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|  | **CASTLE DONINGTON PARISH COUNCIL**  Community Hub, 101 Bondgate, Castle Donington. DE74 2NR  **Telephone:** (01332) 810432  **Email:** admin**@**castledonington-pc.gov.uk  **Clerk**: Fiona M. Palmer |

# Risk Assessment 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)** |
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| 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. | Annual review |
| Assets | Security of buildings, equipment etc | Medium  3 | Cost of replacing damaged, destroyed or missing assets. Facilities out of use for a period. | Security cameras and alarms installed where appropriate.  Staff act as key holders; plus, also PC employ keyholding company for out of hours  Computers regular onsite and cloud back-up. | Current insurance policy. Staff job description.  Contract for computer back-ups with external company. | Review level and adequacy of insurance cover.  Review effectiveness of backup system. |
| 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 held. | Review adequacy and type of inspection to ensure compliance with legislation. |
| Finance | Banking | Medium | Finance | Regular banking and reconciliation of statements. Mandate kept up to date. | Reconciled bank statements. Current bank mandate. | Review bank mandate to ensure signatories are up to date. |
| Finance | On-line banking | Medium | Finance | Dual authorization | Arrangements in financial regs; dual initials on records | Review use of dual authorization. |
| 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.  Computers regular, onsite and cloud backups.  Ensure buildings are maintained in a useable lettable condition. | Current insurance policy schedule. Data backup.  Numbers of bookings. | Review the need for consequential loss insurance cover. Storage of key documents when obtained should be in a fireproof lockable cabinet. |
| Finance | Loss of cash through theft or dishonesty, including online banking | 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.  Dual accounting procedures for access to PC accounts | Insurance policy document. Level of fidelity insurance relevant to size/activity of council. |  |
| 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/payments. | Monthly bank accounts statements. Bank reconciliation statements. Signed expenditure payments reports. Approved signatories on bank mandate.  Computerised asset register and reconciled to agreed insurance values held. | 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. 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 workings. Payroll submission confirmations. | Ensure VAT period in the accounts is fully closed off after preparing the VAT return. |
| 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. |  |
| 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 viability 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. | Continue to monitor/check for charges, dangers etc. review on regular basis. |
| 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 | Staff qualifications and training records.  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. |  |
| 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). |
| Legal liability | Accurate and timely reporting via the minutes | Medium  3 | Inappropriate or no actions undertaken. Reputational risk.  Noncompliance 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 and hardcopy. | Council minutes (hard copy and via the web) | Minutes of Council and committees 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. 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 |
| 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 |
| Buildings, meetings | Business continuity | Low | Loss of revenue. Inability to make decisions. | Since Covid work from home arrangements in place. Setup available for remote meetings.  Larger free reserves held to cover ongoing costs even if facilities aren’t able to open. | Balances held.  Equipment and software purchased. | Ensure balances remain at level to cover operation of facilities even if they are unable to operate.  Equipment and software kept up to date. |
| Business continuity | Pandemic fires or similar | Low | Loss of revenue. Inability to provide services and function effectively | Appropriate insurance.  Appropriate levels of General Reserves.  Appropriate homeworking and remote working.  Offsite computer backup systems. | Insurance policy.  Accounts info on PC website. |  |

This risk management paper was considered by the Council on 25 January 2024 and will be reviewed again within 12-month period.

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