

STISTED PARISH COUNCIL

Risk Management Policy



Adopted on: July 2015
Major amendments April 2024
Reviewed on: May 2024
Next review due: May 2025

The Parish Council is responsible for establishing arrangements for the management of risk.

Risk policy statements and consequential risk management arrangements should be reviewed by the Council annually. This includes updates of the risk register.

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

What is Risk Management?

Risk is a threat that an event or action will adversely affect the council's ability to achieve its objectives, implement its strategies and provide its services. An Issue is a Risk that has already occurred. Risk management is the process by which risks are identified, evaluated, addressed and reviewed.

The council recognises that it has a responsibility to take all reasonable and practical measures to safeguard its employee (s), the people it works with and provides services for; and to protect the environments for which it is responsible. The council is aware that some risks cannot easily be eliminated and so aims to mitigate and manage risks, including where necessary, the introduction of internal controls and/or appropriate use of insurance cover.

Objectives

The objectives of the risk management policy are to:

- Make risk management part of the day-to-day culture of the council
- Manage risk in the most appropriate way possible
- Minimise loss, disruption, injury and damages
- To identify potential risks and their likely impact through use of a heat map with likelihood/probability and impact scores. This shows which risks are categorised as high or very high and need urgent attention
- Raise awareness of the need for risk management

These objectives will be achieved by:

- Identification of risks in the following categories
 - Financial, including loss of money, security, fraud, theft, embezzlement
 - Property - damage to property including outdoor play equipment, street lights, pavilion etc,
 - Legal & Governance - breaking the law or being sued, and following good governance,
 - IT – failure of IT systems or misuse; and
 - Reputational – actions taken could harm the Parish Council's public reputation.
- Undertaking relevant risk assessments
- Managing the risk and recording actions
- Effective communication with, and active involvement of, councillors and the clerk

The management of risk requires assessment of the likelihood or probability of an incident occurring, and its impact if it does occur. It is usual to express these as 'High', 'Medium' or 'Low'. – see diagram below

If the score is high, special measures need to be taken to reduce the level of risk, or the risky activity removed completely. If the score is low, moderate measures may be sufficient to control or eliminate the risk.

When considering any new activity, the Clerk will prepare a draft risk assessment as required including risk management proposals for consideration and adoption by the council if necessary.

All Members and staff of the Parish Council are responsible for risk management.

The risk factor table below provides guidance in assessing appropriate action on newly identified risks.

- Risk Factor Red Very High/ High – requires immediate notification to Chair, and Vice Chair of the full council and the Finance Group to identify remedial action for consideration and implementation.
- Risk Factor Amber Medium – requires Immediate notification to Chair and Vice-Chair the full council and the Finance Group to discuss and propose action for the next council meeting.
- Green Low - Notify Chair and Vice-Chair and add to agenda for next council meeting.

Estimates of cost need to be provided for remedial action.

Probability ↑	Highly likely (3)	Medium (3)	High (6)	Very high (9)
	Possible (2)	Low (2)	Medium (4)	High (6)
	Unlikely (1)	Very low (1)	Low (2)	Medium (3)
		Negligible (1)	Moderate (2)	Severe (3)
		Impact →		

If the level of risk is high for a new event, it may not be possible to wait until a formal response or action has been agreed by the Council, but temporary measure could be needed (this could apply to an unsafe tree for example).

Topic	RISK	Likelihood / IMPACT	MANAGEMENT	Action
FINANCIAL	-			
FINANCIAL Precept	<ul style="list-style-type: none"> - Request must be submitted on time - Delay in Receipt causing funding shortage - Adequate precept must be set to allow council to meet objectives 	Low likelihood, medium impact	<p>Agendas, diary management, plus full review of income and expenditure to calculate the annual precept.</p> <p>RFO to check for receipt and chase as required</p> <p>Full council minutes to show precept agreed and amount</p>	Ensure budgetary process on agenda each autumn with diary for submission of precept forms signed by Chair and Clerk to send to BDC on time
FINANCIAL Reserves	<ul style="list-style-type: none"> - Inadequate levels of reserves to cover unexpected expenditure 	Low likelihood, medium impact	<p>Level of reserves to be in accordance with reserving policy to allow at least 6 months cover</p> <p>To be considered at budget setting, and when reviewing large expenditure</p>	Monitor Reserves
FINANCIAL Election costs	<ul style="list-style-type: none"> - The reserve held is an estimate only and subject to BDC charging 	Low likelihood, Low impact	<p>Figures to be updated in election years with experience.</p> <p>Estimate checked with BDC election department</p>	Should reserve be insufficient in an election year, the general reserve will need to be used and earmarked reserve updated for future
FINANCIAL Salaries	<ul style="list-style-type: none"> - Incorrect Salary Paid - Incorrect Rate of Pay - Incorrect deductions for HMRC 	Low likelihood, medium impact	Salary to be checked each year, payslips to be approved each month as part of Financial Management on Agenda	Any errors that may be found to be corrected in next payroll and updated to HMRC through RTI

Topic	RISK	Likelihood / IMPACT	MANAGEMENT	Action
FINANCIAL VAT Processing	<ul style="list-style-type: none"> - Correct VAT to be reclaimed to a month end period in the year - Items to be recorded as part of income and expense on monthly basis 	Low likelihood, medium impact	To be reported as part of each bank rec at monthly meeting Returns to be submitted at least twice per year Only items with VAT numbers claimed VAT checked at annual audit	VAT figures to be entered to spreadsheet monthly Details of VAT claim to be confirmed to council under Financial Update
FINANCIAL Adequate financial Records	<ul style="list-style-type: none"> - Unable to manage funds or to monitor where funds come from or who has been paid - Risk of missed or duplicate payments - Insufficient information to set budgets or manage reserves and ongoing spend 	Low likelihood, high impact	Income and Expenses spreadsheet completed monthly Details of all payments made in past month and due next month approved at council meeting	Maintain I&E spreadsheet and oversight by council
FINANCIAL General irregularities	<ul style="list-style-type: none"> - General Financial irregularities, possibly through lack of procedures and knowledge or genuine errors, rather than fraud which is a separate topic 	Low likelihood, high impact	Ensure financial regulations and standing orders up to date. Council to receive financial report at each meeting. Independent nominee on council to check financial documents mid financial year. Ensure adequate internal audit process.	Ensure a person not involved on bank account also checks the bank reconciliations Continue monthly checks
FINANCIAL Banking	<ul style="list-style-type: none"> - Online banking used to be used with correct sign off. Cheques now phased out - Possibility of incorrect amounts entered and approved - Possibility of old standing orders and DDs not managed and paid by mistake 	Low	There is currently approval before payments are made and checked after payments and DDs taken. Variable DDs are monitored to invoice DDs signed off at least every two years	Continue to monitor payments and follow any changes in financial regulations for control of bank accounts

Topic	RISK	Likelihood / IMPACT	MANAGEMENT	Action
PROPERTY				
PROPERTY Assets	- Loss of, or damage to, Assets	Low likelihood, medium impact	Ensure asset register up-to-date. Undertake regular checks. Ensure insurance cover adequate.	Update insurance cover mid term if required
PROPERTY Outdoor Risk - Trees	- Staff/ Public being hurt by fallen branches	Low likelihood, medium impact	Examined regularly. Any problems rectified or garden closed if this is not possible	Annual survey of trees on village green and playing field
PROPERTY Street furniture	- Litter bin hygiene - Good Repair of Benches - Street lights maintained	Low	Monitor bins and contact BDC with any concerns Inspect benches to ensure in good repair Annual review of street lights	Monitor bins and contact BDC with any concerns Repair any damage to benches Correct any issues with street lights if found
PROPERTY	- Mishap at Recreation Ground	Medium	Ensure play equipment inspections are undertaken regularly and recorded. Confirm insurance cover adequate. Ensure contractors properly insured.	Continue RoSPA inspections and monthly inspections. Remedy any concerns
GOVERNANCE Minutes	- Failure to be accurate and legal, RESOLUTIONS not recorded correctly	Low likelihood, medium impact	Minutes taken at meeting and draft circulated for review and approval each month	Continue current process
GOVERNANCE				
GOVERNANCE Inadequate Financial Control	- Failure to keep proper financial records in accordance with statutory requirements			
GOVERNANCE Electors right to inspect records	- Failure to respond to electors' wish to right of inspection			

Topic	RISK	Likelihood / IMPACT	MANAGEMENT	Action
GOVERNANCE Grant Funding	- Failure to use grants for intended purposes. Failure to ensure the proper use of funds granted to local community bodies under specific power or under S137		When grants awarded, minute decision and any power needed	
GOVERNANCE Insurance	- Risk or damage to third party property or individuals	Low	Adequacy of Public Liability Insurance reviewed annually. Diary note. Adequacy of general insurance cover reviewed annually. Diary note.	
GOVERNANCE HMRC	- Failure to pay Employment Liabilities on time	Low	Monitor for payment due dates and pay by debit card quarterly. Due by 22 nd of month	Diarise
GOVERNANCE	- Loss of personal data	High	Register with Information Commissioner if relevant. Follow GDPR regulations. Ensure Clerk adequately trained.	
GOVERNANCE	- Loss of Council documents	High	Update data back-up quarterly.	Now use one drive for computer back up with Microsoft
IT	-			
IT Loss of data	- Data may be lost if not backed up - Risk of virus or scam	Low to Medium	Data backed up on OneDrive McAfee Virus protection in place Need to be vigilant for email scams	
REPUTATIONAL				
REPUTATIONAL	- Impact on Finances and reputation of Council	Low likelihood, high impact	All bank transactions to be checked independently, including salary	Continue current process

Topic	RISK	Likelihood / IMPACT	MANAGEMENT	Action
The RFO / Councillors Commit Fraud			payment. Bank reconciliation to be checked to statements	
REPUTATION	- Loss of Councillors	High	Ensure Councillor numbers retained at 100% through co-option. Appoint Vice-Chair for resilience. Follow-up Councillors not attending meetings.	
REPUTATION	- Loss of Parish Clerk	High	Conduct annual performance rev. Develop annual task calendar. Ensure Councillor signatories up to date. Address issues affecting clerk as they arise.	
REPUTATION	- Reputation loss	Medium	Ensure Standing Orders, Financial Regulations and other policies are up-to date. Ensure internal audit adequate. Ensure tenders & quotes follow procedures. Ensure Chair adequately trained. Ensure Clerk adequately trained. Develop training programme for Councillors. Retain membership of EALC and similar. Ensure members' interests recorded.	Keep training records and ensure new councillors and staff are trained
ILLEGAL ACTIVITY	- Illegal activity or payments made that are not within council remit		Power to spend stated in minutes. Council informed as to legal powers. Clerk attends relevant training.	Council to work towards General Power of Competence with CILCA trained clerk and elected councillors