

**FINANCIAL RISK ASSESSMENT
&
MANAGEMENT DOCUMENT**

Approved: 10th November 2015

Statement of Assurance:

Under the Audit Regulations, the Town Council is required to provide a statement of assurance in accordance with the Audit guidelines issued by the Audit Commission, statements 1-8. This statement will have to be made formally at the same time as the Council approves the annual accounts.

Risk Management:

The greatest risk facing a local authority is not being able to deliver the activity or service that is expected of the Council by the local population.

The Council should be seen to be 'managing' all of these risks when it reviews its insurances and its systems (both financial regulations and standing orders) and the Minutes of the Council are essential evidence of such reviews. Budget setting and Insurance reviews are annual activities; the reviews of systems are currently less frequent. The audit commission requires that systems should be reviewed in some detail, at least every 4th year, unless there are other factors which require a more frequent review, namely a review triggered by external or internal audit reports, a change in risk level, or a change of Clerk/Responsible Financial Officer.

Council Minutes should be checked by the Internal Auditor for evidence of any unusual activity, along with evidence that risks are being identified and managed appropriately.

A schedule of the types of risks is identified by the Audit Commission in their guidelines.

The Town Council's Standing Orders and Financial Regulations cover the vast majority of these risks, but there is a need to identify any issues not covered within these documents and then indicate, via the Council Minutes the way in which they have been considered and 'managed'.

Risks are shown as being managed in one of three ways:

1. Insurance.
2. Managed risk through 'third parties'.
3. Managed risk 'in house'.

Risk Management by Insurance:

The Council's assets are protected against loss or damage by insurance. Risk of damage to third party property is covered by public liability insurance, with cover currently provided at the level of £5,000,000.

The loss of cash through theft, dishonesty or fraud is covered by fidelity guarantee (currently **£550,000**). This figure is normally taken as being the equivalent of the end of year reserves plus 50% of the Precept (which should approximate to the maximum amount of money kept in the Council's bank accounts).

Where outside contractors are employed, the Clerk should ensure that the contractor employed has adequate public liability insurance by seeing a copy of the Public liability Insurance Certificate.

Risk Managed by 'Third Parties':

Some duties or responsibilities can be 'delegated' in part or whole to outside bodies. One area of the Council's operations where this happens is in the area of play areas inspections. The annual inspection and quarterly inspections are carried out by suitably qualified SSDC staff, and **the Town Council** members check on a weekly basis.

Risk Management 'In House':

Many of the Town Council's duties are carried out either by directly employed staff or by Cllrs and in these circumstances the Council needs to ensure that appropriate risk management systems are in place and that these are reviewed on a regular basis.

The Audit Commission recommends that when spending is budgeted/agreed, Cllrs should consider under what powers the Council would be spending the public funds involved. In case of unusual expenditure, the power used to justify such expenditure should be minuted.

It should be born in mind that risk assessment is a continual process and needs to be reviewed on a regular basis.

Table 1 identifies areas which need to be considered, together with observations on both the 'level' of risk involved and the means currently used to manage that risk, and details Monitoring & Review Procedures, proposing means of managing the assessed risks.

Table 2 is a Review Schedule, itemising the timing of reviews of various aspects of Risk Management.

Table 1: Risk Level and Control

Area:	Risk:	Level:	Control System:	Monitoring and Review Method:	Responsibility:
A. Assets	A.1. Protection of physical assets	Medium	Assets Register in place. Items insured, with value increased annually by RPI. Play equipment: Funds set aside annually towards capital replacement costs.	A.1.1. Asset Register: Document to be updated at least annually, each March. Also on each occasion that any changes are made to the Council's asset base. A.1.2. Insurances: Insurance levels reviewed bi-annually, Cover obtained for new items, as necessary during the year. A.1.3. Play Equipment: Funding to be set aside each year in the budget, towards replacement costs. Level of funding reviewed each Autumn, in budget process.	Clerk/TAG Clerk/TAG Clerk/TAG
	A.2. Security of buildings & equipment etc.	Low	Buildings do not have security systems.	A.2.1. Cemetery Store: Building not currently used, door secured. . A.2.2. Other Buildings: Review security arrangements - at least annually. A.2.3 Other Assets: Review security arrangements - at least annually, each October.	L&P Cttee L&P Cttee TAG
	A.3. Maintenance of buildings etc.	Medium	Assets generally maintained on an ad-hoc basis. General maintenance programme to be put in place.	A.3.1. Maintenance Programme: Prepared maintenance programme to be established for each site. Programme will be reviewed each September/October.	L&P Cttee

Area:	Risk:	Level:	Control System:	Monitoring and Review Method:	Responsibility:
B. Finance	B.1. Banking & Care of Funds	Low	Funds not required immediately held on deposit. Revised Financial Regulations updated in May 2015	B.1.1 Funds: Funds deposited in monthly interest bearing treasury account. Level of deposit reviewed monthly, prior to main Council. Investment Strategy to be reviewed as part of the budget process B.1.2. Financial Regulations: Financial Regulations – (updated in May 2015). Regulations to be reviewed from time to time - at least every 2 years.	Clerk/TAG Clerk/TAG
	B.2. Loss of cash through theft or dishonesty	Low	Petty Cash reimbursed through the Clerk. Reconciled in accordance with Financial Regulations.	B.2.1. Petty Cash: Petty Cash reimbursed through Clerk on regular basis. 2 Cllrs to reconcile Petty Cash book on a quarterly basis. Petty Cash float limited to a figure of £300.00.	Clerk
	B.3. Financial controls & records	Low	Payments approved in accordance with Financial Regulations by Council each month. General requirement for compliance with Financial Regulations.	B.3.1. Payments: Payments presented to Cllrs with Agenda for each Council meeting, for approval at the meeting and subsequent release of payments. Payments made in accordance with Financial Regulations.	Clerk/TAG
	B.4. Compliance with Customs & Excise Regulations	Low	VAT claims prepared by Clerk. Internal and External Auditor provide check.	B.4.1. VAT Claims: VAT claims prepared by Clerk on a regular basis. Claims subject to check by both the Internal & External Auditor.	Clerk

Area:	Risk:	Level:	Control System:	Monitoring and Review Method:	Responsibility:
	B.5. Annual Budget	Low	Team and Advisory Group oversees budget compilation, during the autumn. Monthly report of income and expenditure against budget.	B.5.1. Annual Budget: Budget preparation to commence each Autumn. Detailed Committee budgets, with breakdown to be submitted by November/December. Precept figure considered in December, confirmed by 31 January. B.5.2 Monthly Reporting: Monthly report to Council of expenditure relative to budget figures.	Clerk/TAG
	B.6. Compliance with PWLB restrictions	Low	Team and Advisory Group oversees budget allocation for Loan funds.	B.6.1. PWLB Loans: Loan funds allocated to specified budgets. Allocation shown on monthly figures to Council and ring-fenced.	Clerk/TAG
C. General Liabilities	C.1. Legal Matters.	Medium	Regular updates from SALC, SLCC & Local Councils Update.	C.1.1. Legal Advice: Regular information from SALC, SLCC & Local Councils Update. Alternatives: Discussions with SSDC Solicitor/Administrators; Council Solicitor.	Clerk/TAG

Area:	Risk:	Level:	Control System:	Monitoring and Review Method:	Responsibility:
	C.2. Risks to Third Parties, Property, or Individuals	Medium	Insurances in place. Regular inspection of open spaces subject to Council ownership/control, as scheduled in the Asset Register.	C.2.1. Third Party Risks: Insurance cover in place - reviewed annually, or as needed. Regular inspection of open spaces required, with appropriate action to be taken following inspection report. Appropriate Inspection and Management Training undertaken by Cllrs & Clerk on matters such as play Areas Management/Maintenance. Maintenance programmes instituted on all Council property/equipment.	Clerk/L&P Cttee
	C.3. Legal Liability as a consequence of asset ownership (e.g. play area)	High	Insurances in place. A multi-layer system of inspections in place re: play areas (SSDC & STC). Cemetery: Regular inspection of Cemetery (headstones) undertaken. Car Parks: Regular, routine inspections of car parks, as well as a routine maintenance programme.	C.3.1. Insurances: Regime of inspection required for play areas, to ensure insurance cover retained. Annual and quarterly inspections by SSDC, along with weekly checks by STC. C.3.2. Cemetery: Headstones in the Cemetery inspected to ensure safety of public visiting the area. C.3.3. Car Parks: Regular inspections of the car park areas are undertaken, and action taken upon reports produced. Maintenance programme to be established, reviewed each Autumn. Inspection reports recorded centrally, normally on a monthly basis.	L&P Cttee L&P Cttee A&H Cttee

Area:	Risk:	Level:	Control System:	Monitoring and Review Method:	Responsibility:
D. Employer Liability	D.1. Compliance with Employment Law	Medium	Regular Information updates – SALC, SLCC & Local Councils Update etc. H&SE and Working Method policies.	D.1.1. Employment Legislation: Receive regular information/updates from SALC, SLCC and Local Councils Update. H&SE Policies reviewed annually or as events require.	Clerk/TAG
	D.2. Compliance with Inland Revenue requirements	Low	Internal & External Auditors carry out checks. Regular advice received from Inland Revenue.	D.2.1. Inland Revenue: Receive regular updates/advice from Inland Revenue. Internal and External Auditors carry out checks.	Clerk/TAG
	D.3. Staff Cover.	High	Staff cover for Clerk's absence in place. Other staff - cover on an ad-hoc basis.	D.3.1. Support Staff: Maintain a system of support staff to cover for staff holidays/illness.	Clerk/TAG
E. Legal Liability	E.1. Ensuring activities within Legal Constraints	Medium	Clerk to clarify any legal issue raised, seeking legal advice as necessary.	E.1.1. Legal Requirements: Clerk to clarify any legal points raised, after seeking legal advice as necessary.	Clerk/TAG
	E.2. Proper & Timely Reporting via the Minutes	Low	Minutes of every Council meeting displayed following ratification on Noticeboard. Minutes also made available to Press and Public.	E.2.1. Minutes: Minutes of all full Council meetings to be displayed on the noticeboard, and on the web-site, also to be made available to the Press and Public.	Clerk

Area:	Risk:	Level:	Control System:	Monitoring and Review Method:	Responsibility:
	E.3. Proper control of Documents	Low	Archive documents in store at County Records Office. Legal documents kept in office along with the current Cemetery documents and important papers stored in 'fire-proof' cabinet. Back-up for computerised records, to be reviewed.	E.3.1. Documents: Originals of leases and legal documents held in Council Office in a fire-proof cabinet. Archive documents held in County Records Office. Cemetery records held in fire-proof cabinet. Financial records held in fire-proof cabinet. Back-up copies of records held away from Office. All back-up documents to be updated weekly, with individual files being updated as appropriate. Any documents for disposal treated as confidential waste and shredded on-site.	Clerk
F. Councillor Propriety	F.1. Register of Interests & Gifts / Hospitality	Medium	Register of Interest completed and signed. Declaration of interest called at each meeting	F.1.1. Register of Interests: All Cllrs to complete and sign declaration of interests - updated as necessary. Declarations called for at each Council meeting.	Cllrs
	F.2. Code of Conduct	Medium	Council/Cllrs adopted the Model Code of Conduct. Revised National Code – 2012.	F.2.1. Code of Conduct: Council adopted the current Model Code of Conduct.	Clerk/Cllrs

Table 2: Review Schedule

Frequency of Review:	Area/Form of Review:	
	Compliance:	Updating:
<u>Monthly</u>	<ol style="list-style-type: none"> 1. Payments to be made by Council. 2. Funds held on deposit. 3. Petty Cash payments. 4. Publication of Minutes 5. Declaration of Interests. 	
<u>Regularly:</u> Period Unspecified – Event driven.	<ol style="list-style-type: none"> 1. VAT Refund claim (quarterly) 2. PWLB Loan restrictions 3. Insurance cover 4. Changes in Code of Conduct details 	<ol style="list-style-type: none"> 1. Insurance cover Dec/Jan 2. Asset Register, but at least annually (March) 3. Support staff/cover
<u>Annually`</u>		
March:		<ol style="list-style-type: none"> 1. Insurance (bi-annual) Review, for renewal. 2. Asset register (subject to above comments)
April:	<ol style="list-style-type: none"> 1. H & SE Policies. 2. Play Area Inspection/Maintenance Regimes. 	
May:	<ol style="list-style-type: none"> 1. Cllrs Register/Code of Conduct (as necessary). 	<ol style="list-style-type: none"> 1. Cllrs Register/Code of Conduct (as necessary).
Sept/Oct: (All part of Budget considerations)	<ol style="list-style-type: none"> 1. Building maintenance programme. 2. Car Parks maintenance programme. 3. Insurance (bi-annual) – Forecast before renewal. 4. Security: Buildings and equipment. 5. Play equipment – replacement costs. 	
Sept – Jan:		<ol style="list-style-type: none"> 1. Precept/Budget
December		<ol style="list-style-type: none"> 1. Financial Regulations (bi-annual). 2. Standing Orders (bi-annual).

Note: Any or all aspects of risk management might be subject to review at any time depending upon the circumstances of a specific event and/or changes taking place.