

# RISK ASSESMENT AND MANAGEMENT – THURCASTON & CROPSTON PARISH COUNCIL 2014

## 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

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RISK AREA	POTENTIAL RISK IDENTIFIED	LIKLIHOOD 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.	When applicable, determine cost of rebuilding main assets and update insurance policy.
Assets	Security of buildings, equipment etc	Medium 3	Cost of replacing damaged, destroyed or missing assets. Facilities out of use for a period.	Paxton Access Control system in place with key fobs issued to Hall users. Master key held by Clerk, Chairman and Caretaker.  Regular external backup – Barclays Bank i-sure	Current insurance policy.	Review level and adequacy of insurance cover Annually.
Assets	Maintenance of buildings etc	Not Applicable	Council currently owns no buildings			
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.	
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.  Regular external backup – Barclays Bank i-sure	Current insurance policy schedule. Data back up.	

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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. 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 and bacs authorisation	Monthly bank accounts statements. Bank reconciliation statements. Signed expenditure payments reports. Approved signatories on bank mandate.	Set up of computerised asset register and reconcile to agreed insurance values. Update asset register for all future 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. Subm it VAT returns annually. Submit payroll end of year returns online, on time. Internal and external audit review.	VAT returns and workings. Payroll submission confirmations.	
Finance	Budgets supporting annual precept	Medium 2	Council receives less funding than is required to meet its obligations and objectives.	Council prepares detailed budget before 30 <sup>th</sup> December. 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.	.
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.
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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 (£10,000,000).	Current insurance policy.	
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.	Regular weekly inspections of Jubilee Park Playground equipment. Public liability insurance cover of £10,000,000 Insurance cover for libel and slander.	Inspection reports held in Parish Office Current Insurance Policy.	
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 (£10,000,000)	Staff qualifications and training records. Membership confirmation.  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.	
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).

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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 within 3 weeks of relevant meeting.
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 Parish Office. Computer backed up regularly using Barclays i-sure.	Schedule of any documents contained in locked cabinet.	
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.		

This risk management paper was considered by the Council

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And will be reviewed again in 12 months.

Signed: .....

Position: .....

Date: .....

Signed: .....

Position: .....

Date: .....