

ECCLESFIELD PARISH COUNCIL

RISK ASSESSMENT

Amended March 2010

Table 1

Areas where there may be scope to use insurance to help manage risk.

Risk Identification

Insurance cover for risk is the most common approach to certain types of inherent risks:

- The protection of physical assets owned by the Council – buildings, furniture, equipment etc. (loss or damage).

- The risk of damage to third party property or individuals as a consequence of the Council providing services or amenities to the public (public liability).

- The risk of consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party (consequential loss).

- Loss of cash through theft or dishonesty (fidelity guarantee).

- Legal liability as a consequence of asset ownership (public liability).

Internal controls

A Council's internal controls may include:

- An up to date register of assets and investments.

- Regular maintenance arrangements for physical assets.

- Annual review of risk and the adequacy of cover

- Ensuring the robustness of insurance providers

Internal Audit Assurance

Internal audit testing may include:

- Review of internal controls in place and their documentation

- Review of management arrangements regarding insurance cover

- Testing of specific internal controls and reporting findings to management

Table 2

Areas where there may be scope to work with others to help manage risk

Risk Identification

The limited nature of internal resources in most local councils means that councils wishing to provide services often buy them in from specialist external bodies e.g.

- Security for vulnerable buildings, amenities or equipment
- Maintenance for vulnerable buildings, amenities or equipment
- The provision of services being carried out under agency/partnership agreements with principal authorities
- Banking arrangements, including borrowing or lending
- Ad hoc provision of amenities/facilities for events to local community groups
- Markets management
- Vehicle or equipment lease or hire
- Trading units (leisure centres, playing fields, burial grounds, etc)
- Professional services(planning, architects, accountancy, design etc)

Internal Controls

A council's internal controls may include:

- Standing orders and financial regulations dealing with the award or contracts for services or the purchase of capital equipment
- Regular reporting on performance by suppliers/providers or contractors
- Annual review of contracts
- Clear statements of management responsibility for each service
- Regular scrutiny of performance against targets
- Adoption of and adherence to codes of practice for procurement and investment
- Arrangements to detect and deter fraud and/or corruption
- Regular bank reconciliations, independently reviewed

Internal Audit Assurance

Internal audit resting may include:

- Review of internal controls in place and their documentation
- Review of minutes to ensure legal powers are available, and the basis of the powers recorded and correctly applied
- Review and testing of arrangements to prevent and detect fraud and corruption
- Review of adequacy of insurance cover provided by suppliers
- Testing of specific internal controls and reporting findings to management

Table 3

Areas where there may be a need to self-manage risk

Risk Identification

There are a number of activities that create business risks but do not fall easily into either of the above categories for a number of reasons, principally because they are either difficult to quantify or considered inefficient to have provided externally or just uninsurable.

- Keeping proper financial records in accordance with statutory requirements

- Ensuring all business activities are within legal powers applicable to local councils

- Complying with restrictions on borrowing

- Ensuring that all requirements are met under employment law and Inland Revenue regulations

- Ensuring all requirements are met under Customs and Excise regulations (especially VAT)

- Ensuring the adequacy of the annual precept within sound budgeting arrangements

- Monitoring of performance against agreed standards under partnership agreements

- Ensuring the proper use of funds granted to local community bodies under specific powers or under section 137

- Proper timely and accurate reporting of council business in the minutes

- Responding to electors wishing to exercise their rights of inspection

- Meeting the laid down timetables when responding to consultation invitation

- Meeting the requirements for Quality parish status or other accreditation

- Proper document control

- Register of members' interests and gifts and hospitality in place, complete, accurate and up to date

Internal Controls

A council's internal controls may include:

- Regular scrutiny of financial records and proper arrangements for the approval of expenditure

- Recording in the minutes the precise powers under which expenditure is being approved

- Regular returns to the Inland Revenue, contracts or employment for all staff, annually reviewed by the council, systems of updating records for any changes in relevant legislation

- Regular returns of VAT, training the responsible officer in matters of VAT and other taxation issues as necessary

- Regular budget monitoring statements

- Developing systems of performance measurement

Procedures for dealing with and monitoring grants or loans made or received

Minutes properly numbered and paginated with a master copy kept in safekeeping

Documented procedures to deal with enquiries from the public

Documented procedures to deal with responses to consultation requests

Monitoring arrangements by the council regarding Quality Council status

Documented procedures for document receipt, circulation, response, handling and filing

Procedures in place for recording and monitoring members' interests and gifts and hospitality received

Adoption of codes of conduct for members and employees

Internal Audit Assurance

Internal audit testing may include:

Review of internal controls in place and their documentation

Review of minutes to ensure legal powers in place, recorded and correctly applied

Testing of income and expenditure from minutes to cashbook, from bank statements to cashbook, from minutes to statements etc. including petty cash transactions

Review and testing of arrangements to prevent and detect fraud and corruption

Testing of disclosures

Testing of specific internal controls and reporting findings to management

There are no items of risk requiring attention