

PIDLEY CUM FENTON PARISH COUNCIL

Risk Management Policy

INTRODUCTION

Pidley cum Fenton Parish Council is committed to identifying and managing risks, using the following procedures, and to ensuring that risks are maintained at an acceptable level. Any action that is felt necessary will be taken by Pidley cum Fenton Parish Council.

The Council will review risks on a regular basis, including any newly identified risks, and will take appropriate action. The review will include identification of any unacceptable levels of risk. The Local Councils Governance and Accountability Guidance makes the following observations regarding risk management:

1. Risk Management is not just about financial management; it is about protecting the achievement of objectives set by the Council to deliver high quality public services.
2. The local council audit approach encourages local councils to address these issues by placing emphasis on the need to keep under review and, if need be, strengthen their own corporate governance arrangements, thereby improving their stewardship of public funds and providing positive and continuing assurance to taxpayers.

It goes on to make the point that Members are ultimately responsible for risk management because risk threatens the achievement of policy objectives. Members should therefore:

1. Take steps to identify key risks facing the Council
2. Evaluate the potential consequences to the Council if an event identified as a risk takes place
3. Decide upon appropriate measures to avoid, reduce or control the risk or its consequences.

To identify the risks facing a council, the guidance recommends beginning by grouping the three main types of decisions that have to be taken into the following areas:

1. Areas where there may be scope to use insurance to help manage risk
2. Areas where there may be scope to work with others to help manage risk
3. Areas where there may be need for self-managed risk

SECTION 1 – AREAS WHERE THERE MAY BE SCOPE TO USE INSURANCE TO HELP MANAGE RISK

1.1 Risk Identification

- a. **Protection of physical assets e.g. buildings furniture and equipment.** All physical assets are insured with TBC.
- b. **Risk of damage to third party property or individuals as a result of the Council providing services or amenities to the public.** Pidley cum Fenton Parish Council has a Public Liability Insurance of £10 million. It has also personal accident liability cover for employees, members and volunteers under the above policy for £10million.
- c. **Risk of consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party (consequential loss).** Included in insurance policy cover.
- d. **Loss of cash through theft or dishonesty (fidelity guarantee).** The Council has Fidelity Guarantee cover up to £25,000 for both members and employees.

Adopted – 16.5.18

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- e. **Legal liability as a consequence of asset ownership (public liability).** See b above.

1.2 Internal Controls

- a. **Maintain an up-to-date register of Assets and Investments.** An asset register is compiled annually by the Responsible Finance Officer and presented to the Council with Annual Accounts each year. This is reviewed from time to time by the Finance Committee.
- b. **Regular maintenance for physical assets.** The council undertakes regular inspection of the parish assets. All repairs are carried out as necessary and reviewed as determined by the Council. Playground equipment is checked independently by RoSPA on an annual basis and repairs action by the Council.
- c. **Annual review of risk and the adequacy of insurance cover.** The Parish Council reviews the insurance cover annually.
- d. **Ensuring robustness of insurance providers.** There are two main insurers for local councils – Zurich Municipal and AON. Pidley cum Fenton Parish Council uses INSERT and the RFO is confident that Zurich Insurance cover is suitable for the council's needs.

1.3 Internal Audit Assurance

- a. **Review of internal controls in place and their documentation.** Internal controls are reviewed as necessary by the Clerk and Internal Auditor. Recommendations from the Clerk and Internal Auditor are submitted to the Council.
- b. **Review of management arrangements regarding insurance cover.**
- c. **Testing of specific internal controls and reporting findings to management.** This is undertaken as part of the audit process. Reports are presented to the Council and minuted accordingly.

SECTION 2 – AREAS WHERE THERE MAY BE SCOPE TO WORK WITH OTHERS TO HELP MANAGE RISK

2.1 Risk Identification

- a. **Security for vulnerable buildings, amenities or equipment.** The Council has no public buildings. The Clerk's office is at the Clerk's house. In the event of any breaches of security, appropriate measures are taken as soon as practicable to re-secure the property. Crime reports are obtained for all breaches of security by contacting Cambridgeshire Police.
- b. **Maintenance for vulnerable buildings, amenities or equipment.** The play park area is inspected weekly to ensure that the equipment is safe and that the surrounding area is clean and free of litter.
- c. **Banking Services.** All cheques require two signatures. The full Council reviews all payments.
- d. **Provision of amenities/facilities for local community groups.** A Public Liability Insurance of £12 million is in place.
- e. **Professional services, contractors etc.** The Council endeavours to ensure that wherever possible it has the opportunity to select (from several) the provider of any professional service it requires, including approved contractors from HDC or CCC. Any professionals whose services it uses are well established and often selected on recommendation. Ideally a short-list of three is drawn up. All contractors are required to provide copies of their insurance liability cover and a method statement before work commences.

2.2 Internal Controls

Adopted – 16.5.18

- a. **Standing Orders and Financial Regulations dealing with the award of contracts for services or the purchase of capital equipment.** The Council has Standing Orders that govern the awarding of contracts. These were last adopted on 14th September 2016.
- b. **Clear statements of management responsibility for each service.** The parish council makes all decisions.
- c. **Regular Scrutiny of performance against targets.** The accounts are reviewed monthly against budget at the Council meeting.
- d. **Arrangements to detect and deter fraud and or corruption.** Invoices are subjected to scrutiny by both the RFO and the cheque signatories.
- e. **Regular bank reconciliations, independently reviewed.** Bank statements are received monthly and are seen by the Clerk (RFO). A summary of the accounts is available to view at every council meeting.

2.3 Internal Audit Assurance

- a. **Review of internal controls in place and their documentation.** Internal controls are reviewed as necessary by the Clerk and Internal Auditor. Recommendations from the Clerk and Internal Auditor are submitted to Council.
- b. **Review of minutes to ensure legal powers are available and the basis of the powers recorded and correctly applied.** The Clerk undertakes to ensure that the Council acts within its powers when a decision is taken. It is recorded if the Council decides against the Clerk's advice. Where appropriate, legal powers bestowed on the Council will be recorded in the minutes against decisions taken. The minutes of meetings are also reviewed during the audit process.
- c. **Review and testing of arrangements to prevent and detect fraud and corruption.** The use of Standing Orders, internal controls and consideration by Council are all methods which contribute to prevent and deter fraud and corruption.
- d. **Review of adequacy of insurance cover provided by suppliers.** Any contractors employed by Pidley cum Fenton Parish Council are asked for proof of insurance cover.
- e. **Testing of specific internal controls and report findings to management.** This is undertaken as part of the audit process. Reports are presented to the Council and minuted accordingly.

SECTION 3 – AREAS WHERE THERE MAY BE A NEED TO SELF-MANAGE RISK

3.1 Risk Identification

- a. **Keeping proper financial records in accordance with statutory regulations.** Financial records kept in accordance with the statutory requirements fall within the responsibility of the parish council and are reviewed as part of the audit process.
- b. **Ensuring all business activities are within legal powers applicable to Parish Councils.** See Section 2.3(b)
- c. **Complying with restrictions on borrowing.** The Council is within the current borrowing perimeters.
- d. **Ensuring that all requirements are met under employment law and Inland Revenue regulations.** Inland Revenue calculations are made by the RFO and are subject to the audit process. Salary forecasts are undertaken as part of the budget setting process and incremental increases are determined by the Council. Independent legal advice is taken as necessary.
- e. **Ensuring all requirements are met under Customs and Excise regulations (especially VAT).** All such requirements are met by the Responsible Financial Officer and the Internal Audit process.

Adopted – 16.5.18

- f. **Ensuring the adequacy of the annual precept within sound budgeting arrangements.** Committee budgets are reviewed and approved by the Council in accordance with Council budget procedures.
- g. **Ensuring the proper use of funds granted to local community bodies under specific powers or Section 137.** Grant applications are considered by the Finance Committee and recommended to the Council for approval. Section 137 grants are listed separately in the annual accounts.
- h. **Proper, timely and accurate reporting of the Council business in the minutes.** Council minutes are prepared by the Clerk. They are distributed to Members in advance of the subsequent meeting, verified as a correct record as one of the first items of business of that meeting and signed at the meeting. Failure to do so is recorded. Committee minutes are presented to the Council for information and comment and are signed as a correct record at the subsequent Committee meeting.
- i. **Responding to electors wishing to exercise their rights of inspection.** The rights of inspection to electors is adhered to in accordance with current legislation. In accordance with the Freedom of Information Act, all relevant documents are available on demand by post and in addition, meeting schedules and minutes, once approved, are published on the local notice boards and parish council website.
- j. **Meeting the laid down timetables when responding to consultation invitations.** Every effort is made to meet specified timetables when responding to consultation invitations.
- k. **Proper document control.** Paperwork is retained in accordance with national guidelines and relevant documents are available for viewing on request.
- l. **Register of members' interests and gifts and hospitality is place, complete, accurate and up-to-date.** The members' register of interest is held by the Clerk and a copy is held by the Monitoring Officer at Huntingdonshire District Council. To the best knowledge of the Clerk these are accurate and up-to-date. It is the responsibility of Members to notify the Clerk of changes.

3.2 Internal Controls

- a. **Regular scrutiny of financial records and proper arrangements for the approval of expenditure.** Comprehensive measures are in place for the internal and external approval of expenditure.
- b. **Recording in the minutes the precise powers under which expenditure is being approved.** See section 2.3(b).
- c. **Regular returns to the Inland Revenue; contracts of employment for all staff; systems of updating records for any changes in relevant legislation reviewed by Council.** Inland Revenue Returns are completed and submitted by the RFO. Salaries are calculated by the RFO and are subject to internal audit. Staffing issues are referred to the Council.
- d. **Regular returns of VAT.** The Clerk as RFO is responsible for completion and submission of VAT returns which are submitted annually.
- e. **Developing system of performance measurement.** In accordance with legislation, staff appraisals are undertaken annually. These are reported to the Council.
- f. **Procedures for dealing with and monitoring grants, or loans, made or received.** The Council has no loans or grants outstanding.
- g. **Minutes properly numbered with a master copy kept in safekeeping.** All Council and Committee minutes are correctly numbered. Old minutes are archived at appropriate intervals. Recent minutes are kept in Minute Folders in the Clerk's office.
- h. **Documented procedures to deal with enquiries from the public.** Calls, letters and e-mails are dealt with as soon as practicable unless referred to Council or Committee. In such cases, acknowledgment of the enquiry is made.

Adopted – 16.5.18

- i. **Documented procedure to deal with responses to consultation requests.** Consultation requests are referred to Council or Committee. They may be further delegated to a working group. The course of action taken is minuted. Copies of correspondence are available to all Members on request.
- j. **Monitoring arrangements regarding Quality Control status.** Not applicable.
- k. **Documented procedures for document receipt, circulation, response, handling and filing.** The Clerk receives and delegates all mail. All relevant mail is listed with Council or a Committee for consideration of information. Mail for action by administration is dealt with accordingly and filed when actions are completed.
- l. **Procedures in place for recording and monitoring members' interest and gifts hospitality received.** See Section 3.1(l)
- m. **Adoption of Codes of Conduct for members and employees.** The Council re-adopted the Code of Members Conduct in 2014. At present there is no other statutory code for employees.

3.3 Internal Audit Assurance

- a. **Review of internal controls in place and their documentation.** Internal controls are reviewed as necessary by the Clerk and Internal Auditor. Recommendations from the Clerk and Internal Auditor are submitted to the Council.
- b. **Review of minutes to ensure legal powers in place, recorded and correctly applied.** See section 2.3(b)
- c. **Testing of income and expenditure from minutes to Accounts, from bank statements to Accounts, from minutes to statements, etc.** The testing of these procedures forms part of the internal controls currently in place. The system is also tested during the audit process.
- d. **Review and testing of arrangements to prevent and detect fraud and corruption.** The arrangements are reviewed at the audit and intermediate audit.
- e. **Testing of specific internal controls and reporting findings to management.** Where appropriate, the results of such testing as part of the internal controls will be reported to the appropriate Committee or Council. Similar reporting to Council will be made as part of the internal audit.
- f. **Computer data safety.** All necessary procedures and documents are computerised and backed-up monthly to an independent hard drive.