

Collier Street Parish Council

Risk Assessment

Risk status	Risk description	Potential fraud	Internal audit checks and safeguards	Recommendations/Checks
Medium	Payment to fictitious staff	Additional staff added to payroll.	Internal audit check, plus minimum standards check every time payments are authorised.	Recommend an annual check against salary expenditure. The Councillors receive a balanced copy of the Parish Account each month and it would be easy to identify any fictitious payments. Identified bank signatories are appointed to check the reconciliation report against the actual bank statements by on-line checks.
High	Payment for fictitious goods	Fictitious invoices submitted.	Random checks during internal audit.	A Councillor has been appointed to check on a routine basis the invoices against invoices submitted. Also on-line checks against the expenditure monthly report.
Low	Direct Debits and Standing Orders	Fictitious payments	Invoices are taken to meeting for checking, details included in the payment lists clearly showing that they are a Direct Debit (DD) or Standing Order (SO). Random checks on DDs or SOs included in internal audit. Only established for obvious companies such as Gas and electricity.	List of authorised DDs and SOs to be kept with invoices for payment to allow for spot checks. The Councillors are provided with a copy of the electronically produced 'cash book' each month to confirm expenditure together with a reconciliation against budgets. A councillor has been appointed to spot check this paper.
High. As it is recognised that in recent cases concerning fraud this has been a method used by Clerks.	Unauthorised withdrawals from accounts	Money being withdrawn.	No blank cheques to be signed by councillors. 2 signatories required, Clerk is not a signatory. Any bank to bank transfers requires 2 signatories, companies have it noted that Clerk can only administer an account and everything else requires two signatories. Minimum standards checks (monthly) of statements reduce some risk of forgery. Internal audit has random checks on the accounts. Bank mandates to amend or add any signatories to be completed at meetings in front of other members. Loss of cash through theft or dishonesty covered by fidelity insurance.	Hardly any cheques are issued , as the PC uses internet banking for all transactions. Continue monthly checks on statements. Add to Minimum Standards a check to ensure that cheques that are issued in order so that no stubs and cheques can be removed. Regularly remind councillors that no blank cheques must be signed and only authorised letters moving amounts between accounts can be signed. Maintain a clear audit trail and have different councillors to sign cheques etc. An on line check ensures that any payments not included on the
Minimum Standards Checks				

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Low risk if followed	Introduced as a requirement for increasing the fidelity insurance	Invalid if not undertaken regularly.	Regular checks on statements, petty cash, invoices against cheques and cheque payment lists, regular payments into accounts of cheques and cash.	Councillor appointed to check electronic copies of the 'cash-book' and bank reconciliation are issued monthly to all Councillors.
Internal Audit				
Low risk if followed	Councillors internal check to see the financial and accounting systems are professional and that there is no fraud.	Domineering/fraudulent Clerk controlling what is checked	Clerk 'books' different councillors. Checklist has been produced which has more checks on areas at higher risk of fraud. Checklist clearly states that councillors can increase the number of checks on any item and may question any part of the financial and accounting system. Report has to be given to Council after each internal audit and kept for an audit trail.	Copy of last internal audit to be given in advance to councillor prior to undertaking the next internal audit. The report is discussed as an agenda item and all Councillors receive an electronic copy.
Insurance Cover				
Low risk if followed	Insurance helps 'manage' risks.	Under or over insured or no insurance.	Annual review of insurance and cover. Parish property covered by insurance and the risk of damage to third party property or individuals is covered by public liability. Items added as required. Two yearly check with other firms to see that best value being received.	Policy must be maintained.
Asset List				
Low risk if followed	Up to date register of all assets.	Items being stolen	An asset register has been produced which identifies the location of the said asset.	Regular safety checks and new system to record when checks take place. Risk assessment records/regular checks are made on property owned which flag up any areas of concern.
Bank Reconciliation.				
Low risk if followed	Monthly reconciliation's is good accountancy practice.	Unprofessional and inaccurate accounts.	Minimum Standards checks ensure that this happens.	Continue to reconcile on a monthly/basis. A nominated Councillor will also check on-line to confirm that the reconciliations are accurately reflected and balances correctly stated.
Legal Powers				

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Low risk if followed	Councillors must ensure that they only act within the legal powers awarded to parish councils.	Unprofessional actions and accusations of acting ultra vires.	Budget details the powers under which the expenditure takes place. Clerk keeps informed of new powers awarded and investigates situation for new expenditure or services. Copies of Acts available from parish office. Parish Council is member of Kent Association of Parish Councils and SLCC from whom current legal advice can be sought.	Maintain the system of noting what powers are being used by including details in the budget.
Protection of Accounts				
Low risk if followed	Need to protect financial data.	Loss of financial information.	Clerk regularly backs up the information.	Maintain the system.
Risk Assessment				
Low risk if followed	Need to review possible problems faced by parish council and methods taken to reduce risk.	Lack of risk assessment introduces possibility of poor planning, dishonestly and claims against the council.	Annual risk assessment.	Annual Risk Assessment to be undertaken.
Stock				
Low to medium	Consumables and office stationery.	Stock/stationery being stolen.	Limited office stationery kept at Clerk's home	Open to audit by Councillors
Tenders				
Low to medium	Purchase of services.	Contracts awarded due to influence on councillors or parish office.	Code of Conduct and Standing Orders clearly states responsibilities and procedures. Job specifications are drawn up for services required.	Continue to work to the standards and procedures.
Other recommendations/Checks.				

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Low to medium	All councillors to be reminded that no blank cheques are to be signed.	All councillors to be notified that on the spot financial checks of any system or any invoice is permissible.	Independent Internal Auditor has been appointed	Need to consider how to calculate depreciation of value of goods.
Low to medium	Appointment of an independent internal auditor as required by regulations	Poorly run accounts leading to financial or legal problems.	Monthly budgets/balances are prepared for the appropriate meeting of the Parish Council	Supporting accounts/spends are available at Monthly Meetings for scrutiny.