



## LOCAL COUNCILS' GOVERNANCE & ACCOUNTABILITY RISK MANAGEMENT

UPDATED MAY 2020

For review August 2021

### 1 GENERAL STATEMENT

- 1.1 In accordance with Section 6 of the Local Audit and Accountability Act 2014, an authority is a 'smaller authority' if the higher of the authority's turnover for the year does not exceed £6.5 million.
- 1.2. Regulation 5(1) of the Accounts and Audit Regulations 2015 require: 'effective internal audit to evaluate the effectiveness of risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'
- 1.3. However, the public sector internal audit standards, issued in 2013, have not been applied to smaller authorities. The Regulation 5(1) guidance therefore is non-statutory.
- 1.4 **The Parish Council audit regime depends upon internal audit arrangements within all local councils being maintained at a level consistent with Good Practice.**
- 1.5 Risk management is not just about financial management; it is about managing risks inherent in achieving the Parish Council's objectives to deliver high quality public service. The failure to manage risks can be expensive in terms of litigation and reputation, and the ability to achieve desired outcomes.
- 1.6 Risks threaten the achievement of the Parish Council's objectives. Therefore the Parish Council should
  - i Take steps to identify key risks
  - ii Consider the potential consequences should an event considered as a risk or threat take place;
  - iii Take appropriate measures to avoid, reduce or control the risk and its consequences.
- 1.7 **The greatest risk facing a local authority is said to be 'not being able to deliver the activity or services expected of the council'.**
- 1.8 The attached Risk Assessment is mindful of this key concern, using three main types of decision that the council may take to manage identified risks
  - i Required level of insurance
  - ii Working with others

- iii Self-management.

## 2. INSURANCE COVER

### 2.1 Risk identification and level of insurance

- i Damage to Parish Council Property (Standard Schedule)
  - Contents £9,000
  - Street Furniture £24,000
  - Gates and Fences £9,000
  - Playground Equipment £48,000
  - War Memorials £24,000
  - Mowers and Machinery £6,000
  - Sports Equipment £6,000
- ii Liability
  - Employers' Liability £10,000,000
  - Public and Products Liability £10,000,000
  - Fidelity Guarantee £50,000
  - No Claims Discount /Excess Protection NA
  - Libel and Slander £250,000
  - Officials Indemnity £500,000
  - Legal Expenses £250,000
  - Data Breach Response (cyber liability insurance) £0
- iii Internal controls
  - The Insurer is an accredited Parish Council insurer. Level of cover is reviewed annually, and (where subject to a three-year tie-in agreement) full provision and provider is reviewed every three years.
  - Assets Register and list of Insured Assets is kept up-to-date.
  - Assets are regularly checked and maintained.

Primary responsibility for ensuring all internal controls are in place and adhered to is that of the Parish Clerk /Responsible Financial Officer. To be reviewed by the Internal Auditor.

## 3. WORKING WITH OTHERS

### 3.1 Risk identification and mitigation in working with suppliers, providers, and other third parties

- i Banking provision
  - Lloyds 'Treasurers' not-for-profit business account. (Plus Business Instant Access account with (minimal) interest)
  - free banking
  - a mandate for three signatures for any account change
  - cheque book requiring three signatures
  - a mandate allowing single authority on-line use
  - a secure site (insofar as can be determined)
  - full transparency for all on-line transactions.
- iii Contractors
  - Public and employers liability certificate required
  - Insurance to work on the Highway where required
  - Requirement for H&S good practice and risk assessments
  - Parish Council to provide duty of care and accurate brief.
- iv Volunteers
  - All approved volunteers covered by Parish Council employers and public liability insurance
  - Requirement for H&S good practice and risk assessments
  - Parish Council to provide duty of care and accurate brief.
- v Parish Council-supported events – as (iii) above

- vi Highways Authority (HCC)
  - Permissions and licences sought where necessary.
- vii Internal controls
  - Assess quality, suitability of suppliers and providers
  - Assess and monitor provision
  - Provide timely payment
  - All payments budgeted for or given expressed approval
  - All payments recorded within the minutes
  - Accounts update and bank statement and reconciliation presented to every meeting and published as appendices.

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#### 4. SELF-MANAGING RISK

##### 4.1 Risk identification and internal policies to manage / mitigate potential risk

- i To maintain proper financial records.  
Excel-based accounts are regularly updated and submitted to each Parish Council meeting as per 3.1.v above.
- ii To ensure all transactions have approval and are within legal powers.
- iii To run payroll as per the requirements of employment law and Inland Revenue regulations. To provide monthly payslips and annual P60.
- iv To provide comprehensive Budgets upon which financial and project planning, and the Precept request, can be based.
- v To require proper use of funds granted to local bodies under powers or S137. Beneficiaries of grants under these powers are required to specify the reason for and use of such funds.
- vi To provide provision for electors wishing to exercise their right to inspect accounts.
- vii To provide accurate and timely minutes, to be published as draft until approved at the next Parish Council meeting. Minutes should be paginated and, on approval, signed at every page by the Chairman, then dated at the final page.
- viii To respond to consultation in line with policy and governance documents.
- ix Governance documents are reviewed annually and published on the Parish Council website.
- x Code of Conduct register of members' interest. Members' register of interests are submitted to the BDBC Monitoring Officer. Appropriate declarations of interest are made at the start of Parish Council meetings should any member have a disclosable interest in an item on the Agenda.
- xi Internal Controls. Procedures as above provide a framework of internal control providing transparency and accountability.

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