

**Melbourn Parish Council
Financial Risk Register 2021-22**

**Doc. No. 4.20
Review date: September 2022**

Risk No.	Description (the risk is that...)	Impact (the impact on MPC would be...)	Likelihood Score (1-3)	Impact Score (1-3)	Risk Rating (High, Medium, Low)	Response (what actions have been taken/are in progress)
F1	Expenditure is incurred or grants awarded without proper legal authority	Potential for complaints, fines, qualified audit report	1	2	Low (2)	Qualified staff. Record of power under which grants are awarded is minuted.
F2	The PC has insufficient General Reserves so is at risk of bankruptcy if precept is not paid on time	Inability to provide services or pay staff salaries and other contractual liabilities	1	3	Medium (3)	MPC holds 6 months of running costs in general reserve in line with its Reserves Policy.
F3	An adequate record of the Council's assets is not maintained	Potential theft or misappropriation of assets Assets could fall into disrepair. Assets may be inadequately insured	1	3	Medium (3)	Asset register in place and reviewed annually. New acquisitions and disposals recorded. Periodic inventory checks carried out. Insurance cover linked to asset register. Professional insurance valuation of buildings undertaken and to be done every 5 years.
F4	The PC has insufficient money ring-fenced in Asset Replacement/Maintenance Reserves The PC does not have a maintenance plan so the budget for maintenance will be insufficient	Assets could fall into disrepair. Potential H&S concerns as well as adverse service delivery and rental income impact.	2	3	High (6)	Full asset register in place. Ongoing maintenance spend requirements included in precept. MPC building up Asset Management Reserve and linking it to asset renewal programme(Action). Maintenance Committee prioritise and monitor maintenance spend monthly.
F5	Cash is lost through theft/misappropriation	Funding shortfall Adverse publicity	1	1	Low (1)	Limited cash held and banked promptly. Controls over dealing with cash. Small

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						petty cash float. Petty cash procedure. Fidelity Guarantee (insurance).
F6	Failure to ensure proper use of funds under S137	Total S137 expenditure could exceed statutory limit for MPC	1	1	Low (1)	Qualified Clerk. Powers for grant approvals minuted.
F7	Proper financial records are not kept	Inadequate understanding of financial position of the authority. Potential qualified audit.	1	3	Medium (3)	RFO in place. Regular finance reports submitted at meetings. Two internal audit visits per year.
F8	Poor Financial Management	MPC could run out of funds before the financial year end. Risk to service delivery.	1	3	Medium (3)	RFO in place. Regular budget progress reports/monitoring. Reserves of over 5 mths running costs.
F9	Failure to set a precept within sound budgeting arrangements.	Inadequate funds to effectively carry out planned services. Unjustified precept charge to parishioners.	1	3	Medium (3)	RFO in place. Rigorous precept setting process followed. Adequacy of reserves considered when setting precept. Regular budget monitoring throughout the year.
F11	Failure to maintain an effective bank payments system	Loss of funds from bank due to staff error or fraud.	1	2	Low (2)	Controls in place over bank payments – proper separation of duties. All payments approved by council and minuted. Review of bank reconciliations by PC member. Regular budget monitoring. Fidelity Guarantee (insurance)
F12	Loss of funds due to bank failure	Any funds above FSCS guarantee limit could be lost. Impact on ability to deliver services and projects and meet contractual payments.	1	3	Medium (3)	Guarantee limit of £85k per financial institution. Investment policy in place. Spread of investments among different institutions.
F13	Failure to collect income from customers	Funding shortfall which needs to be met from elsewhere.	1	1	Low (1)	Responsibility for collection of debts defined – separation of duties. Budget monitoring. Procedures to chase outstanding debts.

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	Loss of tenant for Little Hands Nursery building	Funding shortfall which needs to be met from elsewhere.	1	3	Medium (3)	Longstanding tenant. Reserves of 6 months to cover income shortfall.
F14	Claims will be made on insurance due to accidents in, on or around Council property (includes maintenance of public open spaces)	Adverse publicity Failure in duty of care to parishioners Increased insurance premiums	2	2	Medium (4)	Wardens regularly inspect and mend things. Cllr inspections. Maintenance Committee oversees and monitors. Process over awarding of major Maintenance Contracts. Risk assessments carried out. Public Liability Insurance held.
F15	New employees in key officer roles	Loss of funds through staff error or fraud	1	2	Low (2)	Staff continuity in key officer roles. Recruitment processes and references. Separation of staff duties/RFO separate from Clerk. Internal controls in place over bank payments and cash handling. Staff training and performance reviews. Fidelity guarantee (insurance)
F16	Melbourn Community Hub Management Committee might not be able to make the Hub financially viable.	The Hub might need to be managed and run by MPC. Potential adverse impact on reserves and increase in precept	1	3	Medium (3)	MPC works closely with the Hub Management Group and several Cllrs are directors. Regular finance reports provided to MPC. Financial assistance via grant given by MPC.
F17	SCDC and CCC are unable to perform their delegated tasks and these get pushed down to Parish Council level	The Precept would need to be increased to enable MPC to carry out additional duties	2	3	High (6)	MPC works closely with its District and County Cllrs and should get warning of any proposed changes so that it can make appropriate plans. MPC must continue to do this (Action).
F18	Damage or loss by fire, weather or vandalism of Councils assets	Potential adverse service disruption and unbudgeted outlay for replacements/repairs	2	2	Medium (4)	Asset register is linked to MPC's insurance policy. Wardens and regular Maintenance Contractors report damage to assets. Asset inspections

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						programme. Risk assessments and fire prevention measures in place.
F19	Lack of financial controls when appointing contractors and lack of monitoring of contractors following appointment	MPC may not get the best value from its contractors and may not get the service that it has paid for. Contractors may go out of business with an adverse impact on services.	2	2	Medium (4)	Policy for appointment & management of contractors. Policy includes financial checks. The Financial Regulations have controls around tender procedures and quotes. Maintenance Committee/Clerk monitors contractor performance.
F20	Inadequate financial controls around ordering goods and services	The Council may not get best value for goods and services and may commit to expenditure without the necessary budget being available	1	3	Medium (3)	Financial Regulations/Standing Orders detail procedures for authorisation of orders. It is potentially a disciplinary offence not to follow Financial Regulations. Extra checks on approvals for ordering introduced. MPC policy for awarding contracts.
F21	Loss of Financial Records.	Inability to access financial information. Failure to meet statutory requirements regarding record keeping.	1	3	Medium (3)	Financial accounting system is on a cloud-based system that is backed up remotely. Computerised finance records are regularly backed up.
F22	Investments made by MPC lose money	The council would have to make the shortfall up from elsewhere	1	3	Medium (3)	Investment strategy in place – low risk investments made and reviewed annually.
F23	Covid-19 pandemic may have an unforeseen impact on MPC finances	Additional unbudgeted costs may fall on the parish council which could impact planned service delivery and projects.	2	2	Medium (4)	Position kept under review. Reserves in place of 6 months. It may be possible to move funds from other ring-fenced reserves in an emergency.
F24	Inadequate controls over salaries and associated costs	Salaries paid incorrectly or fraudulently. Incorrect deductions made and potential fines by HMRC	1	2	Low (2)	HR Panel approve salary budget. Amendments to pay rates/hours are approved by HR/MPC. Signatories check salary amounts paid. Budget monitoring.

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						Payroll software package used for deductions and returns to HMRC.
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Likelihood Scores	Impact Scores	Risk Rating Scores (Likelihood x Impact)
Low (unlikely) = 1 Medium (possible) = 2 High (highly likely) = 3	Low (negligible) = 1 Medium (moderate) = 2 High (Severe) = 3	Low = 1,2 Medium = 3, 4 High = 6,9

Document Approval:

(Chair to Melbourn Parish Council)

Date of Parish Council meeting: 27 September 2021

Review Policy: Every 12 months