

LONG WHATTON AND DISEWORTH PARISH COUNCIL RISK ASSESMENT AND MANAGEMENT OF PARISH COUNCIL PROCEDURES

APPROVED AT FULL COUNCIL MEETING ON 10TH MAY 2018
REVISED APRIL 2020

Introduction

Parish Council's should have in place a system to help it manage risk. This system needs to be simple for the smallest parishes and more complex for the larger parish and town councils. A council's internal auditor can use this risk management system to help identify what tests to carry out as part of the audit.

Risk management is important. The failure to manage risks effectively can be expensive in financial terms and also in terms of service delivery. Most parish council clerk's will already be assessing and managing risks in some way or other, but there may be room to improve and document existing practices.

Parish council clerks are ultimately responsible for risk management because risks threaten a council's ability to achieve its objectives. They should therefore ensure that they:

- Identify key risks facing the council
- Evaluate the potential to the council of one of these risks taking place; and
- Agree measures to avoid, reduce or control the risk or its consequence.

Every council is different and there is no such thing as a standard list of risks. There are however a number of common themes that are likely to emerge. These might include:

- Physical assets – buildings, equipment, IT hardware etc
- Finance – banking, loss of income, petty cash etc
- Injury to the public – in playgrounds and recreation grounds, in village halls, at burial grounds etc
- Complying with legal requirements – agendas and minutes, burial records etc
- Councillor propriety – declarations of interests, gifts and hospitality etc

The clerk needs to consider each of the possible risks under each of the identified schemes. For example physical assets could be lost as a result of fire or flood, damaged by vandals, stolen or simply deteriorate through lack of maintenance. All these risks can be minimized or transferred by various means, such as taking out insurance, securing alarms or by regular inspection and maintenance. In addition to identifying risk it is a good idea to make a judgment about likelihood of the risk occurring and it's potential impact. Classification need be no more complicated than high, medium or low.

There are three main ways of managing risk:

- Take out insurance
- Work with another party to reduce the risk; or
- Manage the risk yourself

RISK AREA	POTENTIAL RISK IDENTIFIED	LIKLIHOOD OF OCCURANCE	POTENTIAL IMPACT	STEPS TO MITIGATE RISK (CONTROL)	EVIDENCE	ACTION (AGREED IMPROVEMENTS)
Finance	Banking	Medium	Cash flow problems. Increased potential for fraud	Regular banking and reconciliation of statements. Mandate kept up to date.	Reconciled bank statements. Current bank mandate.	Review bank mandate to ensure cheque signatories are up to date.
Finance	Risk of consequential loss of income	Low 1	Loss of key data.	Adequate level of insurance cover. Any important documents backed up, kept in locked filing cabinet. Computers regular, onsite and cloud backups Ensure buildings are maintained in a useable lettable condition	Current insurance policy schedule. Data backup. Numbers of bookings	Review the need for consequential loss insurance cover. Storage of key documents when obtained should be in a fireproof lockable cabinet.
Finance	Loss of cash through theft or dishonesty	Medium 3	Adverse publicity for the council on disclosure. Reputational risk. Financial loss.	Adequate level of fidelity insurance cover, with a minimum of £10,000.	Insurance policy document	Review level of fidelity insurance relevant to size/activity of council.
Finance	Financial controls and records	Medium 3	Lack of control over the Council's assets. Higher likelihood of fraud or	Accounts and asset register prepared on appropriate computerised accounting system. Bank reconciliations undertaken on a regular basis. Expenditure	Monthly bank accounts statements. Bank reconciliation statements. Signed expenditure payments reports.	Set up of computerised asset register and reconcile to agreed insurance values. Update asset register for all future

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			misappropriation of assets. Ineffective reporting. Qualified internal and external audit reports.	payments approved by council. Minimum 2 council signatories on cheques.	Approved signatories on bank mandate.	assets purchased.
Finance	Compliance with HMRC regulations	Medium 2	Penalties and/or fines for late returns, errors on submissions etc. Reputational risk and adverse publicity.	Use external advice when necessary. Submit initial VAT return when £100 reached then at least annually. Submit payroll end of year returns online, on time. Internal and external audit review.	VAT returns and workings. Payroll submission confirmations.	Ensure VAT period in the accounts is fully closed off after preparing the VAT return.
Finance	Budgets supporting annual precept	Medium 2	Council receives less funding than is required to meet its obligations and objectives.	Council prepares detailed budget in late Autumn. Precept determined directly from this budget. Actual expenditure versus budget reported to Council quarterly.	Annual budget statements of council, with minuted approval. Budget versus actual statements with minuted approval.	.
Liability	Risk to third party, property or individuals	Medium 3	Funding cost of a successful action or claim against the Council. Reputational risk.	Public liability insurance cover (£10M).	Current insurance policy.	.
Liability	Legal liability as a	Medium	Adverse publicity, potential	Appropriate viability insurance for all assets, staff, volunteers etc.	Insurance policy Recorded risk	Continue to monitor/check for charges, dangers etc.

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	consequence of asset ownership (e.g. burial grounds, play grounds, community centres. Parks etc)		injury/death Funding costs to defend action against council/court fees	Appropriate levels of reports for assets maintenance Up to date risk assessment policies	assessments/ inspection reports	review on regular basis
Employer Liability	Non-compliance with employment law	Medium 3	Employee dissatisfaction and disputes, potentially leading to industrial tribunal.	Relevant staff training and experience. Advice from relevant professional advisers and membership bodies e.g. LRALC Code of Conduct training for members. Employers liability insurance	Staff qualifications and training records. Membership confirmation. Contractual arrangements with professional advisers. Current Employers Liability insurance certificate.	
Employer Liability	Non-compliance with HMRC requirements	Medium 3	Fines and penalties for late returns, errors etc. HMRC investigations.	Relevant staff training and experience. Advice from HMRC as required. Internal and external audit reviews.	Records of HMRC returns and submissions.	
Employer Liability	Safety of staff and visitors	Low 1	Funding cost of a successful action or claim against the Council. Reputational risk.	Adequate insurance. Health & safety policy in force	Current insurance policy. Health & safety policy document.	

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Legal liability	Ensuring activities are within legal powers	Low 1	Potential reputational and financial risk.	Parish Clerk clarifies the legal position on any new proposal put before the Council. Legal advice to be taken when necessary. Standing orders and financial regulations up to date and fully complied with.	Council minutes. Standing orders and financial regulations document.	Review annually and Council to minute this (irrespective of any changes made).
Legal liability	Accurate and timely reporting via the minutes	Medium 3	Inappropriate or no actions undertaken. Reputational risk. Non compliance with the Freedom of Information Act	Full council meets regularly and receives and approves minutes of meetings. Minutes made available to public via the Council website.	Council minutes (hard copy and via the web)	Minutes of Council and committees to be uploaded onto website once approved draft available if requested.
Legal liability	Proper document control	Medium 2	Loss of key data. Confidential data compromised. Council unable to function effectively	Any key legal documents kept in locked cabinet at Clerks home. Computer backed up regularly using on site and off site back up facilities.	Schedule of any documents contained in locked cabinet.	Review levels of 'paper documents' kept to a minimum
Cllr Propriety	Registers of Interests, Gifts and Hospitality in place	Low 1	Conflict of interest of councilors'. Corruption	Register of Interest completed and reviewed annually. Gifts and Hospitality Register available.	Register of interest paper copy kept by clerk and copied to website	Clerk to remind councilors on annual basis

This risk management paper was considered by the Council

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And will be reviewed again in 12 months.

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Date:

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Date: