

Germoe Parish Council

RISK ASSESSMENT

ADOPTED APRIL 2015

GERMOE PARISH COUNCIL

Background

The greatest risk facing a Parish Council is that it is unable to continue its business as defined by law. Managing risk covers dealing with financial matters, issues of health and safety and ensuring plans are in place to achieve the Council's objectives. The failure to manage risks effectively can be expensive items in terms of litigation and reputation, and the ability of the Council to achieve desired targets.

The new approach to the auditing of local councils places the responsibility on local councils to strengthen governance arrangements. It shows local government as open and accountable, assuring the council taxpayer that all is well. Councillors are ultimately responsible for identifying and managing risk in relation to what the Council is trying to achieve.

The Council has evaluated how likely it is that a risk is present in any activity and the potential consequences (financial loss, difficulties in meeting its legal obligations etc.) Some consequences may not have an immediate financial impact but could have an adverse effect on the Council's standing in the community. The assessment of potential impact need not be any more complex than classifying each impact as *high*, *medium* or *low*. This assessment enables the Council to decide which risks it should pay most attention to when considering what measures to take to manage the risks.

Method

The Clerk reviewed the following areas of risk with the aim of

- (a) Identifying key risks facing the Council in achieving its objectives and priorities;
- (b) Evaluating the potential consequences to the council if an event identified as a risk takes place; and
- (c) Deciding upon appropriate measures to avoid, reduce or control the risk and its consequences;
- (d) Publishing a plan for the review of systems and procedures;
- (e) Continuing the practice of maintaining the minutes of meetings as an essential record of the review and management of risk;
- (f) Considering the establishment of a protocol for the use of council-owned computers and other equipment;
- (g) Agreeing that the activities listed in the Appendices are an accurate list of current practices.

RISK ASSESSMENT

PART ONE

Audit Risk

(a) Areas where there may be scope to use insurance to help manage risk.

- i. Risk Identification
- ii. Internal Controls
- iii. Internal Audit Assurance

(b) Dealing with Outside Bodies Incurring Risk

- i. Risk Identification
- ii. Internal Controls
- iii. Internal Audit Assurance

(c) Self Managed Risk

- i. Risk Identification
- ii. Internal Controls
- iii. Internal Audit Assurance

Part 2

Operating Risk

(a) Risks affecting the Council's ability to deliver services

(b) Operating procedures

Part 3

Identifying risk to the Council under current legislation

Part 4

Financial Procedures

PART 1 – AUDIT RISK

(A) AREAS WHERE THERE MAY BE SCOPE TO USE INSURANCE TO HELP MANAGE RISK.

(i) Risk Identification

Insurance cover for risk is the most common approach to certain types of inherent risks. Germoe Parish Council insures through Aviva Insurance.

- *The protection of physical assets owned by the Council*
The Council owns and insures the following physical assets

Tregonning Hill War memorial
three notice-boards

It also owns

Germoe Crossroads bus shelter
seven boundary stones
five ‘welcome’ stones
two interpretation stones
three notice-boards
a granite bench
eight wooden benches

... all of which it self-insures

- *The risk of damage to third party property of individuals as consequence of the Council providing services or amenities to the public (public liability)*
The Council carries public liability in respect of all its activities.
- *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.*
This risk is insured as consequential loss.
- *Loss of cash through theft or dishonesty*
The Council’s policy provides a fidelity guarantee set at a level approved by the Auditor.
- *Legal liability as a consequence of asset ownership*
This liability is covered under the Council’s insurance with Aviva.

(ii) Internal controls

Germoe Parish Council’s controls include:

- *An up to date register of assets and investments*
- *Regular inspection and maintenance of physical assets*
- *Annual review of risk and adequacy of cover*
- *Ensuring the robustness of insurance providers*

(iii) Internal audit assurance

- *Review of internal controls and their documentation*
- *Review management arrangements regarding insurance cover*
- *Test specific internal controls and report findings to management*

(B) DEALINGS WITH OUTSIDE BODIES INCURRING RISK

(i) Risk identification

1) Services carried out by the Council on behalf of outside bodies

- *Path Trimming on behalf of Cornwall Council*

The Council appoints a contractor by public tender and issues a formal contract on acceptance of the tender. The Council tender includes a requirement to attach a copy of the contractor's 3rd party liability insurance certificate and give notice of his self-employment number to cover the PAYE risk.

2) Banking arrangements, including borrowing or lending

- The Council banks with the Nationwide Building Society

(ii) Internal Controls

Germoe Parish Council's controls include:

- *Standing Orders and Financial regulations dealing with the award of contracts for services or the purchasing of capital equipment*
- *Regular reporting on performance by suppliers/providers/contractors*
- *Regular review of contracts*
- *Clear statements of responsibility for each service*
- *Regular bank reconciliation, independently reviewed*

(iii) Internal audit assurance

- *Review of internal controls in place and their documentation*
- *Review of minutes to ensure legal powers are available, and the basis of the powers correctly applied*
- *Review and testing of arrangements to prevent and detect fraud and corruption*
- *Review of adequacy of insurance cover provided by suppliers*
- *Testing of specific internal controls and reporting findings to management*

(C) SELF MANAGED RISK

(i) Risk identification

- *Keeping proper financial records in accordance with statutory requirements*
- *Ensuring all business activities are within legal powers applicable to local Councils*
- *Complying with restrictions to borrowing*
- *Ensuring that all requirements are made under employment law and HM Revenue and Customs regulations*
- *Ensuring all requirements are met under HM Revenue and Customs regulations (especially VAT)*
- *Ensuring the adequacy of the annual precept within the sound budgeting arrangements*
- *Monitoring the performance against agreed standards of partnership agreements*
- *Ensuring the proper use of funds granted to local community bodies under specific powers or under the General Power of Competence*
- *Proper, timely and accurate reporting of Council business in the minutes*
- *Responding to electors wishing to exercise their rights of inspection*
- *Meet the laid down timetables when responding to consultation invitation*
- *Proper document control*
- *Register of Councillors interest and gifts and hospitality in place, complete, accurate and up to date*

(ii) Internal Controls

Germoe Parish Council's controls include:

- *Regular scrutiny of financial records and proper arrangements for the approval of expenditure*
- *Annual confirmation from HM Revenue and Customs to confirm PAYE arrangements for all employees.*
- *Contracts of employment for all staff, annually reviewed by the Council, systems of updating records for any changes in relevant legislation*
- *Regular returns of VAT: training the responsible officer in matters of VAT and other taxation issues as necessary*
- *Regular budgeting monitoring statements*
- *Developing systems of performance measurement*
- *Procedures for dealing with and monitoring grants and loans made or received*
- *Minutes properly numbered and paginated with a master copy kept in safekeeping*
- *Documented procedures to deal with enquiries from the public*
- *Documented procedures to deal with consultation requests*
- *Documented procedures for document receipt, circulation, response handling and filing*
- *Procedures in place for monitoring Councillors' interests and gifts and hospitality received*
- *Adoption of codes of conduct for Councillors*

(iii) Internal audit assurance

- *Review of internal controls in place and their documentation*
- *Review of minutes to ensure legal powers in place, recorded and correctly applied*
- *Testing of income and expenditure from minutes to cashbook, from bank statements to cashbook, from minutes to statements etc. including petty cash transactions where appropriate*
- *Review and testing arrangements to prevent and detect fraud and corruption*
- *Testing of disclosures*
- *Testing of specific internal controls and reporting findings to management.*

PART 2 – OPERATING PROCEDURES

Procedures to deal with enquires from the public

- All telephone enquiries from public are dealt with promptly and passed to the relevant Councillors, Statutory Bodies or Organisations.
- All written enquiries and e-mails are acknowledged if appropriate and are treated as correspondence.

Procedures to deal with written requests

- All responses to consultation are dealt with as soon as possible under the consultation time allowed.

Procedures to deal with document receipt, circulation, response, handling and filing.

- All documents and letters are acknowledged if appropriate.
- All documents and letters etc are placed in the correspondence file for the next appropriate meeting.
- All urgent correspondence is placed before the Chairman of Council.
- All correspondence has a minute number.
- All correspondence is answered within one week from the meeting if possible.
- All documents are then filed in the appropriate file. Responses are kept on computer disc.

OPERATING RISK

Areas of risk affecting Germoe Parish Council and its ability to deliver its services.

The following table lists specific risks identified by the Clerk.

RISK	EFFECT	MANAGEMENT OF RISK	LIKELYHOOD	IMPACT
That there are no Councillors	The Council cannot carry out its functions	The power to act to ensure a quorate council rests with the Unitary Authority.	Low	High
That any full Council or Council committee meeting is inquorate	A council meeting cannot take place	Standing Orders specify the number of Councillors for a quorum and the Clerk will make arrangements for a new meeting of the Council.	Low	Low
The Clerk is unable to carry out his duties in the short term.	That the proper officer of the Council is unable to carry out Council business	In the absence of the Clerk the Council may delegate powers to a member/s of the Council.	Low	Low
The Clerk is unable to carry out his duties due to long term.	That the Proper Officer of the Council is not able to carry out Council business	<ul style="list-style-type: none"> The Council adheres to the current legislation laid down in N.J.C for Local Government. Services Pay and Conditions. The Council would make arrangements for either a temporary or permanent replacement as appropriate. 	Low	High
Claims against the Council	Financial risk	<p>The Council has all the appropriate insurances. These are reviewed on a regular basis.</p> <p>The Council is aware of its liability under Libel and Slander law. A reminder of which is included in their Standing Orders.</p>	Low	High
Loss of Parish Council records		<p>Procedures are in place to</p> <ul style="list-style-type: none"> Back up computer records regularly To keep one set of computer records in a fire proof box. Archive historic records at the County Archive. 	Medium	Medium

RISK	EFFECT	MANAGEMENT OF RISK	LIKELYHOOD	IMPACT
That a contractor fails to deliver services	The Council fails to carry out a function or meet its contractual obligations	All contractors are paid in arrears and so there is no financial loss. In the event of a contractor failing to fulfil his contract the Council would seek an alternative, by public tender if required under standing orders.	Low	Low
The Council fails to act in a lawful manner		<p>The Council employs a Clerk and provides training as required for both Clerk and members. It purchases up to date publications as a matter of course.</p> <p>The Council has a clear set of Standing Orders, which are regularly reviewed and amended to take into account current legislation.</p>	Low	Medium

PART 3

Resolutions identifying risk to the Council under current legislation

Germoe Parish Council is aware of the importance of complying with all relevant legislation that affects its conduct and the provision of services. It takes all reasonable steps to ensure compliance with all such legislation at all times.

GERMOE PARISH COUNCIL FINANCIAL PROCEDURES

REF. NO	PROCEDURE DESCRIPTION	WHO	WHEN/ FREQUENCY	AUTHORISED	WHEN/ FREQUENCY	NALC GUIDE REF. NO
1	INCOME					
1.1	Income received either by cash, cheque or direct credit to the Bank Account should be checked to ensure that the amount is correct and any queries reconciled.	Parish Clerk	As soon as income is received			p. 40 Para 3.15 & 3.16
1.2	Income received should be entered in the cash book under the appropriate headings	Parish Clerk	As soon as income is received			Ditto
1.3	Any payment advice should be retained and kept in a suitable file	Parish Clerk	As soon as income is received			Ditto
1.4	Income received by cash or cheque should be paid into the Council's bank account	Parish Clerk	A.S.A.P. after Receipt			Ditto
1.5	The timeliness of any receipt but in particular the receipt of the precept should be checked and if any cause for concern should be raised with the Chairman or Vice Chairman of the Parish Council	Parish Clerk	A.S.A.P. after Receipt			p. 41 Para's 3.20-3.22 inc.

2	EXPENDITURE					
2.1	All expenditure should be in accordance with Standing Orders and Financial Regulations and should be properly authorised by the Council at a meeting or by delegated authority. Before authorising expenditure the Council should satisfy itself that there is sufficient in the Council's budget to cover the expenditure.	Germoe Parish Council	As required	Internal Auditor	Yearly	p. 49 Paras 3.9 – 3.16 inc.
2.2	Upon receipt of an invoice, a check should be carried out to ensure that the relevant goods or services have been received and are satisfactory. The invoice should be checked to ensure that it is for the correct amount (as authorised by the Council) and any differences explained and justified.	Parish Clerk	As required			p. 49 Paras 3.9 – 3.16 inc.
2.3	When 2.2. is complete the invoice should be presented to the Council for authorisation. The invoice should be clearly marked as authorised.	Parish Clerk				p. 49 Paras 3.9 – 3.16 inc.
2.4	Cheques to pay authorised invoices should be signed by two authorised signatories. Signatories should, at the time of signing the cheque, initial the cheque book stub.	Parish Clerk /members	As required	Internal Auditor	Yearly	p. 49 Paras 3.9 – 3.16 inc.
2.5	Payment of invoices should be timely and not unduly delayed	Parish Clerk		Members	At time of signing cheque	Ditto
2.6	Details of payments made should be recorded in the cash book under the appropriate headings ensuring that VAT is accurately analysed and recorded.	Parish Clerk	At the time of payment	Member	Half yearly	Ditto

2.7	A separate account of expenditure made under the General Power of Competence should be kept.	Parish Clerk /Members	At the time of payment	Internal Auditor	Yearly	Page 24
2.8	All petty cash expenditure should be properly recorded and reported to the next Parish Council meeting with receipts for approval. The total spent can then be reimbursed.	Parish Clerk	Monthly	Member(s)	Monthly	Page 26 Para. 6
2.9	Periodically the petty cash records should be checked to ensure the amounts reimbursed are correct and that receipts have been retained.	Member(s)	Half yearly	Internal Auditor	Yearly	Page 41 Para 3.19
2.10	All invoices which have been paid should be retained in a suitable file.	Parish Clerk	At the time of payment	Internal Auditor	Yearly	
2.11	VAT should be analysed and separately recorded in the cash book and VAT reclaims made promptly.	Parish Clerk		Members	Half Yearly	Page 49 Para 3.39

3	CASHBOOK					
3.1	The cashbook should be run from April 1 st to March 31 st of each year with each page as it is completed, balanced off, and balanced off at the year end.	Parish Clerk	Ongoing	Members	Half yearly	Para 3.5 and 3.51
3.2	Entries in the cashbook should be made promptly at the time of receipt or payment, with all details included under the relevant headings.	Parish Clerk	As required	Members	Half yearly	Paras 3.34 – 3.43 incl.

4	BANK ACCOUNTS					
4.1	All bank accounts in the name of Germoe Parish Council shall be authorised by the Council and all signatories shall be authorised by the Council.	Council Members	As required	Internal Auditor	Yearly	
4.2	All cheque books, paying in books and bank statements (including used books) should be kept in a secure place in the custody of the Parish Clerk or another person authorised by the Council.	Parish Clerk		Member	Half yearly	
4.3	All bank statements received should be reconciled with the cashbook and any differences investigated and resolved.	Parish Clerk	On receipt of bank statement	Member	Half yearly	Para's. 3.44 – 3.49 incl.
4.4	Used cheque books, paying in books and bank statements shall be retained for 3 years.	Parish Clerk	Ongoing	Member	Yearly	

5	ASSET REGISTER					
5.1	All the Council's Assets should be recorded, as soon as they are acquired, in the Asset Register	Parish Clerk	As required	Member	Yearly	Page 27 Para 8
5.2	The entries in the Asset Register should be reviewed regularly and updated as appropriate	Parish Clerk /Members	Yearly	Member	Yearly	Ditto

6	PAYROLL					
6.1	The remuneration of all employees should be approved in advance by the Council	Council	As required	Internal Auditor	Yearly	Para 3.23
6.2	The Council should operate a PAYE system for income tax and a national insurance unless agreement to the contrary has been received from HM Revenue and Customs in writing	Parish Clerk / Council	Yearly	Internal Auditor	Yearly	Para 3.24
6.3	The accuracy of remuneration paid to employees should be checked.	Member(s)	Monthly	Internal Auditor	Yearly	

7	INSURANCE					
7.1	The Council, after taking advice if required, shall decide which risk/assets to insure and the extent of cover save that it will in any event insure those risks that it is required by law to cover	Council	Yearly	Internal Auditor	Yearly	Paras 3.26 and 3.27
7.2	The Council will review its insurance arrangements and the adequacy of cover and if appropriate obtain competitive quotations.	Parish Clerk	Yearly or as necessary	Internal Auditor	Yearly	Para 3.28

8	RISK MANAGEMENT					
8.1	The Council should prepare a Risk Assessment and review it regularly	Council	Yearly	Internal Auditor	Yearly	Paras 2.42 – 2.50 incl. plus tables.

9	THE COUNCIL'S BUDGET					
9.1	The Council should set a budget for each financial year which should be approved at a Council meeting.	Council	Yearly	Internal Auditor	Yearly	Paras 3.29 – 3.33 incl.
9.2	As a result of setting the Budget the Council should agree the Precept for the Financial Year.	Council	Yearly	Internal Auditor	Yearly	Ditto
9.3	The Council should monitor progress against budget during the Financial Year and where necessary, amend spending plans or the Budget	Council	Quarterly	Internal Auditor	Yearly	Ditto

10	YEAR END PROCEDURES					
10.1	Ensure that all appropriate income/expenditure has been received/paid in time for the financial year end.	Parish Clerk	February of financial year	Member	February of financial year	Para 3.81
10.2	Balance the cash book, reconcile to the bank statement as at March 31 st and close off the cashbook for the Financial Year	Parish Clerk	As soon as is practicable after Financial Year End	Internal Auditor	As soon as is practicable after Financial Year End	Ditto
10.3	Draw up accounts for the year	Parish Clerk	As soon as is practicable after Financial Year End	Internal Auditor	As soon as is practicable after Financial Year End	Ditto
10.3	Complete Annual Return and draft Statement of Assurance (section 2 of Annual Return)	Parish Clerk	On receipt of Audit Return	Vice Chairman	Before September 30 th following the financial year end	Ditto
10.4	Obtain the Annual Report of the Internal Auditor (Section 4 of Annual Return)	Parish Clerk	As soon as is practicable	Vice Chairman	Before September 30 th following the financial year end	Ditto
10.5	Submit the Annual Return as drafted to the Council for approval	Parish Clerk	As soon as is practicable and before September 30 th following the financial year end	Council	As soon as is practicable and before September 30 th following the financial year end	Ditto
10.6	Display a notice of Public Rights under Audit and confirm to the Auditor that this has been done	Parish Clerk	Upon completion of the year end process	Council	As soon as is practicable and before September 30 th following the financial year end	Ditto
10.7	Display the Statement of Accounts (Sections 1-3 of the Annual Return)	Parish Clerk	On receipt of the returned Annual Return	Council	On receipt of the returned Annual Return	Ditto

ADOPTED BY GERMOE PARISH COUNCIL:

Signed

CHAIRMAN