

OAKFORD PARISH COUNCIL

ANNUAL BUSINESS RISK ASSESSMENT

IN CONJUNCTION WITH THE

**GOVERNANCE AND ACCOUNTABILITY IN LOCAL COUNCILS IN
ENGLAND PRACTITIONERS GUIDE (MARCH 2021)**

PREPARED BY THE RESPONSIBLE FINANCIAL OFFICER

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OAKFORD PARISH COUNCIL

Business Risk Assessment

This risk assessment is a systematic general examination of financial controls, business risk, working conditions, activities carried out by the clerk, councillors and volunteers and environmental factors that will enable the council to identify any potential risks inherent in its activities and operations. Based on a recorded assessment, the council should then take all necessary steps to eliminate or, where this is not possible reduce the risks, insofar as is reasonably practicable to do so.

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

- Identify the areas to be reviewed
- Identify the risks and determine the likelihood and severity
- Eliminate risks where possible by and implement appropriate risk control strategies to manage the residual risks
- Record all findings, regularly monitor and review as necessary

For purposes of the Business Risk Assessment the Clerk/RFO will be referred to as the Clerk

Risk Matrix:

Likelihood (L): 1 rare; 2 unlikely; 3 possible; 4 likely; 5 certain

Severity (S): 1 insignificant; 2 minor; 3 moderate; 4 major; 5 death.

Risk Title	Cause & Effect	Inherent Risk Score	Management of Risk	Residual Risk Score	Any Further Action or Comment
1. Financial					
Inadequate Precept to cover payments	Cause: Inadequate Precept requested	L3 X S4=12	The Clerk will present the first draft of the budget to the Council in December. The Council will review the draft and	L1 x S1= 2	

Risk Owner: Clerk & Council	Effect: Council is not able to meet requirements of existing financial commitments.		consider any projects they wish to see implemented in the forthcoming year and any anticipated income. Adjustments will be made, and the budget and precept will be agreed in January		
No Precept received Risk owner: Clerk	Cause: Precept requirements not submitted to MDDC Effect: Council unable to meet commitments	L2 X S4= 8	The Clerk will send the completed form to MDDC by email as soon as the precept has been agreed and ask for receipt of the email to be acknowledged.	L1 x S1 = 1	
The Precept is used before the end of the financial year Risk owner: Clerk and Council	Cause: Insufficient monitoring of spending compared to budget. Effect: The Council cannot meet financial demands	L3 x S4= 12	Current account balance is reported at each meeting and the Clerk reports on the Council's financial position. Spending against budget is reviewed on a quarterly basis. Action is taken if spending is anticipated to exceed budget. Spending not included in the budget is discussed at a Council meeting and it is decided whether it can be afforded and how it can be paid ie from reserves. No commitment is made for any expenditure that relies on grant funding until the funds have been received by the Council.	L1 x S1= 1	
Incorrect payment of	Caused: • Incorrect amounts	L2 X S3=6	Two councillors authorise online payments and both receive scanned	L1 x S1-1	

<p>Invoices</p> <p>Risk owner: Clerk and bank signatories</p>	<p>shown on bank payments set up for authorisation</p> <ul style="list-style-type: none"> • Payment set up to wrong person or business, • Incorrect amount shown on cheque or cheque made payable to wrong person or business. <p>Effect:</p> <ul style="list-style-type: none"> • repayment has to be requested if wrong person or business paid and there is a risk of it not being repaid. • If a person or business is overpaid a repayment has to be requested and there is a risk of it not being repaid. • Additional work created 		<p>copies of invoices they are being asked to authorise.</p> <p>Two signatures required on cheque, both signatories check invoice against cheque and initial cheque stub and invoice if correct.</p>		
<p>Payments made late or missed resulting in the council being possibly subjected to penalty charges</p>	<p>Cause: invoices received between meetings or not presented for payment at a meeting</p> <p>Effect:</p> <ul style="list-style-type: none"> • Council incurs an 	<p>L2 x S3=6</p>	<p>The Clerk checks terms on invoice to see if there are any penalties for late payment or discounts for early payments. The Clerk has delegated authority to authorise the payment of items if a payment is necessary to avoid</p>	<p>L1 x S1=1</p>	

Risk owner: Clerk	<p>additional cost.</p> <ul style="list-style-type: none"> • Possible effect on Council's credit rating 		<p>a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of council. The payment is reported at the next Council meeting.</p> <p>The Clerk has a system to record invoices when they are received and they are added to a payment list for the next meeting</p>		
Breakdown of internal Controls Risk owner: Clerk and Council	<p>Cause: Financial Regulations are not being adhered to leading to a possible breakdown in the financial controls of the Council</p> <p>Effect:</p> <ul style="list-style-type: none"> • More risk of fraud • Risk of spending more than the budget • The Council cannot answer yes to some of the boxes on the Annual Governance Statement 	L2 x S4=8	<p>Financial Regulations are reviewed on a regular basis and all councillors understand the agreed procedures and the importance of following them. New councillors are given a copy of the Financial Regulations. The Clerk makes councillors aware when correct procedures are not being followed.</p>	L1 x S1=1	
Financial reports are incorrect Risk owner:	<p>Cause: Financial Report does not reconcile with bank statement and there are inaccuracies.</p>	L3 x S4=12	<p>The Clerk and Council agree a robust system of financial reporting. Financial documents are prepared on a quarterly basis, including a bank reconciliation, and discussed at a</p>	L1 x S1=2	

Clerk and Council	<p>Effect:</p> <ul style="list-style-type: none"> • More risk of fraud • Risk of over/under spending • Increased audit costs • Council does not achieve its aims 		<p>Council meeting. A councillor checks and signs the bank reconciliations quarterly. This councillor is not a signatory for the Council's bank accounts.</p>		
<p>Unauthorised expenditure and/or controls for making payments not followed</p> <p>Risk owner: Clerk and Council</p>	<p>Cause:</p> <ul style="list-style-type: none"> • Councillor commits council to an expenditure not authorised by council or Clerk • Payments are made without the authorisation of the Council. <p>Effect:</p> <ul style="list-style-type: none"> • More risk of fraud • Risk of not keeping to the budget and over spending • Poor audit report 	L3 x S4=12	<p>Procedures for payment are set out in the Financial Regulations agreed by the Council. These are adapted from the NALC Model Financial Regulations. Three councillors are agreed as signatories and two of them are required to sign cheques or authorise online payments set up by the Clerk. Authority is removed when a signatory or Clerk leaves the Council.</p>	L1 x S1=2	
<p>Council loses data and documentation</p> <p>Risk owner: Clerk.</p>	<p>Cause: Data is lost due to software or hardware failure</p> <p>Effect:</p> <ul style="list-style-type: none"> • Financial information is lost • Additional work created for Clerk 	L3 x S3=9	<p>System is backed up on a regular basis to a secure cloud storage system and on an external hard drive, either after major input or at least on a weekly basis. Copies of agendas, minutes and statutory documents are stored on the website.</p>	L1 x S1=2	

			Reports are emailed to councillors and can be retrieved.		
Incorrect payment of salary Risk owner: Clerk	<p>Cause:</p> <ul style="list-style-type: none"> • Clerk's hours and rates of pay not adhered to. • Inaccuracies <p>Effect:</p> <ul style="list-style-type: none"> • The Clerk could be over or under paid. • Misunderstanding over work above contracted hours • Possibility of fraud 	L3 x S3=9	<p>The only paid employee is the Clerk. The Clerk is paid monthly (plus any expenses). The Spinal Column Point (NALC/SLCC scales) for the Clerk is agreed by the Council and hours are included on Contract of Employment. There is a clear procedure for agreeing payment for hours worked over contracted hours. Payment is authorised by the Council monthly. Increases to pay are authorised by the Council. Payslips are checked by bank signatories. The Internal auditor checks that the Clerk is paid at the correct rate, for the correct hours and that deductions are properly administered.</p>	L1 x S1=1	
HMRC requirements not met Risk owner: Clerk	<p>Cause: Failure to account for PAYE & NI and make quarterly payments to HMRC or inform them that there is no liability</p> <p>Effect: financial penalties</p>	L3 x S3=9	<p>The Clerk uses Moneysoft payroll software to ensure correct liability is calculated. Quarterly statement of amount owed to HMRC, if any, and payment is made in time to allow funds to reach HMRC by 19th of July, October, January and Clerk. Real Time Information (RTI) is submitted to HMRC monthly, on or before the date payment is made.</p>	L1 x S1=1	
Loss of insurance	Cause: failure to renew insurance or keep cover up		The Clerk checks the policy annually in May to ensure adequate cover is	L1 x S1=1	

Cover Risk owner: Clerk and Council	to date. Effect: The Council has no cover and there is a risk it might be sued	L3 x S4=12	maintained. Quotes are obtained and reported to Council to ensure it is obtaining best value. A report is made to the Council meeting and provider agreed. Payment is made with monthly payments for May.		
AGAR (annual return) and Transparency Code requirements not followed Risk owner: Clerk	Cause: AGAR not completed on time and Transparency Code requirements not met. Effect: <ul style="list-style-type: none"> • Additional costs for the Council if the External Auditor has to contact the Council to get paperwork • Parishioners are denied their rights 	L3 x S4=12	The Clerk prepares the annual return as soon as possible after year end and arranges for an internal audit to be carried out before presenting to Council for approval within the designated timescales. Once approved documents the relevant documents are supplied to publish on the website	L1 x S1=1	
2. Business Continuity					
Risks to the working of the Council Risk owner: Clerk and Council	Cause: <ul style="list-style-type: none"> • Loss of Clerk due to illness, accident or resignation at short notice. • loss of documents due to fire, flood or they are unavailable due to the Clerk being incapacitated • Resignation or death of 	L3 x S4=12	Documents are stored on a laptop owned by the Council and are always backed up to a secure cloud storage facility and memory sticks. Important documents are scanned and stored on the laptop and secure cloud storage in addition to the paper copy. Short term absence of Clerk is covered by Councillors. Loss or long term incapacity of Clerk would be covered by Councillors and/or appointment of a Locum Clerk. Devon Association of	L2 x S2=4	

	<p>councillor</p> <p>Effect:</p> <ul style="list-style-type: none"> The Council struggles to function effectively 		<p>Local Councils and the Society of Local Council Clerks have details of locum clerks. In the event the Clerk is unable to work the laptop can be handed to a councillor. The Chairman has the password to the laptop. The Chairman holds copies of the log ins and passwords that the Clerk uses to conduct the business of the Council in a sealed envelope.</p> <p>Tasks/roles assigned to the departing councillor are reassigned.</p>		
<p>Council is unable to meet in person due to Covid-19</p> <p>Risk owner: Clerk and Council</p>	<p>Cause: The Government declares a lockdown and there are restrictions about meeting in person due to Covid-19.</p> <p>Effect:</p> <ul style="list-style-type: none"> The Council is unable to meet at the Village Hall 	L3 x S3=9	<p>The Council can meet using a virtual platform (Zoom) while legislation allows. Quorum is three.</p> <p>Documents can be signed following social distancing requirements, washing hands, using face coverings where necessary and following legislation.</p>	L1 x S1=1	
<p>The Council pages on the parish website do not meet accessibility requirements</p> <p>Risk owner:</p>	<p>Cause:</p> <ul style="list-style-type: none"> Person publishing information on the website is not aware of the requirements Some statutory documents that have to be published on 	L3 x S3=9	<p>The website platform is provided by MDCC who understand the accessibility requirements and support the Council to meet them. They have assessed the website and provided information about meeting accessibility requirements.</p> <p>An Accessibility Statement explains that the Council is unable to provide some</p>	L1 x S1=1	

Councillor responsible for website and Clerk	<p>the website to meet the Transparency Regulations have to be scanned and don't meet accessibility standards.</p> <p>Effect:</p> <ul style="list-style-type: none"> • People with disabilities struggle to access or cannot access information about the Council. • Breach of the Equality Act 2010 and the Disability Discrimination Act 1995. • Possible enforcement of the regulations, by the Equality and Human Rights Commission (EHRC). 		documents in an accessible form		
3. Health & Safety					
<p>Accident because Risk Assessment not produced</p> <p>Risk owner: Clerk and</p>	Cause: Failure to carry out suitable and sufficient risk assessment and ensure that corrective actions are dealt with within agreed timeframes.	L3 x S5=15	Risk assessments carried out for any Council responsibilities or activities organised by the Council. Regular review of Business Risk Assessment undertaken by the Clerk and Council.	L3 x S2=6	

Council	<p>Effect:</p> <ul style="list-style-type: none"> • Risk of injury or worse and claim against the Council • Claim against the Council 				
<p>Risks from Clerk (Council employee) providing office facilities/working at home and lone working</p> <p>Risk owner: Clerk</p>	<p>Cause:</p> <ul style="list-style-type: none"> • The Council does not provide office facilities and the Clerk works from home on a permanent basis. • A member of the public asks to meet with the clerk and/or to view Council documents <p>Effect:</p> <ul style="list-style-type: none"> • Risk of workplace injury or conditions caused by incorrect seating or screen use • Violence by member of the public 	L2 x S4=6	<p>No office is provided by the council and the Clerk accepts that working from home is a condition of the job. The clerk ensures that health and safety guidance is followed whilst working at home for the Council and a checklist has been completed and is reviewed on a regular basis. There is no expectation for members of the public to visit the clerk's office so there is no risk of accidents to members of the public and no risk of spreading Covid-19 through the workplace.</p> <p>Most communication takes place virtually, by phone and email but if the clerk needs to meet anyone outside of the office personal safety will be taken into account and Covid-19 guidance will be adhered too.</p>	L1 x S1=1	
<p>Mental health of Clerk (Council employee) is affected as a result of Covid-19 pandemic</p> <p>Risk owner:</p>	<p>Cause:</p> <ul style="list-style-type: none"> • Worries and anxieties about Covid-19 • Isolation <p>Effect:</p> <ul style="list-style-type: none"> • Depression and anxiety 	L2 x S3=6	The clerk is aware of where advice and support can be found.	L1 x S1=1	

Council					
Possible claim by staff due to poor workstation ergonomics Display Screen Equipment Risk owner: Council and Clerk	<p>Cause</p> <ul style="list-style-type: none"> • Display Screen Equipment Regulations not followed <p>Effect:</p> <ul style="list-style-type: none"> • Clerk experiences headaches or physical discomfort • Possible claim against the Council 	L1 x S3=3	Clerk is trained and carries out Individual risk assessment of work station as necessary, in line with Display Screen Equipment Regulations	L1 x S1=1	
Risk to personal safety of clerk, councillor or volunteer working on behalf of the Council in a lone working situation Risk owner: Clerk and Council	<p>Cause:</p> <ul style="list-style-type: none"> • Accident with no help nearby • attack on person <p>Effect: injury or death</p>	L2 x S4=8	<p>Person to make sure someone knows where they are working and how long they are expected to be and to carry a mobile phone.</p> <p>One person meeting with members of the public who are not known should be avoided whenever possible unless other people are close by. Meetings should not be at the Clerk or Councillor's home if that can be avoided. Advice is that two people should go on visits whenever possible. Where not possible the person making a visit should inform someone where they are going and how long they are likely to be. That person should carry a mobile phone.</p>	L1 x S1=1	
Injury or accident while using the	<p>Cause:</p> <ul style="list-style-type: none"> • Injury due to faulty or 	L3 x S4=12	An annual inspection of the play equipment and site is carried out by a	L2 x S2=4	

<p>Play Area & Community Area</p> <p>Risk owner: Council & Councillor carrying out inspections</p>	<p>damaged play equipment, safety surfacing, fencing, seating or litter bins.</p> <ul style="list-style-type: none"> • Fall and injury due to slippery pathways, slippery decking around summerhouse, or injury due to protruding branches. • Fall and injury due to slippery surface on the access bridge <p>Effect:</p> <ul style="list-style-type: none"> • Injury to person • Possible claim 		<p>qualified person. The Council discusses the report and acts on any advice in the recommended time frame.</p> <p>A weekly inspection is carried out on behalf of the Council, by a nominated councillor agreed at the Council's annual meeting and is recorded on a signed report which is held by the Council for 21 years. Any matters of concern are noted on the report and reported to the Clerk as soon as possible. The Clerk authorises appropriate action to deal with the concern in an appropriate time frame. A report is made to the next Council meeting. Anyone carrying out work on the equipment is competent to do so.</p> <p>Annual cleaning of benches</p> <p>A weekly visual inspection is included with the play area inspection.</p> <p>Annual cleaning of the decking to remove algae</p> <p>Regular maintenance of trees and bushes</p>		
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	against the Council				
Risk of spreading Covid-19 at the Play Area and Community area during Covid-19 Risk owner: Council & Councillor carrying out inspections	Cause: safety guidance not followed and infection is spread by contact Effect: Infection with Covid-19	L1 x S4=4	The play area and playing field are in the open air where the risk is less. Risk continues to be assessed and the play area will be closed if this is required by the Government. Guidance from the Government and/or insurance company is followed. Warning/advice posters are displayed in the play area The councillor carrying out weekly inspections follows safety precautions. Contractors are expected to follow Covid-19 guidance. It is unlikely that it could be proved that anyone has caught Covid-19 through using the facilities.	L1 x S4=4	
Personal injury claims against the Council Risk owner: Council & Councillor carrying out inspections	Councillor or volunteer makes a claim for injuries incurred while carrying out duties/work on behalf of the Council. Person makes a claim as a result of injuries caused by work carried out by a Councillor or volunteer.	L2 X S4=8	A risk assessment is carried out before any duty/ work is carried out. The Council ensures that the person is competent for the task and has received training if required. PPE equipment is supplied if necessary. Warning signs and barriers are used when necessary. The Council ensures that it's Employer's Liability insurance cover is adequate and volunteers are covered. A list of volunteers and their details is kept by the Clerk. The Council ensures that it's Public Liability insurance is adequate.	L1 x S2=1	
Contractor employed by the	An accident occurs when a contractor has been	L2 x S4=8	The Clerk ensures the contractor (including employees) is competent to	L2 x S2=4	

Council causes an accident Risk owner: Clerk	contracted by the Council to carry out work on its behalf		carry out the work they have been contracted to carry out and, if necessary, the relevant qualifications. Ensure they have adequate public liability and employer's liability insurance to the work they are contracted to do. Ensure risk assessments are carried out before the work is started. Ensure warning signage will be displayed when necessary.		
4. Legal					
Libel claim from correspondence or social media Risk owner: Council & Councillor carrying out inspections		L1 x S3=6	Letters should normally be written by the Clerk who is insured against such issues. Councillors are aware that they cannot speak on behalf of the Council unless that has been agreed by the Council. If a councillor expresses a view they should make it clear that it is their personal view and not that of the Council.	L1 x S1=1	
The Council acts beyond its legal powers or	Cause: <ul style="list-style-type: none"> The Council makes an unlawful decision 	L1 x S4=4	Clerk to ensure, as far as possible, that legislation permits action. Where there is doubt, no action is taken until	L1 x S1=1	

<p>Councillors might contravene regulations.</p> <p>Risk owner; Clerk and Council</p>	<p>or one in which they had no power to do so.</p> <p>Effect:</p> <ul style="list-style-type: none"> • The Council would have to put a 'No' response in Box 3 of the Annual Governance Statement and provide an explanation • The Council could be held to account by parishioners • The Council could be held to account by the External Auditor and there would be a cost implication. • Councillor reported to the Monitoring Officer 		<p>professional advice is provided in writing or by email. The Council is a member of DALC and receives advice on legislation changes.</p> <p>The Council has Standing Orders, Financial Regulations and a Code of Conduct which are regularly reviewed. Continued Professional Development of the Clerk</p> <p>The Clerk provides councillors with details of DALC training courses.</p>		
<p>Council fails to follow Contracts and Best Value Principles</p> <p>Risk owner: Clerk and Council</p>	<p>Cause: The Council fails to follow procedures contained in Financial Regulations or within the principles laid down for Best Value</p> <p>Effect:</p> <ul style="list-style-type: none"> • The Council could be held to account by parishioners. • The Council could be 	<p>L1 x S4=4</p>	<p>Prior to any negotiations taking place that involves new, or the renewal of contracts, the Financial Regulations appertaining to contracts should be read and guidance followed.</p> <p>The council should, as far as possible, follow the principles of best value in all its purchases. In doing this it is understood that there will be certain specialist services where the full</p>	<p>L1 x S1=1</p>	

	held to account by the External Auditor and there would be a cost implication.		principles of best value cannot be adhered to. Such instances should be noted in the minutes with the reasons clearly given.		
Council exceeds maximum amount per elector on a payment permitted under Section 137 LGA 1972 Risk owner: Clerk	Cause: Council unaware that Section 137 payments are subject to a maximum amount per elector which cannot be exceeded Effect: <ul style="list-style-type: none"> • Council held to account by parishioners • Council held to account by External Auditors and there is a cost implication 	L1 x S4=4	RFO to ensure that the Section 137 limit is not exceeded	L1 x S1=1	
Data breach by Clerk or Councillors Risk owner: Clerk and Councillors	Cause: Failure to comply with GDPR and the Data Protection Act 2018 Effect: <ul style="list-style-type: none"> • Council is reported to the ICO with possible penalty • Additional work created for clerk and councillors 	L2 x S3=6	Audit of data held by the Council carried out to identify areas of risk and procedures put in place. Data Protection Policy, Privacy Statements and Consent Forms agreed. Clerk has received training about GDPR and checks regularly for legislation updates. Councillors briefed about GDPR	L1 x S1=1	