

# Risk Assessment – Financial

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SUTTON PARISH COUNCIL

Clare Cooper  
CLERK, SUTTON PARISH COUNCIL

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## 1. Scope and Objectives

The purpose of this document is to identify potential financial risks facing Sutton Parish Council ('the Council') and how those risks can be managed to ensure the Council is able to deliver the services expected of it.

This document will be reviewed by the Council annually (in March), enabling the Council to:

- a) Appraise itself of identified risks
- b) Agree appropriate actions to minimise the impact of the risks
- c) identify new risks and appropriate measures to manage them
- d) ensure the Council's insurance is adequate for the forthcoming year

## 2. Introduction

Risk management is NOT just about financial management, but about achieving the objectives of the organisation to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation, reputation and the ability to deliver the expected services.

The new approach to local Council audit seeks to address these issues by placing emphasis on local Council's strengthening their own corporate governance arrangements, improving their stewardship of public funds and improving assurances to taxpayers. In other words, 'the buck' stops with you, the Councillors!

Members are ultimately responsible for risk management because risk threatens achieving the objectives of the Council. As a minimum, members should at least annually formally:

- a) Take steps to identify key risks facing the Council
- b) Evaluate the potential consequences to the Council in the event of an identified risk occurring
- c) Agree upon appropriate measures to avoid, reduce or control the risk or its consequences

All of the above objectives should be served by this document. If they are not, then it is up to the Council to determine how they should be met and to put in place appropriate measures.

This document should be read in conjunction with the current Insurance Policy in force for the Council.

### 3. Risk Analysis

The following table attempts to identify all financial risks and to assign a probability ('Prob') of that risk occurring, and should it occur, its impact ('Imp') on the Council. Both the 'Probability' and 'Impact' of a risk are scored on a 1 – 5 scale; 1 being the lowest score (i.e. very improbable or very low risk) and 5 the highest (i.e. highly probable and very high impact). Both these scores are multiplied to give an Overall Risk Rating (ORR). Any risks over ORR 20 will be reviewed on a monthly basis.

The 'Managed by' column details how the risk is managed, either by protecting the Council from its impact (typically by way of insurance) or by reducing the probability of that risk occurring. All Councillors should be aware of the importance of keeping their register up to date and declaring any interests at meetings as and when appropriate. The below list is not exhaustive and items can be added, amended or removed as and when appropriate.

Num ber	Details	Prob	Imp	Overall Risk Rating	Managed by...	Last Reviewed Date	Action Required
1	Council under insured	1	5	5	<ul style="list-style-type: none"> <li>The Council's insurance to be reviewed annually by the Council as part of the annual risk review process</li> </ul>	<ul style="list-style-type: none"> <li>March 2026</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>
2	Theft of petty cash	1	1	1	<ul style="list-style-type: none"> <li>The Council currently does not handle petty cash.</li> <li>Insurance - £500 maximum for theft from Clerk's home</li> </ul>	<ul style="list-style-type: none"> <li>March 2026</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>
3	Loss of money through theft, dishonesty or fraud	1	4	4	<ul style="list-style-type: none"> <li>Insurance – Fidelity guarantee to maximum of £250,000, must be reported within 36 months</li> <li>Councillors are responsible for agreeing the Council's accounts</li> <li>Clerk sets up and first authorises all payments, payments second authorised by Councillor</li> </ul>	<ul style="list-style-type: none"> <li>March 2026</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>

4	Inadequate annual Precept	1	2	2	<ul style="list-style-type: none"> <li>Annual budget discussed at full Council meeting</li> <li>Councillors take joint responsibility for approving the budget</li> </ul>	<ul style="list-style-type: none"> <li>March 2026</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>
5	Financial records not meeting current statutory requirements	1	1	1	<ul style="list-style-type: none"> <li>Appropriate training for Clerk, RFO and Councillors</li> <li>Retained membership of SALC who provide information and guidance</li> <li>Purchase of appropriate documentation and supporting material</li> <li>Internal audit</li> </ul>	<ul style="list-style-type: none"> <li>March 2026</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>
6	Not meeting the Customs and Excise regulations (especially VAT)	1	1	1	<ul style="list-style-type: none"> <li>Appropriate training for Clerk and RFO</li> <li>Retained membership of SALC who provide information and guidance</li> </ul>	<ul style="list-style-type: none"> <li>March 2026</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>
7	Not fulfilling the requirements of the Annual Return and the audit procedures, including right of inspection	1	2	2	<ul style="list-style-type: none"> <li>Councillors to be responsible for checking and approving the Annual Return prior to submission to the external auditor, with particular emphasis on Section 2 – Statement of Assurance</li> <li>The use of competent Internal Auditor to identify any inappropriate practices</li> <li>Adequate training for Clerk/RFO</li> </ul>	<ul style="list-style-type: none"> <li>March 2026</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>
8	Grant moneys not applied for	1	1	1	<ul style="list-style-type: none"> <li>Clerk to monitor all grant facilities and work closely with ESC/SCC/SALC to obtain current details should monies be required</li> </ul>	<ul style="list-style-type: none"> <li>March 2026</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>
9	Section 106 agreement / CIL funds not available to Parish Council	1	1	1	<ul style="list-style-type: none"> <li>CIL funds sent straight to Councils (April and October) and must be accounted for separately</li> </ul>	<ul style="list-style-type: none"> <li>March 2026</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>

10	Internal Audit ineffective	1	2	2	<ul style="list-style-type: none"> <li>Annual review of the effectiveness of the internal audit to take place between RFO/Clerk and Internal Auditors (currently Trevor Brown)</li> </ul>	<ul style="list-style-type: none"> <li>March 2026</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>
11	Total finances exceed £120,000 in any one financial institution	1	1	1	<ul style="list-style-type: none"> <li>Clerk to ensure that total finances in any one financial institution do not exceed £120,000 so that they fall within the limit insured by the Financial Services Compensation Scheme</li> </ul>	<ul style="list-style-type: none"> <li>March 2026</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring by Clerk</li> </ul>
12	Council fails to comply with strict deadlines imposed on it	1	3	3	<ul style="list-style-type: none"> <li>Clerk manages all deadlines</li> <li>List of deadlines attached to this document as Appendix 1</li> </ul>	<ul style="list-style-type: none"> <li>March 2026</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring by Clerk and Councillors</li> </ul>
15	Non-compliance with data protection regulations	2	5	10	<ul style="list-style-type: none"> <li>Suitable training and research for both Clerk and Councillors</li> <li>Support from SALC and ICO</li> </ul>	<ul style="list-style-type: none"> <li>March 2026</li> </ul>	<ul style="list-style-type: none"> <li>Strict adherence to guidelines</li> </ul>

Adopted by Sutton Parish Council at a meeting on: *31st March 2026*

Signed:

*C B Cooper*

Clare Cooper  
Clerk

*A McManus*

Alan McManus  
Chair

## Appendix 1

List of mandatory tasks performed by Sutton Parish Council:

Task	Date task must be completed by
Review of Financial Regulations and Standing Orders	Annually
Asset Review and updating of Asset register	Annually and when new assets are purchased or sold/removed
Review of Risk Assessments (Financial, Non-Financial, Cemetery Maintenance and Litter Picking)	At least annually and if the Council's circumstances change dramatically
Review of internal controls for financial management	Annually
Review of suitability of Internal Auditor	Annually
Review of Suffolk Code of Conduct	Annually or when amended by NALC
Website must be free to access and contain: <ul style="list-style-type: none"> <li>• Agendas</li> <li>• Minutes (once agreed)</li> <li>• Accounts</li> <li>• Details of Auditors</li> <li>• Documents/Policies</li> </ul>	Monthly review
Check level of Fidelity Insurance	Annually when insurance renewal received
Review of General and Earmarked Reserves	Monthly
Appointment of Chair and other positions (such as Internal Auditor)	May meeting or following a resignation
Signing off of Annual Accounts	May meetings (after internal audit)
Requesting exemption from External Auditors	By 20 <sup>th</sup> June
Completion of Audit	By 30 <sup>th</sup> June
Advertising of Period of Exercise of Public Rights to view Accounts	A 6 week period but must include all dates in July
Auto enrolment confirmation	Position renewed every 3 years