

**MICKLEFIELD PARISH
COUNCIL**

**RISK MANAGEMENT
POLICY**

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RISK MANAGEMENT POLICY

Micklefield Parish Council (herein referred to as 'the Council') is committed to identifying and managing risks, using the following procedures, and to ensuring that risks are maintained at an acceptable level. Any action that is felt necessary will be taken by Council.

The Clerk will review risks on a regular basis, including any newly identified risks, and will report to the Finance and Corporate Management Committee/ Council. The review will include identification of any unacceptable levels of risk. The Finance and Corporate Management Committee will also undertake regular reviews of risk, including any newly identified risks, and will report to the Council. The Risk Management Policy forms part of a larger Risk Management Scheme operated by the Parish Council that includes Standing Orders, Financial Regulations, Review of Internal Audit Policy and Risk Assessments of specific activities.

The Local Councils' Governance and Accountability Guidance makes the following observations regarding risk management.

1. Risk management is not just about financial management: it is about setting objectives and achieving them in order to deliver high quality public services.
2. 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 goes on to make the point that Members are ultimately responsible for risk management because risks threaten the achievement of policy objectives. Members should, therefore: -

- a. take steps to identify key risks facing the Council
- b. evaluate the potential consequences to the Council if an event identified as a risk takes place
- c. 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 have to be taken into the following areas:

- (i) Areas where there may be scope to use insurance to help manage risk
- (ii) Areas where there may be scope to work with others to help manage risk
- (ii) Areas where there may be need for self-managed risk.

SECTION 1

AREAS WHERE THERE MAY BE SCOPE TO USE INSURANCE TO HELP MANAGE RISK

1A RISK IDENTIFICATIONS

a Protection of physical assets e.g. buildings, furniture, equipment and regalia

Insured for third party damage and theft with Aviva Insurance (Came and Company) under policy number 14414511 CHC.

b Risk of damage to third party property or individuals as a result of the Council providing services or amenities to the public

Public and Products Liability Insurance of £10,000,000 , Hirers' Indemnity Cover of £2,000.00, Official's Indemnity Cover of £250,000 and Commercial Legal Protection of £50,000 all held with Aviva under policy number 14414511 CHC.

c Risk of consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party (consequential loss)

Not Applicable.

d Loss of cash through theft or dishonesty (fidelity guarantee)

Fidelity Guarantee of £100,000 and Money and Assault Cover of £1,000 with Aviva Insurance under policy number 14414511 CHC

e Legal liability as a consequence of asset ownership (public liability)

See (b) above. In addition, Commercial Legal Protection of £50,000 with Aviva Insurance under policy number 14414511 CHC.

1B INTERNAL CONTROLS

a Maintain an up-to- date register of Assets and investments

An Asset Register is compiled by the Responsible Financial Officer as part of the Annual Accounts and is presented to Council. Additionally, assets are considered for insurance cover as soon as practical completion of new assets is achieved or the transfer of existing assets to the Parish Council is completed and are added to the Asset Register at this point. The Finance and Corporate Management Committee reviews the Asset Register as part of its remit and makes recommendations to Council. The Responsible Financial Officer also regularly reviews and updates the Asset Register.

b Regular maintenance for physical assets

The Clerk undertakes weekly, recorded inspections of the facilities. The Clerk has a delegated budget for minor and emergency works to assets and necessary repairs

etc. are reported to Council for action as necessary. Maintenance of buildings, sites and equipment is undertaken on a responsive basis, in addition to budgeted Capital Projects for major refurbishment. Play equipment, including the skate park, is checked annually by an independent and qualified inspector.

c Annual Review of risk and the adequacy of insurance cover

The Finance and Corporate Management Committee reviews risk and the adequacy of insurance cover as part of its remit and makes recommendations to Council. In addition, the Council annually reviews its entire insurance cover and periodically considers additional assets for inclusion, as required.

d Ensuring robustness of insurance providers

The Council's insurance is offered by Came and Company, a specialist in Parish Council insurance and is underwritten by Aviva. The cover is approved by other Parish Council's that have been covered by the same company. The Council 'tested' the cover for a year before signing up to further contracts.

1C INTERNAL AUDIT ASSURANCE

a Review of internal controls in place and their documentation

Internal controls are reviewed as necessary by the Responsible Financial Officer, the Finance and Corporate Management Committee and Internal Auditor. The Council considers and acts upon the recommendations of the Finance and Corporate Management Committee and Internal Auditor, as necessary.

b Review of management arrangements regarding insurance cover

The Finance and Corporate Management Committee reviews risk and the adequacy of insurance cover as part of its remit and makes recommendations to Council. In addition, the Council annually reviews its entire insurance cover and periodically considers additional assets for inclusion, as required.

c Testing of specific internal controls and reporting findings to management

The Finance and Corporate Management Committee checks specific internal controls, i.e. quarterly bank reconciliations, as part of its remit. In addition, the Council checks invoices against payments made, at each meeting.

SECTION 2

AREAS WHERE THERE MAY BE SCOPE TO WORK WITH OTHERS TO HELP MANAGE RISK

2A RISK IDENTIFICATION

a Security for vulnerable buildings, amenities or equipment

The security of amenities is considered at the construction stage i.e. location and materials used. Suitably qualified and experienced individuals and companies are consulted and public consultations undertaken. Amenities/equipment are insured against damage and theft (see Section 1a Risk Identification (a)).

b Maintenance for vulnerable buildings, amenities or equipment

The Council annually budgets for maintenance costs. It seeks one to two quotes for purchases, services and contracts etc. with an estimated value of up to £1,000; seeks three quotes for purchases, services and contracts etc. with an estimated value of between £1,000 and £20,000; seeks three or more quotes and includes a detailed schedule for purchases, services and contracts etc. with an estimated value of between £20,000 and £50,000; uses a formal tender process for purchases, services and contracts etc. with an estimated value of £50,000 or more and tries to use local companies/individuals and recommendations.

c The provision of services being carried out under agency/partnership agreements with principal authority

The Council regularly works with Leeds City Council and others to provide major projects and amenities.

d Banking Services

Reviewed by the Finance and Corporate Management Committee and Council.

e Ad-hoc provision of amenities/facilities for events for local community groups

The Council requires copies of Public Liability Insurance (where available) and risk assessments to be undertaken by third parties that use amenities/facilities on an official basis. In addition, where necessary, proof of CRB checks and equipment insurance may also be required.

f Professional services, contractors etc.

The Council requires copies of Public Liability Insurance confirmation and an Employers' Liability Insurance Certificate from contractors/service providers. Where necessary, proof of CRB checks and equipment insurance are also required. The Council also seeks one to two quotes for purchases, services and contracts etc. with an estimated value of up to £1,000; seeks three quotes for purchases, services and contracts etc. with an estimated value of between £1,000 and £20,000; seeks three or more quotes and includes a detailed schedule for purchases, services and contracts etc. with an estimated value of between £20,000 and £50,000; uses a formal tender process for purchases, services and contracts etc. with an estimated value of £50,000 or more. A Purchase Order system is used for purchases/contracts/orders over £1,000.00.

2B INTERNAL CONTROLS

a Standing Orders and financial regulations dealing with the award of contracts for services or the purchase of capital equipment

The Council has Standing Orders that govern the awarding of contracts.

b Regular reporting on performance by contractors/suppliers

The Clerk and members report on contract/supplier performance at each meeting, as necessary.

c Review of contracts

The Council reviews its contracts annually.

d Clear statements of management responsibility for each service

The Clerk, as sole Parish Council employee, has managerial responsibility for any service that the Parish Council provides.

e Regular scrutiny of performance against targets

See item (b).

f Arrangements to detect and deter fraud and/or corruption.

The Council does not have petty cash. A list of payments due and copies of all invoices are given to Council at each meeting, with cheque numbers for each payment. Cheques are signed by two members, cheque stubs are initialled and payment/invoice/cheque details confirmed by signature on the accounts for payment sheet.

g Regular bank reconciliations, independently reviewed

The Responsible Financial Officer checks bank statements against the cashbook each month. Council is presented with quarterly bank reconciliations, which are checked by the Finance and Corporate Management Committee.

2C INTERNAL AUDIT ASSURANCE

a Review of internal controls in place and their documentation

Internal controls are reviewed as necessary by the Responsible Financial Officer, Finance and Corporate Management Committee and Internal Auditor. In addition, the Council has an Internal Audit Review Plan. Recommendations from the Finance and Corporate Management Committee and Internal Auditor are submitted to Council for consideration.

b Review of minutes to ensure legal powers are available and the basis of the powers recorded and correctly applied

The Internal Auditor reviews the minutes as part of the annual audit. Specific powers are recorded in minutes.

c Review and testing of arrangements to prevent and detect fraud and corruption

The use of Standing Orders, internal controls and consideration by Council are all methods which contribute to prevent and deter fraud and corruption. See also Section 2B Internal Controls (f) and (g) and Section 2C Internal Audit Assurance (a).

d Review of adequacy of insurance cover provided by suppliers

Contractors working for the Council are asked for proof of Public Liability Insurance cover, Employers' Liability Insurance and equipment insurance, where necessary.

e Testing of specific internal controls and report findings to management

See Section 1 Internal Audit Assurance (c). In addition, the internal auditor checks specific internal controls at annual audit and reports to the Council.

SECTION 3

AREAS WHERE THERE MAY BE A NEED TO SELF-MANAGE RISK

3A RISK IDENTIFICATION

a Keeping proper financial records in accordance with statutory requirements

The Responsible Financial Officer keeps proper financial records, in accordance with statutory requirements. The Finance and Corporate Management Committee reviews arrangements, as necessary.

b Ensuring all business activities are within legal powers applicable to parish councils

The Clerk checks that all business activities are within legal powers applicable to Parish Councils.

c Complying with restrictions on borrowing

The Council has no current borrowing arrangements.

d Ensuring that all requirements are met under employment law and Inland Revenue regulations

The Finance and Corporate Management Committee considers issues of employment law. Member training is undertaken, when available, in order to achieve this. External experts e.g. YLCA, are consulted when necessary. HMRC software is used to ensure compliance with regulations. In addition, the Council has Commercial Legal Protection of £50,000 with Aviva under insurance policy number 14414511 CHC

e Ensuring all requirements are met under Customs and Excise regulations (especially VAT)

All such requirements are met by the Responsible Financial Officer and the Internal Audit process and where necessary, in consultation with the Treasurer and Chairman.

f Ensuring the adequacy of the annual precept within sound budgeting arrangements

The Finance and Corporate Management Committee undertakes a preliminary assessment of the budget requirements for the following year's annual budget that allows the Chairman and Treasurer to devise for recommendation to Council.

g Monitoring of performance against agreed standards under partnership agreements

The Parish Council will monitor performance against agreed standards under Partnership agreements, in accordance with said Partnership agreements.

h Ensuring the proper use of funds granted to local community bodies under specific powers or Section 137

Grant applications and donations not covered by existing legislation are considered on an individual basis. Resolutions on Section 137 spending follow the format recommended in Local Council Administration 8th Edition. Section 137 donations are listed separately in the annual accounts and published as part of the Annual Audit.

i Proper, timely and accurate reporting of the Council business in the minutes

The Clerk prepares Council minutes for all meetings (including Committee meetings). They are distributed to members in advance of the next meeting, verified and signed at the meeting. Committee meeting minutes are received at the next Council meeting and approved by the Committee at its next meeting.

j Responding to electors wishing to exercise their rights of inspection

The rights of inspection by electors is adhered to in accordance with current legislation. In accordance with the Freedom of Information Act, all relevant documents are available, on written application, for viewing at a mutually convenient time/place (including a Council meeting, by arrangement) or in hard copy.

k Meeting the laid down timetables when responding to consultation invitations

Every effort is made to meet specified timetables when responding to consultation invitations, including the calling of an Extraordinary Meeting, where necessary.

l Proper document control

Paperwork is retained and archived on an annual basis.

m Register of members' interests and gifts and hospitality in place, complete, accurate and up to date

Members' Registers of Interests are held in the Council office. The Clerk annually reminds members to review their Registers and to make changes, where necessary, to help ensure that they are accurate and up-to-date.

3B INTERNAL CONTROLS

a Regular scrutiny of financial records and proper arrangements for the approval of expenditure

Expenditure is approved by resolution at a legally constituted meeting, or under approved delegation to the Clerk, both of which are recorded in the minutes. Payments are listed, with relevant invoices and cheque number, and checked by members; regular bank reconciliations are presented to Council and checked by the Finance and Corporate Management Committee.

b Recording in the minutes the precise powers under which expenditure is being approved

See Section 2 Internal Audit Assurance (b)

c Regular returns to the Inland Revenue; contracts of employment for all staff, annually reviewed by the Council, systems of updating records for any changes in relevant legislation

Contracts of employment are reviewed regularly, and at least annually, by the Finance and Corporate Management Committee and consequently the Council, with reference to model documents and sector recommendations and advice.

d Regular returns of VAT

The Responsible Financial Officer keeps a regularly updated list of VAT payments and submits a claim on behalf of the Parish (details of which are provided to Council) at least annually (at the end of the financial year) and more regularly when a high expenditure project is being undertaken.

e Developing system of performance measurement

Staff appraisals are undertaken annually, by the Chairman. These are reported to the Finance and Corporate Management Committee and any recommendations requiring a substantive change to the Clerk's contract are put before Council for consideration.

f Procedures for dealing with and monitoring grants, or loans, made or received

The Council has no loans and provides no loans. Grants made are not monitored. Expenditure from grants received is monitored as part of the bank reconciliations undertaken, audit process, grant claims process and on completion of the project.

g Minutes properly numbered and paginated with a master copy kept in safekeeping

All Council and Committee minutes are consecutively numbered and page numbered and can be referenced to agenda items. Official (signed) hard copies are kept at the Council office. Every set of minutes is kept in electronic format.

h Documented procedures to deal with enquiries from the public

The Clerk deals with simple information requests. More complicated requests and/or complaints are referred to Council.

i Documented procedures to deal with responses to consultation requests

Consultations are considered by the Council at the earliest meeting, or by the Clerk, where there is an existing delegation.

j Monitoring arrangements regarding Quality Council status

The Finance and Corporate Management Committee monitors arrangements regarding the acquirement of Quality Council Status.

k Documented procedures for document receipt, circulation, response, handling and filing

The Clerk receives all mail on behalf of the Council. All mail received is listed and the list supplied to Council at each meeting. Mail requiring action is given to Council for a response. All documents are filed appropriately and archived after a year.

l Procedures in place for recording and monitoring members' interest and gifts and hospitality received

See Section 3. Risk Identification (n)

m Adoption of Codes of Conduct for members and employees

The Council adopted the Local Authorities (Model Code of Conduct) Order 2007. There is no Code of Conduct for Employees (Employee standards are covered by the Contract of Employment).

3C INTERNAL AUDIT ASSURANCE

a Review of internal controls in place and their documentation

Internal controls are reviewed as necessary by the Clerk, Finance and Corporate Management Committee and Internal Auditor. Recommendations of the Finance and Corporate Management Committee and Internal Auditor are submitted to Council.

b Review of minutes to ensure legal powers in place, recorded and correctly applied

Minutes are reviewed by Council before each meeting at which they are to be considered for approval. In addition, see Section 2 Internal Audit Assurance (b)

c Testing of income and expenditure from minutes to accounts book, from bank statements to accounts book, from minutes to statements etc.

The Responsible Financial Officer undertakes monthly checks and quarterly reconciliations. The Finance and Corporate Management Committee verifies the reconciliations. The system is also tested during the audit process

d Review and testing of arrangements to prevent and detect fraud and corruption

See Section 2 Internal Audit Assurances (c)

e Testing of specific internal controls and reporting findings to management

See Section 2 Internal Assurances (e) and Section 1 Internal Audit Assurances (c)

f Computer data safety

Appropriate security regimes are in place. All data is stored electronically on CD or a USB memory stick and important data is printed to hard copy. All information storage (filing cabinet, CD/USB storage box) is locked. Security software to protect hardware is applied and regularly updated.

g Valuable documents

Original copies of valuable documents and other important information stored in a fire-proof, lockable box in Council office, with copies stored by Chairman in similar fire-proof, lockable box.

DATE APPROVED: 1ST SEPTEMBER 2011
DATE REVIEWED: 8TH JUNE 2023

Joanne Hebden
Clerk and RFO to the Council
Micklefield Parish Council
20 July 2011