

Penkrudge Parish Council

Risk Management Document and

Business Risk Assessment

Introduction

Penkrudge Parish Council (The Parish Council) is committed to identifying and managing risks, using the following Policy and Control Procedures to ensure that risks are maintained at an acceptable level. Any action that is felt necessary will be taken by the Parish Council or reported to the relevant authority.

The aim of this Policy and Control Procedure is to protect Penkrudge Parish Council's ability to deliver its vision and to serve and respond to the needs of the Community through meeting its corporate objectives.

The Parish Council recognises its responsibility to manage risk effectively in order to protect employees, Councillors, assets, liabilities and the Community against potential losses and minimise uncertainty in achieving its vision and objectives.

This Policy and Control Procedure is an integral part of the Parish Council's governance and management processes and sets a proactive framework to identify, prioritise and manage risks that could negatively impact upon delivery of the Council's vision and objectives.

The Council will manage risk in accordance with best practice and legislative requirements to minimise loss, disruption, injury and damage and inform policy and operational decisions by identifying risks and their likely impact.

What is Risk Management

Risk is an uncertain event or condition that, if it occurs, will have an effect on the achievements of an authority's objectives. Risk management is the process whereby the Parish Council methodically addresses the risks associated with what they do and the services which they provide. The focus of risk management is to identify what can go wrong and take proportionate steps to avoid this or successfully manage the consequences. Good risk management allows stakeholders to have increased confidence in the Parish Council's corporate governance arrangements and its ability to deliver its priorities. Risk Management is not just about financial management; it is about protecting the achievements of objectives set by the Parish Council to deliver high quality public services. The failure to manage risks effectively can be expensive in terms of litigation and reputation and can impact on the ability to achieve desired outcomes. The Parish Council generally and members individually are responsible for risk management.

The Parish Council faces the following risks:

- Strategic risks because of poor decision making or poor implementation which could result in long term adverse impact (reputational damage, loss of public confidence, Government intervention).
- Compliance risk as a result of failing to comply with legislation (eg health and safety or employment law), procedures (eg Governance and Accountability for Smaller Authorities in England 2020, Government's Investment Guidance 2018) or lack of documentation to prove compliance (eg legionella testing, fire risk assessments etc) which could result in prosecution, judicial reviews, employment tribunals or an inability to enforce contracts.
- Financial risk because of fraud and corruption, waste and bad debt which could result in additional audit investigation, public objections to accounts, reduced service delivery, depletion of Council reserves and increased precept requirements.
- Operational risk resulting in the failure to deliver services due to malfunctioning of damaged equipment or property, hazards to staff/public which could result in insurance claims, higher insurance premiums and lengthy recovery processes.

Not all these risks are insurable and for some the premiums may not be cost effective. Even where insurance is available, a monetary consideration might not be an adequate recompense. The emphasis should always be on eliminating or reducing risk before costly steps to transfer risk to another party are considered.

Regulation 4 of the Accounts and Audit Regulations 2015 require the Parish Council to establish and maintain a systematic strategy, framework and process for managing risk.

This process is an integral part of the best value process, demonstrating continuous service improvement by managing operational and strategic risks. New projects or changes to services will include risks identification and the measures to eliminate or control risks will be documented in reports to the Parish Council and its Committees where appropriate.

1. Risk Identification

Identifying and understanding the hazards and risks facing the Parish Council is crucial if informed decisions are to be made about policy or service delivery methods. The risks associated with these decisions can then be effectively managed.

To manage risk, Penkrudge Parish Council needs to know what risks it faces. Identifying risks is therefore the first step in the risk management process. Below is a list of typical risk categories and what we currently have in place.

- a. **Financial** – Loss of money through theft or dishonesty. The Parish Council does not currently receive any income from for example, sports pitches or buildings.
- b. **Security** - Protection of physical assets eg, buildings, furniture and equipment. All current physical assets owned by the Parish Council are insured with Zurich Municipal and a log of all assets are kept on a comprehensive Asset Register.
- c. **Property** – Risk of damage to the Haling Dene Centre – The Parish Council holds Buildings Insurance against the Centre's building. The Parish Council holds other comprehensive insurance for assets such as play equipment, street furniture, office equipment etc.
- d. **Legal** – Breaking the law or being sued – The Parish Council holds cover for Public Liability and Employers Liability of £10,000,000.

2. Risk Analysis

Once the key risks have been identified, the next step is to assess the potential consequences of the risk occurring (impact) systematically and accurately. Analysis should make full use of any available data on the potential frequency of events and their consequences: how likely this is (likelihood). If a risk is seen to be unacceptable, then steps should be taken to control or respond to the risk.

The assessment of potential impact and likelihood need not be any more complex than assigning each risk as either high, medium or low priority. The Parish Council's current Business Continuity Plan enables the Parish Council to decide which risks it should pay most attention to when considering what measures to take to manage them.

3. Risk Prioritisation

An assessment should be undertaken on the impact and likelihood of risks occurring, with impact and likelihood being graded high, medium and low on our Business Continuity Plan. This should be reviewed regularly but at least yearly.

4. Risk Control

Risk control is the process of taking action to minimise the likelihood of the risk event occurring and/or reducing the severity of the consequences should it occur. Typically, risk control requires the identification and implementation of revised operating procedures, but in exceptional cases more drastic action will be required to reduce the risk to an acceptable level.

Risk is unavoidable, and the Parish Council where possible should take action to manage risk in a way which it can justify to a level which is tolerable. The response to risk, which is initiated within the organisation, is called 'internal control' and may involve one or more of the following standard responses:

- **Tolerate the risk** - for risks where the downside is containable with appropriate contingency plans; for some where the possible controls cannot be justified (eg because they would be disproportionate); and for unavoidable risks, eg terrorism.
- **Treat the risk** - a common response which can mean imposing controls so that the organisation can continue to operate; or setting up prevention techniques.
- **Transfer the risk** – buying in a service from a specialist external body or taking out insurance. Some risks cannot be transferred, especially reputational risk.
- **Terminate the activity giving rise to the risk** - it may be best to stop (or not to start) activities which involve intolerable risks or those where no response can bring the risk to a tolerable level.

Areas where there may be scope to use insurance to help manage risk include the following:

- The protection of physical assets owned by the Parish Council– buildings, furniture, equipment, etc. (loss or damage).
- The risk of damage to third party property or individuals because of the authority providing services or amenities to the public (public liability).

- The 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).
- Loss of cash through theft or dishonesty.
- Legal liability because of asset ownership (public liability).

The limited nature of internal resources in the Parish Council sometimes means that we may buy services in from specialist external bodies. Areas where there may be scope to work with others to help manage risk include the following:

- Security for vulnerable buildings, amenities or equipment.
- Maintenance for vulnerable buildings, amenities or equipment.
- The provision of services being carried out under agency/partnership agreements with principal authorities.
- Ad hoc provision of amenities/ facilities for events to local community groups.
- Market management.
- Vehicle or equipment lease or hire.
- Professional services (planning, architects, accountancy, payroll design, etc).

5. Risk Monitoring

The risk management process does not finish with putting any risk control procedures in place. The effectiveness in controlling risk must be monitored and reviewed. It is also important to assess whether the nature of any risk has changed over time.

The information generated from applying the Business Risk Management Process will help to ensure that risks can be avoided or minimised in the future. It will also inform judgements on the nature and extent of insurance cover and the balance to be reached between self-insurance and external protection.

6. Roles and Responsibilities

Councillors play a key role in leading and monitoring this strategy, including:

- Approval of the Risk Management Policy and Business Continuity Plan.
- Analysis of key risks in current and future projects and services consideration and if appropriate, endorsement of the annual Statement of Internal Control.
- Assessment of risks whilst setting the budget, including any bids for resources to tackle specific issues.

The Clerk/Responsible Financial Officer supports, advises, and implements policies approved by Council. In relation to risk management the Clerk/RFO should:

- Provide advice as to the legality of policy and service delivery choices (including new/revised legislation).
- Provide advice on the implications for service areas of the Parish Council's corporate aims and objectives.
- Implements policies and procedures on risk management and internal control.
- Provide advice on any human resource issues relating to strategic policy options or the risks associated with operational decisions and assist in handling cases of work related to illness or injury.

- Advise on any health and safety implications of the chosen or proposed arrangements for service delivery.
- Assess and implement the Parish Council's insurance requirements and assist in processing any litigation claims.
- Assess the financial implications of strategic policy options.
- Provide assistance and advice on budgetary planning and control.
- Ensure that Parish Council's Financial Regulations and finance administration allows effective budgetary control; and
- Effectively manage the Parish Council's investment and loan portfolio where applicable.

7. Internal Auditor

The Internal Auditor provides an important scrutiny role by carrying out audits to provide independent assurance to the Parish Council, that clarify the necessary risk management systems are in place and all significant business risks are being managed effectively. The internal audit process assists the Parish Council in identifying both its financial and operational risks and assists in developing and implementing proper arrangements to manage them, including adequate and effective systems of internal control to reduce or eliminate the likelihood of errors or fraud. Internal audit reports, and any recommendations contained within, help to shape the Parish Council's internal controls.

In addition, the Parish Council should consider the following list of the key systems and processes they can ask the Internal Auditor to review from time to time as part of its work:

- proper book-keeping including the cash book
- standing orders and financial regulations
- payment controls
- income controls
- budgetary controls
- payroll controls
- asset control
- bank reconciliations
- year-end procedure
- risk management arrangements

This is not an exhaustive list, so the Parish Council if required should agree a specific programme of work with its Internal Auditor.

The Parish Council notes that it is not part of the Internal Auditor's responsibility to review or 'sign off' the completed Annual Governance and Accountability Return. Internal audit report(s) should inform the Parish Council's responses to Assertions 2 and 6 in the annual governance statement. Internal audit reports should therefore be made available to support and inform members considering the Parish Council's approval of the Annual Governance Statement.

Penkridge Parish Council

Business Risk Assessment

This document has been produced to enable Penkridge Parish Council to assess the risks that it faces and satisfy itself that it has taken adequate steps to minimise them.

Subject	Risk Identified	Risk Level H/M/L	Management/Control of Risk	Review/Assess/Revise
Assets	Loss/Damage Public Liability	L	<p>All Asset owned by the Parish Council are regularly reviewed.</p> <p>All items of property are covered by insurance.</p> <p>Budget provision for replacements and repairs as necessary.</p> <p>Regular inspections, maintenance and repairs carried out by the Handyman and reported to the Clerk.</p> <p>All repairs/replacements and relevant expenditure are authorised in accordance with Parish Council procedures.</p> <p>Incidents including acts of vandalism reported to the police when appropriate.</p>	Monthly, Annually & Ongoing
Land and Open Spaces Village Benches Play Areas and Equipment	Loss/Damage Inadequate Insurance Cover Public Liability Personal Injury Security of Deeds of Ownership	L	<p>Property damage and Public and Products Liability cover included in the Parish Council insurance policy which is reviewed annually.</p> <p>Risks to the public are minimised wherever possible.</p> <p>Annual contract in place for maintenance including grass cutting, reviewed annually.</p>	Monthly, Annually & Ongoing

Subject	Risk Identified	Risk Level H/M/L	Management/Control of Risk	Review/Assess/Revise
			<p>Weekly inspections of play areas carried out by the Handyman and reported to the Clerk in a weekly report or sooner if necessary.</p> <p>Repairs and maintenance work undertaken by the Handyman as required. Annual inspections of the play areas undertaken by approved inspectors, who produce a risk assessment report. The work required is carried out on any areas of risk which have been identified.</p> <p>Deeds and relevant documents kept in locked cabinet.</p> <p>Record of injuries/reported accidents maintained by Clerk.</p>	
<p>Administration and Meetings Minutes, Agendas and Standing Documents</p>	<p>Breach of confidentiality Loss of data by theft/ unauthorised use or system crash.</p> <p>Accuracy and legality</p> <p>Non-compliance with Statutory requirements or new legislation</p> <p>Failure to meet statutory duty for council meetings Adequacy of meeting locations, Health & Safety</p>	<p>L</p>	<p>Sensitive data is kept under password on computer and in a locked filing cabinet.</p> <p>Passwords changed periodically and back-ups made at regular intervals.</p> <p>Payroll records also kept as hard copies.</p> <p>The Council is registered with the Information Commissioner's Office under the Data Protection Act.</p> <p>Membership of local and national associations maintained.</p> <p>All members notified of meeting by summons. Agendas sent to Councillors and displayed on notice boards with 3 clear days' notice.</p> <p>Quorum checked and attendance records kept.</p> <p>Minutes of proceedings promptly prepared, approved and signed by the Chair at the next meeting.</p>	<p>ICO registration renewed annually. Monthly, Annually and Ongoing</p> <p>Chairman to undertake training if needed.</p> <p>Ensure Councillors always adhere to the Code of Conduct.</p>

Subject	Risk Identified	Risk Level H/M/L	Management/Control of Risk	Review/Assess/Revise
	Failure to comply with planning consultation deadline.		<p>Meeting rooms allow access for all, with appropriate facilities including seating for the Clerk, Members and general public.</p> <p>Clerk reports all planning consultations to Council meeting and follows up to meet deadline. Extensions requested if necessary.</p>	
Councillors Register of Members Interests	<p>Conflict of interests</p> <p>Failure to maintain registers of interests</p> <p>Training</p>	L	<p>All Councillors are aware of statutory responsibilities.</p> <p>Declaration of interest is a separate item on each agenda.</p> <p>Declaration of Members Interests forms are reviewed annually and sent to the Monitoring Officer.</p> <p>All Cllrs accept the Council's Code of Conduct on election/co-option.</p> <p>Each Cllr receives a copy of Council and Financial Standing orders.</p> <p>New Cllrs receive a copy of The Good Councillors guide.</p> <p>New Cllrs are encouraged to undertake the New Councillors or Roles and Responsibilities course run by SPCA.</p> <p>Training also offered to all Cllrs when there is a major legislative change.</p>	<p>Monthly, Annually and Ongoing</p> <p>Ensure Councillors always adhere to the Code of Conduct.</p>
Finance Precept, Banking, Cash, PAYE, Pensions, Annual Return, VAT reclaim	<p>Poor financial management</p> <p>Inadequate records</p> <p>Failure to comply with HMRC regulations</p> <p>Failure to ensure proper use of funds under S137</p>	L	<p>Responsible Financial Officer responsible for management of financial affairs and is fully aware of requirements. Advice sought when required. Financial Regulations and Standing Orders based on NALC guidelines, set out the requirements and are reviewed annually. Financial statements subject to internal audit half year and year end.</p> <p>Salary paid in accordance with Council regulations. Payroll admin and reporting to HMRC outsourced. PAYE/NI and pension payments handled appropriately.</p>	<p>Monthly, Bi-Annually, Annually and Ongoing</p>

Subject	Risk Identified	Risk Level H/M/L	Management/Control of Risk	Review/Assess/Revise
	<p>Incurring expenditure without proper legal authority</p> <p>Loss through theft or misappropriation</p> <p>Annual return submitted within time limits Adequacy of Precept</p> <p>Inadequate checks</p>		<p>Accurate and regular VAT reclaims made.</p> <p>Balances in hand reviewed and invested in savings accounts as appropriate. No equity investments.</p> <p>Annual budget prepared for Precept based on anticipated income and expenditure and includes projects to be undertaken. Budget approved at Council meeting, compared to actual in monthly financial statement and variances explained.</p> <p>Monthly financial statement, including bank reconciliation and expenditure reviewed and approved at each Council meeting and recorded in minutes.</p> <p>All payments supported by invoice or voucher which has been checked by the Clerk. All cheques signed by two Cllrs and counterfoils and invoices initialled. Expenditure separately identified.</p> <p>Powers identified before expenditure requested. Statutory limit calculated and not exceeded.</p> <p>No petty cash or cash-based transactions. Majority of income by direct credit to the bank. Cheques banked promptly on receipt.</p> <p>Fidelity Guarantee insurance and Legal Expenses covered by Parish Council insurance policy.</p> <p>Annual Return completed and submitted to the Internal Auditor for checking and signing. Added to the agenda for approved and signed by the Council and recorded in minutes. Annual Return rechecked and sent to External Auditor within time frame and published as legally required.</p>	

Subject	Risk Identified	Risk Level H/M/L	Management/Control of Risk	Review/Assess/Revise
Financial Controls and Records	Inadequate checks	L	<p>Monthly reconciliations.</p> <p>2 signatures on each cheque, initials on cheque stub and invoice or supporting paperwork to validate the amount being spent.</p> <p>All financial commitments must be agreed by the Parish Council at a meeting.</p> <p>If the Clerk has made a payment under delegated powers, this is to be reported and approved at the next available Parish Council Meeting.</p>	Monthly, Bi-Annually, Annually and Ongoing
Insurance	<p>Adequacy</p> <p>Cost</p> <p>Compliance</p>	<p>L</p> <p>L</p> <p>L</p>	<p>Current policy fixed for 5-year contract review to take place prior to renewal.</p> <p>Employer and Employee Liability cover is essential.</p> <p>Public Liability cover is essential.</p> <p>Ensure compliance processes are in place</p>	Review both cover and compliance prior to renewal
Election costs	Risk of an election	M	<p>Risk is higher in an election year.</p> <p>Reserves to cover any additional costs</p>	Reserves to be held up to a maximum of £6,000.00, in case of an election
Council Liability	<p>Safety and security for lone workers/attacks on personnel</p> <p>Poor office conditions and equipment</p>	L	<p>Effective security system in operation:</p> <p>External door to Reception is always locked.</p> <p>Visits to the Clerk are by appointment and in the presence of Assistant Clerk or a Councillor when necessary.</p>	Ongoing

Subject	Risk Identified	Risk Level H/M/L	Management/Control of Risk	Review/Assess/Revise
			<p>Telephone access available always.</p> <p>Appropriate insurance cover held. Personal Accident to Councillors, Clerk and Employees covered by Parish Council insurance policy.</p> <p>Office accommodation inspected regularly, and repair/replacement arranged as appropriate.</p>	
Employment of Staff – Employers Liability	Failure to comply with Employment Law	L	<p>All employees have contracts of employment.</p> <p>Membership of local and national associations maintained.</p> <p>Job description clearly defined.</p> <p>Regular staff appraisals undertaken, and training encouraged.</p>	Ongoing
Legal Liability	<p>Legality of activities</p> <p>Proper and timely reporting via minutes</p> <p>Proper document control</p>	<p>M</p> <p>L</p> <p>L</p>	<p>The Clerk clarifies legal position and takes advice when needed.</p> <p>The Council received and agreed the minutes at monthly meetings.</p> <p>Document retention/destruction Policy in place</p>	Ongoing
Newsletters and Website	Failure to meet statutory requirement re non-political content.	L	<p>Ensure all contributors are aware of requirement.</p> <p>Editors check content for compliance.</p> <p>Clerk reviews regularly and is aware of what is appropriate content.</p> <p>Insurance cover in place.</p>	Ongoing

Subject	Risk Identified	Risk Level H/M/L	Management/Control of Risk	Review/Assess/Revise
	<p>Non-compliance with Freedom of Information Act Defamation, libel and slander</p> <p>Inadequate control of website</p> <p>Failure to deliver.</p> <p>Failure to collect income</p>		<p>Website updated as required. Annual maintenance contract with designer.</p> <p>Editor monitors distributors and verifies invoices.</p> <p>Advertisers' details passed promptly to Clerk.</p> <p>Invoices raised and payment chased.</p>	
<p>Council Records & GDPR</p>	<p>Loss through theft, damage, fire or corruption of computers</p> <p>Personal Data Breach</p>	<p>M</p> <p>M</p>	<p>The Parish Council holds records on computer and paper.</p> <p>Back up files are kept on USB sticks.</p> <p>A retention/destruction policy is in place.</p> <p>Council staff redact personal and data protected information prior to circulation where appropriate</p>	<p>Ongoing</p>