

# Risk Management Policy



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Risk management is a process whereby local councils methodically address the risks associated with what they do and the services they provide. The objective of risk management is to identify what can go wrong and take steps to avoid this or successfully manage the consequences.

Risk management is not just about financial management; it is about achieving the objectives of the organisation to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation and reputation, the ability to achieve desired targets, and eventually, the community's Council Tax bills.

Members are ultimately responsible for risk management because risks threaten the achievement of policy objectives. As a minimum, Members should, at least once each year:

- take steps to identify and update key risks facing the council.
- evaluate the potential consequences to the council if an event identified as a risk takes place; and
- decide upon appropriate measures to avoid, reduce or control the risk of its
- consequences.

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The internal auditor shall review the effectiveness of risk management measures and report findings to the council as part of the annual audit process (Accounts & Audit Regulations 2015).

Some risks can be managed by taking out insurance. The majority need to be managed by the Council itself either with or without the help of third parties. Insurance limits should be reviewed annually to ensure they remain adequate and in line with NALC guidance.

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No.	Identified Risk & Consequences of Failure	Level of risk	Preventative Action Required
1.	Loss or damage of physical assets owned by the council and listed on the Fixed Asset Schedule resulting in financial loss.	High	Ensure the asset list is up-to-date and is covered by the schedule within the insurance policy.
2.	Damage to third party property or individuals as consequence of the council providing services or amenities to the public resulting in claims against the Council.	Medium	Ensure public liability insurance is adequate.  Ensure all contractors working for the council have appropriate public liability insurance in place. For major works this should be a minimum of £5m. For minor works this should be a minimum of £2m.

			Ensure that all the requirements of the insurance policy such as maintenance or independent inspection are met.
3.	The risk of consequential loss of income or the need to provide essential services following critical damage, loss, or non-performance by a third party resulting in financial loss.	Low	Ensure that conditions of use of assets such as TOPs are appropriate.  Ensure insurance policy covers consequential loss.
4.	Loss of cash or funds through theft or dishonesty resulting in financial loss.	Medium	Ensure that fidelity guarantee insurance is in place.  Ensure that proper procedures on cash handling and BACS payments/cheque signing are in place.
5.	Legal liability arising as a consequence of asset ownership resulting in claims against the Council and financial loss	Medium	Ensure that public liability insurance is in place.
6.	Failure of insurance company or bank resulting in financial loss.	Low	Ensure only major robust providers used.  Take account of advice from Government and NALC.
7.	Failure of insurance policy to cover all insurable risks.	Medium	Ensure that an annual review of risks and cover provided is carried out.
8.	Lack of maintenance of physical assets resulting in excessive repair costs.	High	“Wear and tear” is not covered by insurance.  Ensure that regular inspections are made of assets such as play equipment, footway lights, and TOPs and repairs are effected.  Ensure regular independent inspections are made of play equipment, electrical equipment and fire safety equipment and repairs are effected.

9.	Poor quality of goods and services supplied by contractors resulting in inferior products and poor value for money.	Medium	<p>Ensure strict adherence to Financial Regulations and Standing orders for award of contracts.</p> <p>Ensure proper procedures are carried out in public and fully minuted.</p> <p>Ensure that Council approval of all payments are minuted.</p> <p>For smaller contracts not subject to public tender ensure council agrees list of tenderers and minute accordingly.</p>
10.	Not keeping proper financial records in accordance with statutory requirements resulting in lack of integrity and possible financial loss.	Low	<p>Ensure that full accounts are available for inspection at each Parish Council meeting.</p> <p>Ensure that full details of every transaction are provided for all Councillors.</p> <p>Ensure that the approval of all transactions is minuted.</p> <p>Ensure that quarterly reports and bank reconciliations are provided and inspected by councillors and internal auditor.</p> <p>Ensure all financial software is current.</p>
11.	Unauthorised payments made resulting in financial loss and liability to prosecution.	Low	<p>Ensure that all cheques have two signatories (2 Councillors) and that full supporting documentation is provided and initialled.</p> <p>If BACS being used for payment using the online system then the Clerk initiates the payment with 1 other Councillor authorising before payment is released. Full supporting document is provided and initialled.</p>

12.	Unlawful expenditure incurred resulting in financial loss and possible prosecution.	Low	Use guidance from "Local Council Administration" or from NALC and WALC.
13.	Not complying with HMRC requirements for employee payments resulting in financial loss and possible prosecution	Low	Ensure that annual return to Inland revenue is made.  Ensure statutory payments of NIC and statements relating to employee tax liabilities are made.  Checks made by internal auditor.
14.	VAT recovery not complete resulting in financial loss and possible prosecution	Low	Ensure quarterly returns are made and that VAT is identified in all relevant transactions.
15.	Not providing adequate funds resulting in inability to carry out functions or provide services.	Low	Ensure that the budget process is adequate and the proper Precept raised.  Ensure quarterly reports showing trends for income and expenditure are provided and appropriate action taken.  Ensure that costs for elections or parish polls are anticipated.
16.	Not using S137 funds properly resulting in monies possibly being reclaimed at audit.	Low	Ensure that grants or other payments are only made for appropriate specific purposes within the S137 rules.
17.	Incorrect Minutes of meetings resulting in unreliable decisions being made.	Low	Ensure Minutes are produced timeously and circulated in draft to councillors for review.  Ensure that Minutes are approved and all pages signed at Parish Council meetings.  Ensure that Minutes are paginated and master copy kept safely.
18.	Failure to comply with Freedom of Information Act & other legislation resulting in potential penalties on the Council. Maintain personal data register.	Low	Ensure that Freedom of Information schedule is provided on website.  Ensure Parish Office is open for inspection of all documents.

19.	Not meeting the timetable laid down for responding to consultations resulting in the Council's views not being considered.	Low	Ensure that all invitations to respond to consultations are reported to Council in time and that the format of each response is agreed by the Council.
20.	Not properly recording Members' interests or gifts and hospitality exceeding £25 could result in improper decisions being made or reference to the Monitoring Officer.	Low	Ensure that Declarations are confirmed at the Annual Meeting.  Ensure that Councillors are asked to update the register of interests at each meeting.  Ensure that a register of gifts and hospitality is maintained and reported at the Annual Meeting.
21.	Documents not being controlled or lost, or other forms of communication not being recorded could result in failure to act or acting incorrectly on issues.	Medium	Ensure that proper procedures are in place for dealing with incoming mail, e-mails and telephone messages..  Ensure that papers are properly filed and stored.  Ensure that regular (at least every two weeks) backups are made of all information held on computers and kept safe.
22.	Inquiries from the public not being passed on to Councillors could result in action being taken against the Council.	Medium	Ensure that all inquiries are recorded by the Clerk and referred to the Council where necessary.
23.	Failure to adhere to Standing Orders or improper conduct of meetings could result in invalid decisions being made.	Low	Ensure that Chairman, Clerk and Members conduct meetings in accordance with Standing Orders.  Ensure that Standing Orders are reviewed annually
24.	Failure to comply with health and safety requirements could result in accidents, claims	High	Ensure that Council Health and Safety policy is observed and records maintained.  Ensure that policy is reviewed annually.

	against the council, and prosecutions.		
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