Cash received is promptly credited to the Council's bank account in accordance with the Financial Regulations. Receipt of cash and the banking date is specifically noted in the allotment or other records.

The Council needs to be aware of changing Government policy which may have an impact on precept setting. Councillors must be prepared to react accordingly.

Given the small amount of cash received it is considered that the control systems are robust enough to prevent diversion of monies due to the Council.

Annual Budget

The Council follow a structured procedure in setting a budget in the last quarter of each calendar year in order to agree a spending programme for the forthcoming financial year and to ensure that adequate reserves are maintained. A precept is set to meet these objectives. These matters are discussed in public and reported publicly at the Annual Town Meeting.

Assessment of risk relating to future income and expenditure

It is considered that the annual budget process is sufficient to determine planned expenditure, provide income to meet this expenditure and to maintain adequate reserves

Record keeping

Income and expenditure is entered regularly by the Town Clerk into a receipts and payments book designed for local council purposes. Entries show the date, payer/payee, description, cheque number (for payments) and an analysis for VAT purposes. The same information with additional analysis as appropriate is entered by the Town Clerk on to a computerised spreadsheet. The receipts and payments book is reviewed and compared with bank statements, invoices and other financial documentation by the reviewing councillor and the internal auditor and is available for inspection by the external auditor if called for.

It is considered that these records are adequate to allow for third party review, preparation of VAT returns and preparation of the annual accounts.

Audit Arrangements

In addition to councillor review, an internal audit, by an independent examiner, is carried out annually. This involves a detailed review of the Council's records and includes a written report to the Council in accordance with Audit Commission requires. The Council's records are subject to external audit, also in accordance with the Commission's requirements. The external auditors report is laid before a meeting of the Council who determine what action to take in relation to this report.

Salary, wage costs and related expenses

The Council currently employ a Town Clerk who is salaried. Detailed records are kept in relation to salary and, if appropriate, wage payments.

The Town Clerk's salary and office expenses are paid by standing order from the Council's main account with any additional sums due being paid by cheque, drawn and approved as detailed in this report.

There are currently no hourly paid employees but should such employees be engaged wage rates would be agreed by the Council and payment made on the basis of time sheets completed by the employee, approved by the Town Clerk and paid by cheque drawn and approved as detailed in this report.

Any reimbursed expense payments are paid against receipts by cheque, drawn and approved as detailed in this report.

Petty cash is not held.

Employees are registered for PAYE and NIC and all HMRC obligations are met in accordance with the relevant regulations.

Receipts and other documents relating to expenditure under this category not paid by standing order is available for scrutiny by councillors at the time of payment, by the reviewing councillor and during the course of the annual Internal Auditor review.

The council currently employs via an agency a handyman / litter picker at rates agreed by the Council. The time sheets completed by the operative are given to the Clerk, who approves and sends them to the Agency. Their invoice is submitted to the council for payment.

It is considered that the controls in place in relation to this expenditure are adequate to protect the Council, to meet the requirements of HMRC and prepare annual accounts.

2. Asset Management

A list of the Council's assets and their current value are incorporated in the annual accounts and in a schedule appended to the Council's insurance documents. A separate computerised record is kept to show additions and reductions within each accounting year.

This is considered sufficient to safeguard the Council's assets.

3. Fidelity Guarantee

Cover of £250,000 is provided under the Council's insurance policy for members and officers.

Cover at this level is considered sufficient to protect the Council.

4. Insurance

The Council maintain a policy with Zurich Municipal Insurance Company designed for Local Councils. This provides legal liability, fidelity guarantee and property cover sufficient to cover risks relating to Council property, their employees, members, volunteers and third parties.

Cover is reviewed annually

5. Property and Playgrounds

Property and the two playgrounds controlled by the Council are regularly inspected and maintained to prevent deterioration of property and equipment or injury to users and third parties.

6. Best value

The Council's Financial Regulations provide for a tendering process for material expenditure to ensure that best value is obtained in the supply of goods and services.

7. Staffing

The Town Clerk is the Council's only administrative and finance officer. In the event of long term unavailability it would be necessary to seek a temporary replacement to carry out these functions. The Council have considered this aspect and concluded that this risk could be addressed by seeking a locum possibly via Suffolk Association of Local Councils, of which the Council are currently members, or by secondment from the District Council.

8. Electronic Copies

Electronic copies of Council letters and documents are stored at a remote DropBox

9. Review

This document is to be reviewed annually.

Updated 16th March 2016.

Peter Morrow