

# HORRABRIDGE PARISH COUNCIL

## Financial Risk Assessment and Management Policy

### FINANCIAL MANAGEMENT POLICY

#### **Definition of Risk Management**

Risk is the threat that an event or action will adversely affect an organisations ability to achieve its objectives and to successfully execute its strategies.

Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements.

#### **Risk Policy Statement**

Horrabridge Parish Council recognises that it has a responsibility to manage risks effectively in order to protect its members, staff, assets, liabilities and the community against potential losses, to minimise uncertainty in achieving its goals and objectives and to maximise its opportunities.

#### **Approach to Risk Management**

The council's approach to risk management is to attempt to identify and manage risks in the most cost-effective manner within overall resources available.

Identified risks are recorded in the risk assessments, and the likelihood and impact are assessed. The council is aware that some risks can never be eliminated fully but endeavours to minimise risk by putting control measures in place where possible.

Risk identification forms part of the day to day work of the Clerk, staff and members and is considered throughout all aspects of council business.

#### **Responsibility for Risk Management**

The council recognises that it is the responsibility of all members and employees to have regard for risk in carrying out their duties.

If uncontrolled, risk can result in a drain on resources that could better be directed to service provision. This policy recognises that any reduction in the risk of injury, illness, loss or damage benefits the whole community.

#### **Review**

The Policy and Risk Assessment will be reviewed and updated as and when a new risk is identified, the likelihood or impact changes, or at least annually.

<b>Subject</b>	<b>Hazard</b>	<b>Level of Risk</b>	<b>Risk Management</b>	<b>Further Action</b>
Parish Councillors	Vacancies sometimes occur between elections. If not filled, the Council runs a higher risk of being inquorate and thereby unable to conduct its business.	Low	Have a procedure by which casual vacancies are filled in an appropriate and timely manner.	Clerk to ensure that the Monitoring Officer is informed and the appropriate notices are displayed as soon as possible.
Parish Councillors	If Councillors fail to complete their initial register of interests, or review them regularly and a conflict of interest occurs, the Council may be brought into disrepute and the business of the Council adversely affected.	Low	Newly appointed Councillors to complete a register of interests within 28 days of appointment.  Councillors are required to advise the Clerk of any changes as they occur and to review their register of interests annually. This is a standing Agenda item.	Clerk to monitor the completion of registers of interests for all Councillors.  Clerk to conduct an annual review by Councillors of their registers of interest at the Annual Meeting.
Financial Resources	If the Parish Council does not have proper control over its financial assets, there is potential for loss through mismanagement or fraud.	Low	Regularly reconcile banking and financial records.  Ensure that no one person can commit to expenditure on behalf of the Parish Council	Monthly reconciliations signed by the Chair at Parish Council meetings.  All expenses are authorised at Council meetings and if paid by cheque, two signatories required. BACS payments set up by Clerk/RFO and authorised by two signatories before payment.
Salaries	Salaries could be paid incorrectly leading to loss of funds and Inland Revenue payment mistakes	Medium	An external payroll provider deals with all salaries and inland revenue payments.	Clerk to pay required quarterly charges from payment monitoring sheet emailed from payroll provider.  All payments approved by full council.

Parish Clerk	<p>The resignation or incapacity of the Parish Council's only officer would leave it vulnerable to the interruption of the Council's business.</p>	Medium	<p>Establish clear processes and procedures for managing the annual cycle of the Parish Council's business and its financial processes, to assist an interim appointee.</p> <p>Enable the Chair, vice-Chair or other appropriate Councillor to carry out the duties of the Parish Clerk during a period of absence or until a replacement is in post. Or alternatively consider hiring a locum through DALC, although this could have an adverse impact on any contingency funds.</p>	<p>Standing Orders and Financial Regulations are being kept up to date.</p> <p>An annual cycle of the Council's business and management processes has been created.</p> <p>A Standing Personnel Committee of the Parish Council has been set up and can appoint a suitable Councillor to carry out the duties of the Parish Clerk on an interim basis, should this become necessary.</p>
Legal Liability	<p>If the Parish Council does not conduct itself properly it is vulnerable to legal challenge.</p> <p>If the Parish Council does not take reasonable steps to comply with relevant statutory requirements, it may become liable for costs and/or damages.</p> <p>If the Parish Council does not have adequate insurance cover for its own activities and those of individual parish councillors, financial losses may be incurred.</p>	Low	<p>Ensure that the Parish Council's Standing Orders and Financial Regulations are relevant, up to date and regularly reviewed.</p> <p>Ensure that the Parish Council, Parish Clerk and individual Councillors follow Standing Orders and Financial Regulations and the Code of Conduct.</p> <p>Obtain adequate insurance cover.</p>	<p>Annual review of Standing Orders and Financial Regulations.</p> <p>Membership to DALC provides advice and guidance to the Parish Council on the conduct of their operations and statutory changes to regulations etc.</p> <p>Annual review of the adequacy of insurance cover.</p>

<p>Health and Safety</p>	<p>If members and officers of the Parish Council, or third parties, are exposed to health and safety risks, the Parish Council may become liable.</p> <p>Employees could be exposed to health and safety risks</p>	<p>Low</p>	<p>Liability could occur in respect of premises owned and equipment owned by the Parish Council.</p> <p>Liability could occur in respect of unsafe working practice or equipment.</p>	<p>All premises owned by the Parish Council have provided satisfactory evidence of compliance with health and safety inspections.</p> <p>Annual inspection of the Council's assets is undertaken in the autumn by local Councillors.</p> <p>Health and Safety policy in place. Staff made aware of requirements.</p>
<p>Council Records</p>	<p>Unless key records of the Parish Council are duplicated and held on separate sites, the Parish Council is vulnerable to their loss due to fire, flood or theft.</p> <p>Unless the Parish Council has a standalone system, records held on the Parish Clerk's computer may be lost, when they are transferred from one post-holder to another.</p> <p>It may be difficult to comply with Freedom of Information Act requests.</p>	<p>High</p>	<p>Ensure regular backup of electronic data is made and stored separately to minimise the risk of data loss.</p> <p>Hardcopy documents which are statutorily required to be held indefinitely to be transferred to office storage once no longer required by the Parish Council.</p>	<p>The Clerk holds data on a separate data stick and regularly backs up to External hard drive.</p> <p>Audit of records to be transferred to be undertaken annually by the Clerk.</p>
<p>Payments</p>	<p>Goods not supplied but invoiced, invoices incorrect, invoices unpaid</p>	<p>Low</p>	<p>All invoices recorded and filed on receipt. Invoices checked for accuracy and for receipt of goods.</p> <p>Two Councillors sign cheques and initial stub or payment is made by BACS, the setup being carried out by the Clerk and two Councillors authorising.</p>	<p>Maintain existing procedures</p>

Cheque books	Loss of cheques, fraudulent use	Low	Cheque books kept in locked cabinet, no blank cheques signed.	Maintain existing procedures
Account Card	Screwfix Account Card Loss of card, fraudulent use	Low	The Clerk and Handyman are the only approved card holders. Card use is for purchase of Handyman tools / supplies. Payment is approved as above.	Maintain existing procedures
Invoicing	Services provided by Council but not charged for	Low	Bookings diary checked monthly and invoices issued thrice yearly. Invoices Raised file checked to Bookings Diary and checked regularly to confirm payment and check debtors.	Maintain existing procedures
Budget	Inadequate budget preparation leading to inability to fulfil obligations.	Low	Budget considered by all Committees and Council in December. Budget monitored and income and expenditure considered by council monthly.	Maintain existing procedures
Buildings	Unexpected repairs - the Council has a number of physical assets.	Medium		Maintain regular inspections of buildings to minimise risk of major failings.
Assets	Protection of physical assets	Medium	Buildings and property insured. Fire alarm & fire equipment annual test. Personal Appliances annual electrical test. Annual play equipment checks by RoSPA Weekly checks of play equipment by Handyman. Insurance policy reviewed annually.	Maintain existing procedures
Assets	Inadequate security of buildings, equipment etc	Medium	Buildings secured outside working hours.	Maintain existing procedures.

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