



Treverbyn Parish Council
Financial Risk Assessment
(To be reviewed annually)

1. Introduction

Treverbyn Parish Council (“the Council”) recognises its responsibility to identify, assess, and manage financial risks in order to protect public funds and ensure effective governance.

This Financial Risk Assessment has been prepared in accordance with:

- The Accounts and Audit Regulations
- Proper Practices as set out by the Joint Panel on Accountability and Governance (JPAG)
- The Council’s Financial Regulations and Standing Orders

The assessment identifies key financial risks facing the Council and the control measures in place to mitigate those risks.

2. Purpose

The purpose of this assessment is to:

- Identify significant financial risks
- Evaluate existing controls
- Reduce the likelihood and impact of financial loss
- Promote sound financial management
- Support good governance and accountability

3. Risk Assessment Overview

The Council acknowledges that risk cannot be eliminated entirely. The aim is to maintain effective and proportionate controls appropriate to the Council's size, responsibilities, and financial activity.

The Council's annual precept and operational responsibilities require prudent financial oversight and regular review.

4. Financial Risk Assessment Table

<u>Risk Area</u>	<u>Potential Risk</u>	<u>Existing Controls</u>	<u>Further Action / Review</u>
Budget Setting	Inadequate or unrealistic budget leading to financial pressure	Annual budget and precept setting process; budget monitoring reports to Council	Annual review during budget process
Precept Income	Delay or reduction in precept payments	Cornwall Council billing arrangements; monitoring by RFO	Continue monitoring
Banking and Cashflow	Insufficient cashflow or banking failure	Regular bank reconciliations; approved banking arrangements; reserve balances maintained	Review banking arrangements periodically
Bank Reconciliation	Errors or fraud undetected	Monthly reconciliations completed and reviewed by F+GP Committee / Council	Continue regular member review
Payments and Expenditure	Unauthorised or fraudulent payments	Financial Regulations; payment approval by Council; dual authorisation	Ongoing compliance checks
Online Banking	Cyber fraud or unauthorised access	Password protection; limited authorised access; secure .gov.uk email accounts; anti-virus protections	Review cyber security arrangements annually
Income Collection	Loss or misappropriation of income	Receipting procedures; banking controls; audit trail maintained	Continue monitoring
Payroll	Incorrect salary payments or HMRC non-compliance	Payroll procedures; PAYE arrangements; pension compliance; payroll checks	Periodic review of payroll provider/process

<u>Risk Area</u>	<u>Potential Risk</u>	<u>Existing Controls</u>	<u>Further Action / Review</u>
VAT Recovery	Failure to reclaim VAT correctly	VAT claims prepared and reviewed regularly	Continue periodic checks
Grants Awarded	Misuse of grant funding	Grants Policy; approval by Council; application process and conditions	Monitor grant reporting arrangements
Reserves	Inadequate or excessive reserves	General Reserves Policy; annual review of reserve levels	Annual review during budget setting
Asset Management	Loss, damage, or inadequate insurance of assets	Asset Register maintained; insurance cover reviewed annually	Continue annual verification
Insurance	Underinsurance or lack of cover	Annual insurance review and renewal	Annual review prior to renewal
Procurement and Contracts	Poor value for money or improper procurement	Financial Regulations; quotation procedures; Council approval processes	Continue monitoring compliance
Fraud and Corruption	Theft, fraud, bribery, or misuse of funds	Anti-Fraud and Corruption Policy; internal controls; audit arrangements	Annual policy review
Cyber Security	Financial loss due to cyber attack or phishing	.gov.uk email accounts; password protection; anti-virus measures; IT Policy	Ongoing awareness and annual review
Data Protection Breaches	Financial penalties or reputational damage	GDPR and Data Protection policies; secure systems	Continue staff and councillor awareness
Councillor Use of Personal Devices	Loss or compromise of Council information	BYOD provisions in IT and GDPR policies	Ongoing awareness and monitoring
Staffing Risks	Loss of key personnel or inadequate segregation of duties	Council oversight; documented procedures; external payroll support where applicable	Maintain documented procedures
Legal and Regulatory Compliance	Non-compliance with legislation	Clerk/RFO advice; training; professional membership support	Continue professional development
Internal Audit	Weaknesses in controls not identified	Independent Internal Auditor appointed annually	Review recommendations annually

<u>Risk Area</u>	<u>Potential Risk</u>	<u>Existing Controls</u>	<u>Further Action / Review</u>
External Audit	Qualified audit opinion or compliance failure	AGAR process; Council oversight; proper accounting records	Continue compliance monitoring
Business Continuity	Disruption to financial operations	Secure backups; cloud systems where appropriate; documented procedures	Review continuity arrangements annually
Public Liability and Claims	Unexpected legal or financial claims	Insurance cover maintained; risk assessments undertaken	Continue annual review
Major Projects or Capital Works	Cost overruns or inadequate oversight	Council approval process; budget monitoring; contract controls	Project-specific reviews where needed

5. Review of Risks

The Council shall review financial risks:

- Annually
- During budget setting
- Following significant operational changes
- Following audit recommendations
- Following significant financial incidents or changes in legislation

6. Responsibilities

6.1 The Council

The Council is responsible for ensuring adequate financial risk management arrangements are in place.

6.2 Clerk / Responsible Financial Officer (RFO)

The Clerk/RFO shall:

- Monitor financial controls
- Advise the Council on financial risks
- Maintain accounting records
- Ensure compliance with Financial Regulations
- Report significant issues to Council

7. Internal Control Framework

The Council's financial risk management arrangements include:

- Standing Orders
- Financial Regulations

- Internal audit
- External audit
- Budget monitoring
- Bank reconciliations
- Insurance arrangements
- Asset management controls
- IT and cyber security arrangements
- Data protection procedures

8. Annual Review

This Financial Risk Assessment shall be reviewed annually by the Council and updated as required.

9. Adoption

Reviewed and adopted by Treverbyn Parish Council on: