

# Risk Management Policy and Risk Assessment.



# **Aldington and Bonnington Parish Council.**

## **Risk Management Policy and Risk Assessment.**

Aldington and Bonnington 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 it is felt necessary will be taken by Aldington and Bonnington Parish Council.

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

The Local Council's Governance and Accountability Guidelines highlight the following observations regarding risk management:

- Risk Management is not just about financial management, it is about setting objectives and achieving them in order to deliver high quality public services.
- The new approach places emphasis on local Council's 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 to 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:

- 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 to help manage risk

1. Risk Identification:
  - 1.a. Protection of physical assets e.g. buildings, furniture and equipment.
  - 1.b. Risk of damage to third party property or individuals as a result of the Council providing services or amenities to the public.
  - 1.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.
  - 1.d. Loss of cash through theft or dishonesty (fidelity guarantee)
  - 1.e. Legal liability as a consequence of asset ownership (public liability)
  
2. Internal controls:
  - 2.a. Maintain an up-to-date register of Assets and Investments.
  - 2.b. Regular maintenance for physical assets.
  - 2.c. Annual review of risk and the adequacy of insurance cover.
  - 2.d. Ensuring robustness of insurance providers.
  
3. Internal Audit Assurance:
  - 3.a. Review of internal controls and their documentation.
  - 3.b. Review of management arrangements regarding insurance cover.
  - 3.c. Testing of specific internal controls and reporting finding to the Parish Council.

## **Section B**

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

1. Risk Identification:
  - 1.a. Maintenance of vulnerable equipment.
  - 1.b. Banking Services.
  - 1.c. Provision of facilities for local children and families.
  - 1.d. Professional Services and Contractors.
  
2. Internal Controls:
  - 2.a. Standing Orders and Financial Regulations dealing with the award of contracts for services or the purchase of capital equipment.
  - 2.b. Clear statements of responsibility for each service.
  - 2.c. Regular scrutiny of performance against targets.
  - 2.d. Arrangements to detect and deter fraud and/or corruption.
  - 2.e. Regular bank reconciliation's, independently reviewed.
  
3. Internal Audit Assurance:
  - 3.a. Review of internal controls in place and their documentation.
  - 3.b. Review of minutes to ensure legal powers are available and the basis of the powers recorded and correctly applied.
  - 3.c. Review and testing of arrangements to prevent and detect fraud and corruption.

- 3.d. Review of adequacy of insurance cover provided by suppliers.
- 3.e. Testing of specific internal controls and report findings to the Parish Council.

## **Section C**

Areas where there may be a need to self-manage risk:

1. Risk Identification:
  - 1.a. Keeping proper financial records in accordance with statutory regulations.
  - 1.b. Ensuring all business activities are with legal powers applicable to Parish Councils.
  - 1.c. Complying with restrictions on borrowing.
  - 1.d. Ensuring that all requirements are met under employment law and Inland Revenue regulations.
  - 1.e. Ensuring all requirements are met under Customs and Excise regulations (VAT).
  - 1.f. Ensuring the adequacy of the annual precept within sound budgeting arrangements.
  - 1.g. Ensuring the proper use of funds granted to Local Community Bodies under specific powers or Section 137.
  - 1.h. Proper, timely and accurate reporting of the Council business in the minutes.
  - 1.i. Responding to electors wishing to exercise their rights of inspection.
  - 1.j. Meeting the laid down timetables when responding to invitations.
  - 1.k. Proper document control.
  - 1.l. Register of members' interests, gift and hospitality is in place, complete, accurate and up to date.
2. Internal Controls:
  - 2.a. Regular scrutiny of financial records on proper arrangements for approval of expenditure.
  - 2.b. Recording in the minutes the precise powers under which expenditure is being approved.
  - 2.c. 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.
  - 2.d. Regular returns of VAT.
  - 2.e. Developing a system of performance management.
  - 2.f. Procedure for dealing with and monitoring grants, or loans, made or received.
  - 2.g. Minutes properly numbered with a master copy kept by the Clerk for safe keeping.
  - 2.h. Documented procedures to deal with enquiries from the public.
  - 2.i. Documented procedure to deal with responses to consultation requests.
  - 2.j. Monitoring arrangements regarding Local Council Award Scheme.
  - 2.k. Documented procedures for document receipt, circulation, response, handling and filing.
  - 2.l. Procedures in place for recording and monitoring members' interest and gifts and hospitality received.
  - 2.m. Adoption of Codes of Conduct for members and employees.

3. Internal Audit Assurance
  - 3.a. Review of internal controls in place and their documentation.
  - 3.b. Review of minutes to ensure legal powers in place, recorded and correctly applied.
  - 3.c. Testing of Income and expenditure from minutes to statements etc.
  - 3.d. Review and testing of arrangements to prevent and detect Fraud and Corruption.
  - 3.e. Testing of specific internal controls and reporting findings to the Parish Council.
  - 3.f. Computer data safety.