



LLANTWIT FARDRE COMMUNITY COUNCIL FINANCIAL RISK ASSESSMENT – MAY, 2022

CONTROL AREA	CONTROL OBJECTIVE	CAUSE	SIGNIFICANCE OR IMPACT	LIKELIHOOD	CONTROLS
HIGH LEVEL CONTROLS					
Segregation of duties	A key feature of an effective control framework is to ensure that where possible, no single individual has sole responsibility for any transaction from authorisation to completion and review. For smaller councils there may be particular resource constraints that make proper segregation of duties difficult to achieve. However, members can take action to compensate for these difficulties. For example, members reviewing reports of transactions independently of the RFO.	Council unaware of financial position of Council funds.	Medium	Medium	*Reports provided for monthly meeting. *Two signatures required for all cheques. *Bank statements / reconciliations are checked a minimum of twice a year. *All invoices initialled by 2 councillors. *All purchasing is planned and paper trail filed with invoices.
Budgetary control	One of the most important financial monitoring activities is budgetary control. This is monitoring the council's performance against its budget. The council should have procedures for regular budget reporting in place.	Inadequate monitoring of performance	Medium	Low	*Income and Expenditure report provided to Full Council, monthly *Quarterly review of nominal ledger by RFO. *Six monthly review of spending by Finance and Policy Committee. (undertaken on 13.01.2022)
		Annual Precept not the result of proper detailed consideration	Medium	Low	Full review of spending for the year to date and past year expenditure levels before budget is prepared and precept set by Full Council. (undertaken on 13.01.2022)
Internal Audit	The role of internal audit is to look at the effectiveness of the council's financial controls. The members should consider reports prepared by the internal auditor that identify weaknesses in internal control.	Non compliance with statutory requirements.	Medium	Low	Internal auditor re-appointed and ongoing for interim and end of year audits. (interim review undertaken April/May, 2022)
		Non-compliance with statutory deadlines for the completion / approval / submission of accounts and other financial returns.	Medium to High	Low	Ensure that all accounts and returns are completed and submitted by the deadlines.
Standing Orders and Financial Regulations	These establish the general rules applicable to council meetings and in carrying out the council's business.	Decisions made against Council policy or outside legal powers.	High	Low	*OVW Model Standing Orders adopted Dec 2019. *OVW Model Financial Regulations adopted Dec 2019 *Reviewed Dec 2020. *Reviewed Jan 2021. Review Annual Meeting – May 2022.



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Process of Payments	The use of cheque payments is diminishing with the use of electronic payment methods. It is essential that the council has robust controls in place over payments made. These should be set out in the council's financial regulations/procedures.	Incorrect payments made	Medium	Medium	Council should review the way it currently makes payments to bring it up to date where possible - by reducing the reliance on cheques and considering dual authorisation bank payments. *Utility Bills are paid by Direct Debit. (DD) * Some suppliers are paid by Standing Order or DD.
Authorisation of Expenditure	Expenditure controls ensure that only necessary and authorised purchases are made. Controls also ensure that the council makes payments only for goods and services received, checked, implemented/fitted and at agreed prices.	Illegal Expenditure	Low	Low	RFO to ensure that all Council agreed expenditure is within legal powers. In exceptional circumstances, except for the August recess and Bank Holiday, retrospective consent will be sought. *When it comes to pre-quoted items, all quotes should have an expiry period, such as 30 days. New quote requested if time lapses. However, where felt appropriate, provision could be made for inflation, and if this was to be the case, whereby new quotes are not to be sought then the statement be made - 'all budgetary items have been increased in line with the current rate of inflation using CPI 2.9% (Consumer Price Index)
		Incorrect payments made	Medium	Low	*All accounts for payment reported monthly to full Council before payment. *Financial Regulations specify expenditure limits. *All cheques signed by 2 Councillors.
		Non compliance with VAT regulations	Low	Low	*All VAT payments recorded on accounting software and VAT return filed quarterly.
		Misuse of Council Debit Card	Medium	Medium	*All card transactions to be authorised by the Clerk prior to placing an order. Where possible other payment methods are used. *Only the named card holder to use the card i.e. the Clerk. *Full list of payments made provided to Council each month and reconciled monthly to the bank statement.
Income Received	The controls in place should provide assurance that the income received is secure, accurately recorded and banked as quickly as possible.	Loss of cash through theft or dishonesty	Medium	Low	*All cash/cheques banked on day of receipt or locked in safe until it is possible to bank it. *Insurance policy in place. *Invoices state that Payments are requested by BACS. Continue encouragement of this method of payment.



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Trading Income and Fees	Trading includes all goods and services provided for a fee. Controls should ensure that all income due to the council is received and recorded.	Incorrect hall hire charges made or charges not collected.	Low	Low	*Hall Hire Income reviewed 13th January, 2022 . Regular review to take place at the start of the budget setting process. *Regular hall hirers invoiced monthly. All group contact details updated in September 2021 and entered onto RBS. Review annually. *One-off bookings invoiced and payment received prior to the event. *Outstanding invoices to be reviewed every 6 months, as a minimum, by Council. (Oct and March).
Income Records	Internal controls should ensure the council accurately maintains accounting records of income.	Non compliant records kept.	Medium	Low	*Accounts reconciled monthly. *The Chair or Vice Chair of the Finance and Policy Committee to check the reconciliations against the statements minimum twice per financial year.
Wages and Salaries	The purpose of payroll controls is to make sure that the council pays the correct amounts to genuine employees and HMRC.	Incorrect amounts being paid to individuals or HMRC.		Low	*Outsourced to RCTCBC Payroll . *NALC guidelines used for setting salary levels. *Overtime is sanctioned by Clerk and Chair of Staffing.
Pensions			Low	Low	Outsourced to RCTCBC Payroll.
Employees	Employees must ensure that they adhere to the council's control arrangements.	Employees not following Council procedure.	medium to high	low to medium	All staff have contracts and have agreed to the Council Health and Safety Policy which is to be reviewed during 2022. *Appraisals to be completed annually.
Assets	Internal controls are in place to safeguard the assets and investments held by the council from loss or damage and to ensure their proper use within the community.	Damage to Physical Assets	Low	low to medium	*Asset Register fully reviewed in March of each year. *Asset Register fully reviewed March 2021. *Annual review to be made by outside staff with a traffic light system of actions – commenced. *Research into the use of RBS for Asset Inventory. *Insurance policy in place and reviewed annually against the Asset Register. *CCTV and alarms installed at all premises.
		Damage to third party property or individuals.	High	Low	Insurance policy in place and reviewed annually. (next review Annual Meeting of the Council – 16.05.2022)
		Vehicle accident	High	Low	*Vehicle insurance policy in place and reviewed annually. *Only authorised staff allowed to drive Council vehicles. *Vehicle Risk Assessments in place - reviewed annually.



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		Consequential loss of income or ability to deliver services	Medium to High	Low	Insurance policy in place and reviewed annually.
		Absence of the Clerk through illness or termination of employment.	medium	medium	Council have recently appointed an Assistant to the Clerk. *Asst Clerk to cover in absence of the Clerk.
		Loss of services of an employee.	Medium	Low	If a permanent loss, immediately advertise the vacancy and request help from remaining employees to cover work load during temporary loss.
		Employee accident	Medium	Low	*Insurance policy in place and reviewed annually *Health and Safety training and assessments in place. *Fire Risk Assessment in place. Review annually.
Investments	Internal controls should ensure that the council's investments are safeguarded.	Inappropriate investment	Medium to High	Low	*Council have identified that they need to expand their investments to protect their reserves. *New savings account(s) to be opened. *Deposit of £35k to be made to CCLA. (transfer took place on 08.03.2022)
Bank Accounts	Controls over bank accounts ensure that the amount of money held at any given point in time can be identified and that this money is secure.	Incorrect information held on bank accounts.	Medium to High	Low	*All cheques require dual signatures. *All computers have AVG internet security installed enabling staff members to view accounts safely on-line. *KRUF Account (x2) closed. *CEJ 2 nd account identified. *Gwynfa account to be closed.