

**FINANCIAL RISK ASSESSMENT  
&  
MANAGEMENT DOCUMENT**

**Approved: 8<sup>th</sup> January 2019**

### **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 4<sup>th</sup> 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 £15000000.

The loss of cash through theft, dishonesty or fraud is covered by fidelity guarantee (currently £1000000). 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.

Somerton Town Council operate under the General Power of Competence

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