

Trowell Parish Council
Risk Management Policy
and document control procedures.

Approved at Full Council

On

11th July 2023

Introduction

A risk is anything that can threaten or impact upon the assets, operation or reputation of the Parish Council.

Risk Management is the planned and systematic approach to the identification, analysis and economic control of all risks. It is not just about financial management but it is about achieving the objectives of the Parish Council.

There are four recognised ways of dealing with risk:

- Remove the risk.
- Reduce the risk to an acceptable level.
- Transfer the risk (e.g. to a contractor) or insure against it.
- Accept the risk.

This Risk Management Policy forms part of the Parish Council's internal control and corporate governance arrangements.

The policy explains the Parish Council's underlying approach to risk management and documents the roles and responsibilities of Councillors and the Clerk. It also outlines the key aspects of the risk management process and identifies the main reporting procedures.

Role of the Clerk

The role of the Clerk and Responsible Finance Officer in relation to risk management is as follows:

- To implement policies on risk management and internal controls.
- To identify and evaluate the significant risks faced by the Parish Council for its consideration.
- To provide adequate information in a timely manner to the Parish Council on the status of risk and controls.
- To arrange for the internal auditor to undertake a biannual review of effectiveness of the system of internal control and provide a report to the Parish Council. The auditor should check the minutes for any suggestion of unusual activity and evidence that risks are being identified and managed.

Risk Management as part of the Internal Control

The system of internal control incorporates risk management. This system encompasses several elements that together facilitate an effective and efficient operation, enabling the Parish.

Council to respond to operational, financial and commercial risks. These elements include:

- Policies and procedures

- Monthly reporting
- Planning and budgeting
- Internal Auditor (responsible for aspects of the annual review of effectiveness of internal control systems)
- Third party reports (e.g. external consultants)

The Parish Council will be managing many risks when it reviews its insurance and its systems. The minutes will record such reviews. Budget setting and insurance review are annual activities but the review of systems should be carried out every four years, unless triggered by internal or external audit reports, or when a risk changes or if.

Annual Review of Effectiveness

On production of the Internal Auditor's biannual report, the Parish Council will:

- Review the previous year and examine the Parish Council's track record on effectiveness on risk management and internal control to assess if any changes need to be made.
- Consider the internal and external risk profile of the coming year, noting any new areas of risk and consider whether current internal control arrangements are likely to be effective.
- Evaluate the potential consequences to the Parish Council if an event that has been identified as a risk takes place and consider measures to avoid, reduce or control same.
- Make recommendations to the Parish Council on its findings.

In making any recommendations, the Parish Council will consider the following aspects:

- Timely identification and assessment of risks.
- Prioritisation of risks and allocation of resources to address areas of high exposure.
- Quality and timeliness of information on significant risks.
- Time it takes for control breakdowns to be recognised or new risks to be identified.
- Ability of the Parish Council to learn from its problems.
- Commitment and speed with which corrective actions are implemented.

Policy statement

Trowell Parish Council is committed to identifying and managing risks, using the following procedures and to ensure that risks are maintained at an acceptable level.

Any action that is felt necessary will be taken by Trowell Parish Council or reported to the relevant authority.

The Clerk will review risks on a regular basis, including any newly identified risks and will report back to the Parish Council through the risk register. The review will include identification of any unacceptable levels of risk.

The Local Council Governance and Accountability Guidance highlights the following observations regard risk management.

- Risk management is not just about financial management; it is about setting objectives and achieving them to deliver high quality public services.
- The new approach places emphasis on local councils strengthening their own corporate governance arrangements, improving their stewardship of public funds and providing assurance to taxpayers.

It makes the point that members are ultimately responsible for risk management because risk threatens the achievement of policy objectives. Members should therefore:

- Take steps to identify key risks facing the Council.
- Evaluate the potential consequences to the Council if an event identified as a risk takes place.
- 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 must be taken.

- Areas where there may be scope to use insurance to help manage risk (Section A)
- Areas where there may be scope to work with others to help manage risk (Section B)
- Areas where there may be need for self-managed risk (Section C)

Section A

Areas where there may be scope to use insurance.

Risk identification

1. Protection of physical assets e.g. buildings, furniture and equipment. All physical assets are insured with Hiscox.
2. Risk of damage to third party property or individuals because of the Council providing services or amenities to the Public Trowell Parish Council holds Public Liability insurance of Protection £1,000,000.
3. Loss of cash through theft or dishonesty.
4. Legal liability: The Council holds cover against legal cost in the following areas: Corporate Manslaughter and Corporate Homicide, libel and Slander and other legal expenses as detailed in the Schedule.

Internal Controls

1. Maintain an up-to-date register of Assets and investments. The Asset Register is reviewed annually by the Clerk/RFO and submitted to Council as part of the End of Year Accounts.
2. Regular maintenance for physical assets. Clerk and members to carry out regular inspections and complete risk assessments.

3. Annual review of risk and adequacy of insurance cover. The Clerk reviews the insurance cover annually, making recommendations as necessary and updates the cover as required.

Internal Audit Assurance

1. Review of Internal Controls. Internal controls are reviewed as necessary by the RFO and internal Auditor. Recommendations from the RFO and internal Auditor are submitted to the Parish Council for consideration/approval.
2. Testing of specific Internal Controls. This is undertaken as part of the Audit process. Reports are presented to the Parish Council and minute accordingly.

Section B

Areas where they may be scope to work with others to manage risk.

Risk Identification

1. Banking Services Reviewed periodically by the Parish Council.
2. Professional services and contractors. The Council ensures that wherever possible it has the opportunity to select (from several) the provider of any professional service it requires and the Clerk will ask for quotations on all works. Anyone whose services it uses are well established and often selected on recommendation. A short list of three is drawn up where appropriate.

Internal Controls

1. Standing Order and Financial Regulations. The Council has Standing Orders and Financial Regulations which govern the awarding of contracts. These are reviewed annually.
2. Clear statements of responsibility Under Standing Orders, Trowell Parish Council has responsibility for its own budgets.
3. Arrangements to detect and deter fraud and /or corruption. Invoices are subject to scrutiny by both the RFI and bank signatories who are councillors. A responsible councillor carries out audit trail checks on random items. The Clerk is not a signatory.
4. Regular bank reconciliations, independently reviewed Bank statements are received monthly and a bank reconciliation forms part of the Finance Report approved at Council meetings.

Internal Audit Assurance

1. Review of Internal Controls. Internal controls are reviewed annually by the Council and Internal Auditor. Recommendations from the Clerk and Internal Auditor are submitted to the Parish Council when appropriate.
2. Review of minutes to ensure legal powers are available and the basis of power recorded and correctly applied: The Clerk ensures that the Council does not act 'Ultra Vires' when a decision is taken. It is recorded if the Council decides against the Clerk's advice. Where considering expenditure on items not purchased before, the legal powers bestowed on the Council will be recorded in the minutes against decisions taken.
3. Review and testing of arrangements to prevent and detect fraud and corruption: The use of Standing Orders, internal controls and consideration by the Parish Council are all methods which prevent and deter fraud and corruption.
4. Review of adequacy of insurance cover provided by suppliers. Any contractors working for Trowell Parish Council are asked for proof of insurance cover.

Section C

Areas where there may be need to self – manage risk.

Risk Identification

1. Keeping proper financial records in accordance with statutory regulations. Financial and other records are kept in accordance with statutory requirements and are the responsibility of the Parish Council.
2. Ensuring all business activities are with legal powers applicable to Parish Councils. See Section B Internal Audit Assurance
3. Complying with restrictions on borrowing. The Council has no borrowings.
4. 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 subject to approval by the Parish Council.
5. Ensuring all requirements are met under Customs and Excise regulations (VAT). All such requirements are met by the RFO and the internal audit process.
6. Ensuring the adequacy of the annual precept within sound budgeting process Budgets are reviewed and approved by the Parish Council in January each year.
7. Ensuring the proper use of funds granted to Local Community bodies under specific power or Section 137 6 Grant applications are considered by the Parish Council. Organisations applying for grants are required to submit copies of their annual accounts.
8. Proper, timely and accurate reporting of the Council business in the minutes. Council minutes are prepared by the Clerk. They are distributed to all members in advance of the subsequent meeting, verified as a correct record as the first terms of business of the meeting and signed at the meeting. Committee meetings are listed on the agenda for full Council meetings and accepted as a true record of the committee meetings.
9. Responding to electors wishing to exercise their rights of inspection; The right of inspection for electors is adhered to in accordance with legislation. In accordance with the Freedom of Information Act, all documents are available on request and in addition, meeting schedules, agendas and minutes are published on the Council's website.
10. Proper document control Paperwork is retained in accordance with national guidelines and documents are available for viewing on request. Incoming emails and letters are scrutinised by the Clerk and where appropriate, forwarded to members.
11. Register of members' interests, gifts and hospitality is in place and up to date. The members' registers of Interest are held by the Clerk and a copy is held by the Monitoring Officer at BBC. It is also posted onto the Parish Council website. It is the members' responsibility to notify the Clerk of any changes.

Internal Controls

1. Regular scrutiny of financial records and proper arrangements for approval of expenditure. A specific councillor will be responsible for scrutinising financial records and signing a copy of the Financial Report circulated to members with their meeting agenda.
2. Recording in the minutes the precise powers under which expenditure is being approved.
3. Regular returns to the inland Revenue, contracts of employment for staff, systems for updating records for any changes in relevant legislation, reviewed by the Parish Council.

Inland Revenue returns are completed and submitted by the RFO and are subject to internal audit. Staffing issues are referred to HR committee.

4. Regular returns of VAT. The RFO is responsible for completion and submission of VAT claims.
5. Developing a system of performance measurement in accordance with legislation, staff appraisals/discussions will be undertaken annually by the Chair and Vice Chair of the HR committee and reported to the Council.
6. Procedure for dealing with and monitoring grants, or loans made or received. See section C – there is not outstanding Loans.
7. Minutes properly numbered with a signed master copy kept in the Council office for safekeeping.
8. Procedures to deal with enquiries from the public. Calls, letters and emails are dealt with as soon as practicable unless referred to the Parish Council or Committees. In such cases, acknowledgement of the enquiry is made.
9. Procedure to deal with responses to consultation requests. Consultations responses are formulated by an individual Councillor and agreed by Council or Committee before submission as the Councils view. If the timescale is short, the clerk (in conjunction with the Chair) has discretion to submit a response prepared by a councillor without approval from the Council.
10. Procedures in place for recording and monitoring members' interests, gifts and hospitality received.
11. Adoption of Code of Conduct for members and employees. The Parish Council adopted the Borough "Code of Conduct" in 2022. Employees' Code of Conduct is in accordance with their individual contracts of employment.

Internal Audit Assurance

1. Review of internal controls: Internal controls are reviewed as necessary by the Clerk and the Internal Auditor. Recommendations from the Clerk and internal auditor are submitted to the Parish Council.
2. Review of minutes to ensure legal powers are available and the basis of the powers recorded and correctly applied.
3. Testing of income and expenditure 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.
4. Review and testing of arrangements to prevent and detect fraud and corruption Trowell Parish Council has procedures in place that are listed throughout this document, all procedures are reviewed regularly.
5. Testing of specific internal controls and reporting findings to the Parish Council: Where appropriate, the results of such testing as part of the internal controls will be reported to the Parish Council and review of internal controls forms part of the internal audit.
6. Computer data safety: All necessary procedures and documents are computerised on Business Office 365.

