

## THURMASTON PARISH COUNCIL RISK MANAGEMENT

### Introduction

Parish Council's should have in place a system to help it to manage risk. This system needs to be simple for the smallest parishes and more complex for larger parish and town councils. A council's internal auditor can use this risk management system to help to 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 clerks 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 the 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 interest, 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 minimised 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 judgement about likelihood of the risk occurring and its 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.*

### THURMASTON PARISH COUNCIL

## RISK ASSESSMENT AND MANAGEMENT 2012

Risk Area	Potential Risk Identified	Likelihood of Occurrence	Potential Impact	Steps to Mitigate Risk (Control)	Evidence	Action (Agreed Improvements)	Action taken
Assets	Protection of physical assets	Low 1	Cost of replacing damaged, destroyed or missing assets. Loss of facilities	Buildings insured. Values increased annually by RRI	Current buildings insurance policy.	Undertake exercise to determine cost of rebuilding main assets and update insurance policy.	Contacted insurance - they carrying out service of valuation/assessment, beginning with district & borough councils
Assets	Security of buildings, equipment etc	Medium 3	Cost of replacing damaged, destroyed or missing assets. Facilities out of use for a period,	Alarms installed on main buildings. Contents insurance.	Alarm maintenance contract. Current contents insurance policy.	Review level and adequacy of insurance cover. Review effectiveness of alarm system.	Content Insurance updated. Additional CCTV
Assets	Maintenance of buildings etc	Medium 3	Buildings closed for major repairs or refurbishment, with significant cost incurred. Buildings destroyed through faulty equipment.	Planned building maintenance programme. Annual PAT testing undertaken.	Building maintenance programme. PAT testing certificate.		
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	Possible loss of income following major incident. Additional short term costs to maintain activity levels eg. Temporary office accommodation. Loss of key data.	Adequate level of insurance cover. Council insured to cover loss of income and temporary relocating office. Important documents backed up, kept in locked filing cabinet, or stored off the premises.	Current insurance policy schedule. Data back up schedule.	Review the level of consequential loss insurance cover. Storage of key documents on the council's premises should be in a fireproof lockable cabinet.	Set up of £20,000 emergency contingency fund. Current fire proof storage full, additional cupboard to be purchased
Finance	Loss of cash through theft or dishonesty	Medium 3	Adverse publicity for the council on disclosure. Reputational risk. Financial loss.	Receipts issued for all income received. Only authorised council staff (e.g. RFO) handles cash, which is banked at least weekly. Adequate level of fidelity insurance cover, with a minimum of £10,000. Segregation of duties where applicable.	Income receipts schedule reconciled to accounts. Clear job descriptions.	Review level of fidelity insurance relevant to size of council. Review cash controls.	Banking of large amounts of cash - two staff members
Finance	Financial controls and records	High 4	Lack of control over the Council's assets. Higher likelihood of fraud or misappropriation of assets. Ineffective reporting. Qualified internal and external audit reports.	Accounts and asset register prepared on appropriate computerised accounting system. Bank reconciliations undertaken on a regular basis. Expenditure payments approved by council. Minimum 2 council signatories on cheques..	Monthly accounts statements. Bank reconciliation statements. Signed expenditure payments reports. Approved signatories on bank mandate.	Complete the setting up of the computerised asset register and reconcile to agreed insurance values. Update asset register for all future assets purchased.	Asset register complete, insurance updated.

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 VAT returns at least quarterly. 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.	All upto date
Finance	Budgets Supporting annual precept	Medium 2	Council receives less funding than is required to meet its obligations and objectives.	Committees of Council prepare detailed budgets in the late Autumn. Consolidated, reviewed and approved by Council. Precept determined directly from this consolidated budget. Actual expenditure versus budget reported to Council twice a year.	Annual budget statements of committees and council, with minuted approval. Budget versus actual statements with minuted approval.	Consider reporting actual versus budget on a quarterly basis.	Reported to committees, report to full council
Finance	Complying with borrowing restrictions	Low 1	Council acting outside its powers	Justification for any additional borrowing fully reviewed and approved by Council.	Internal and external audit reviews.	No new borrowing being considered at present.	
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 (£5M). Open spaces checked regularly by qualified employee. Trees investigated when damage reported.	Current insurance policy. Health and Safety policy.		Following concerns from resident & recommendations of tree surgeon – lime trees to be pollarded
Liability	Legal liability as a consequence of asset ownership (e.g. burial grounds, play grounds, community centres. Parks etc).	Medium 3	Funding cost of a successful action or claim against the Council. Reputational risk.	Insurance cover. Weekly checks of playground equipment. Full risk assessment of Community Centre and all other areas under the Council's control.	Current insurance policy. Specific risk assessment reports.		

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. LRAPLC	Staff qualifications and training records. Membership confirmation. Contractual arrangements with professional advisers.		2 staff H & S qualified Training provided as identified
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.	One way access system to Community Centre. External door to Parish Office locked at all times.	Testing of access to Community Centre and Parish Office.	Implement regular health and safety checks of Community Centre, particularly before public events. Implement regular fire drills.	New policies, staff training, risk assessments
Legal Liability	Ensuring activities are within legal powers	Low 1	Potential reputational and financial risk.	Clerk to the Council clarifies legal position on any new proposal put before the Council. Legal advice to be taken when necessary.	Council minutes.		Clerks attend training
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 monthly and receives and approves minutes of meetings in the interim. Minutes made available to public at the Council offices, the public library via the Council website.	Council minutes (hard copy and via the web)	Council applies for Quality status, which requires that detailed and specific reports are presented to Council to agreed timescales.	Quality status gained, further new module to be obtained – clerks currently undertaking

Legal Liability	Proper document control	Medium 2	Loss of key data. Confidential data compromised, Council unable to function effectively.	Key legal documents e.g. cemetery records kept in locked cabinet in Clerks office. Other key documents e.g. deeds etc copied and stored at the Council's solicitors. Computer backed up daily onto portable external hard drive and taken off site overnight.	Schedule of documents contained in locked cabinet and stored at solicitors.	
Councillor propriety	Registers of Interests, Gifts and Hospitality in place	Medium 3	Conflict of interest of councillors'. Corruption	Register of Interest completed and reviewed annually. Gifts and Hospitality Register is present at each Council meeting.		Councillors reminded of their responsibilities

This risk management paper was considered by the Council on ..... And will be reviewed again in 12 months.

Signed: .....

Position: .....

Date: .....

Signed: .....

Position: .....

Date: .....