

COLEORTON PARISH COUNCIL

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RISK ASSESMENT AND MANAGEMENT OF PARISH COUNCIL PROCEDURES

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	LIKELIHOOD OF OCCURANCE	POTENTIAL IMPACT	STEPS TO MITIGATE RISK (CONTROL)	EVIDENCE	ACTION (AGREED IMPROVEMENTS)
Assets	Protection of physical assets	Low 1	Cost of replacing damaged, destroyed or missing assets. Loss of facilities.	The Parish Council holds buildings and contents insurance with a level of cover applicable to the total current value of all material assets held.	Current building and contents insurance schedule.	Periodically review
Assets	Security of buildings, equipment etc	Medium 3	Cost of replacing damaged, destroyed or missing assets.	Security cameras and alarms installed where appropriate. Staff act as key holders; however, various other groups	New insurance policy, renewed 2020. Staff job description.	

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			Facilities out of use for a period.	and individuals hold keys Computers regular onsite and cloud back-up	Contract for computer back-ups with external company KEYHOLDERS identified. All contracts reviewed periodically.	
Assets	Maintenance of buildings etc	Medium	Cost of replacing damaged assets, facilities etc.	Staff undertake regular building and facility checks; H&S inspections carried out regularly	Inspection reports now held to ensure compliance with legislation	
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 when new councillors are co-opted.
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.	Current insurance policy schedule. Data backup. Numbers of bookings	

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				Computers regular, onsite and cloud backups Ensure buildings are maintained in a useable lettable condition	Building valuation undertaken to ensure the correct level of cover. Policy increased due to new valuation.	
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	
Finance	Financial controls and records	Medium 3	Lack of control over the Council's assets. Higher likelihood of fraud or misappropriation of assets. Ineffective reporting.	Accounts and asset register prepared on appropriate computerized accounting system. Bank reconciliations undertaken on a regular basis. Expenditure payments approved by council. Minimum 2 council	Monthly bank accounts statements. Bank reconciliation statements. Signed expenditure payments reports. Approved signatories on bank mandate.	

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			Qualified internal and external audit reports.	signatories on cheques/payments.	Computerized asset register set up and reconciled to agreed insurance values.	
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 payroll submission completed in conjunction with Book Keeper and Payroll Advisor	
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 all in line with audit guidance.	

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Finance	Compliance with borrowing restrictions	Low 1	Council acting outside it's 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 (£10M).	Current insurance policy.	
Liability	Legal liability as a consequence of asset ownership (e.g. burial grounds, play grounds, community centres. Parks etc)	Medium	Adverse publicity, potential injury/death Funding costs to defend action against council/court fees	Appropriate liability insurance for all assets, staff, volunteers etc. Appropriate levels of reports for assets maintenance Up to date risk assessment policies	Insurance policy Recorded risk assessments/ inspection reports now completed.	
Employer Liability	Non-compliance with	Medium 3	Employee dissatisfaction and disputes,	Relevant staff training and experience. Advice from relevant professional advisers	Staff qualifications and training records.	

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	employment law		potentially leading to industrial tribunal.	and membership bodies e.g. LRALC Code of Conduct training for members. Employers liability insurance	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 all up to date with the assistance of Book Keeper and Payroll advisor.	
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. All required policies now in place.	
Legal liability	Ensuring activities are	Low 1	Potential reputational	Parish Clerk clarifies the legal position on any new proposal put	Council minutes. Standing orders and financial	

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	within legal powers		and financial risk.	before the Council. Legal advice to be taken when necessary. Standing orders and financial regulations up to date and fully complied with.	regulations document. All required policies now in place and reviewed on an annual basis.	
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.	Minutes of Council 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. No PAPER OR SOFT copies of	

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					minutes and accounts were given to the new Clerk on starting, except for current year. Regularly asked for these but not given by existing Council. Five years of minutes are now available on the website, but no signed paper copies	
Cllr Propriety	Registers of Interests, Gifts and Hospitality in place	Low 1	Conflict of interest of councillors'. 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 on.....This policy was adopted by Coleorton Parish Council prior to 2019 and reviewed March 2023. And will be reviewed again in 12 months.

Signed:

Position:

Date: