



## Carn Brea Parish Council

### Risk Management Policy

Adopted: 16<sup>th</sup> January 2020

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Health & Safety and Finance Committee

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## 1. Definition of Risk

Risk is an uncertain event or condition that, if it occurs, will have an effect on the achievement of an authority's objectives.

## 2. Background

The greatest risk facing a Parish Council is that it is unable to continue its business as defined by law. Risk management is the process whereby authorities methodically address the risk associated with what they do and the services which they provide. The focus of risk management is to identify what can go wrong and take proportionate steps to avoid this or successfully manage the consequences.

Risk Management is not just about financial management; it is an essential feature of good governance. It is about protecting the achievement of objectives set out by the authority to deliver its priorities. Managing risk covers dealing with financial matters, issues of health and safety and ensuring plans are in place to achieve the Council's objectives. The failure to manage risk effectively can be expensive in terms of litigation and reputation and can impact on the ability to achieve desired outcomes. The authority generally and members individually are responsible for risk management.

Risk management is an ongoing activity and the Council will ensure that it identifies the risks, assesses the risks, addresses the risks and reviews and reports on the risks.

The Council will evaluate how likely it is that a risk is present in any activity and the potential consequences (financial loss, difficulties in meeting its legal obligations etc.) Some consequences may not have an immediate financial impact but could have an adverse effect on the Council's standing in the community. The assessment of potential impact and likelihood need not be any more complex than assigning a simple numerical score, say 1 – 3 and multiplying the two scores to arrive at a risk assessment for each risk of high, medium or low. The risk assessment enables the authority to decide which risks it should pay most attention to when considering what measures to manage them.

## 3. Policy

The Council will

- (a) At least annually review this risk assessment policy and the risk assessments
- (b) Identify key risks facing the Council in achieving its objectives and priorities
- (c) Undertake Risk Prioritisation - Evaluate the potential consequences to the council if an event identified as a risk takes place
- (d) When considering new projects, the Council will assess all potential risks to the Council, including financial risks
- (e) Decide upon appropriate measures to avoid, reduce or control the risk and its consequences
- (f) Continue the practice of maintaining the minutes of meetings as an essential record of the review and management of risk
- (g) Consider establishing a protocol for the use of council-owned computers and other equipment

**RISK ASSESSMENT**

**Part 1      Audit Risk**

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

- I.     Risk Identification
- II.    Internal Control
- III.   Internal Audit Assurance

**Dealing with Outside Bodies Incurring Risk**

- I.     Risk Identification
- II.    Internal Controls
- III.   Internal Audit Assurance

**Self Managed Risk**

- I.     Risk Identification
- II.    Internal Controls
- III.   Internal Audit Assurance

**Part 2      Operating Procedures**

**Part 3      Areas of risk affecting Carn Brea parish Council's ability to deliver its services**

**Part 4      Financial Procedures**

## Part 1 – Audit Risk

### (A) Areas where there may be scope to use insurance to help manage risk

#### (i) Risk Identification

Insurance cover for risk is the most common approach to certain types of inherent risks. Carn Brea Parish Council insures through BHIB.

- **The protection of physical assets owned by the Council**

The Council owns one building, Treloweth Community Hall at which the Parish Office is situated along with the storage of maintenance equipment, the Council Van and a war memorial.

The Council owns three pieces of open space, one situated at Moorfield Road, one at Wheal Fortune Park and one at Rock Field. The Council is also responsible for Carn Brea Village Well.

Situated at various locations throughout the Parish are, benches, picnic benches, noticeboards, lecterns, parish stones, milestones, plaques and book shares.

All items within the Parish Council ownership are identified within the Council's insurance policy schedule and are insured for replacement value.

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

The Council carries public liability in respect of all its activities.

- **Loss of cash through theft or dishonesty**

The Council's policy provides a fidelity guarantee set at a level recommended by the Auditor.

- **Legal liability as a consequence of asset ownership**

This liability is covered by insurance under the Council's public liability insurance.

- **Assets not owned by Carn Brea Parish Council but managed by them under local agreement.**

This liability is covered by insurance under the Council's public liability insurance.

#### (ii) Internal Controls

Carn Brea Parish Council's controls include:

- An up-to-date register of assets and investments
- Regular inspection and maintenance of physical assets
- Annual review of risk and adequacy of insurance cover
- Ensuring the robustness of insurance providers
- Robust electronic banking processes.

#### (iii) Internal Audit Assurance

Internal audit testing may include:

- Review of internal controls and their documentation
- Review management arrangements regarding insurance cover
- Testing of specific internal controls and reporting finding to management

**(B) Dealing with outside bodies incurring risk****(i) Risk identification****1) Services carried out by the Council on behalf of an outside body**

- **Path Trimming on behalf of Cornwall Council**

Path trimming is contracted out every four year and reviewed every year. The Council are responsible for ensuring that appropriate risk assessment have been completed, appropriate training has been undertaken, appropriate insurance is in place and that equipment is serviced regularly and kept in good working order.

**2) Banking arrangements, including borrowing or lending**

- The Council's current account is held with Lloyds Bank, Unity Trust Bank and NatWest. Internal controls are in place.

**(ii) Internal Controls****Carn Brea Parish Council's controls include:**

- Standing Orders and Financial Regulations dealing with the award of contracts for services of purchasing of capital equipment
- Regular reporting on performance by suppliers/providers/contractors
- Work Nest appointed as the competent person for Health, Safety and Welfare; annual audits performed, and subsequent action plan monitored
- Regular scrutiny of financial records
- Full Council receive the following reports monthly:-
  - Detailed Income & Expenditure
  - Trial Balance
  - Earmarked Reserves
  - Bank Reconciliations
- Annual review of contracts
- Adoption of Codes of Conduct for members

**(iii) Internal audit assurance:****Internal audit testing 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 of testing 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

**(C) Self-managed risk****(i) Risk identification**

- Keeping proper financial records in accordance with statutory requirements
- Ensuring all business activities are within legal powers applicable to local Councils
- Ensuring all requirements are made under employment law and Inland Revenue regulations
- Ensuring the adequacy of the annual precept within the sound budgeting arrangements
- Monitoring the performance against agreed standards of partnership agreements
- Ensuring the proper use of funds granted to local community bodies under specific powers or the Local Government Act 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
- Proper document control
- Ensuring the Register of Councillors interest, gifts and hospitality received are in place, are complete and accurate and up to date.

**(ii) Internal Controls****Carn Brea Parish Council's Controls include:**

- Regular scrutiny of financial record and proper arrangements for approval of expenditure
- Contracts of 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 budgeting monitoring statements
- Developing systems of performance measurement
- Procedure for dealing with and monitoring grants and 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
- Procedures in place for monitoring Councillors interests and gifts and hospitality received
- Adoption of codes of conduct for Councillors

(iii) **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 arrangements to prevent and detect fraud and corruption
- Testing of disclosures
- Testing of specific internal controls and reporting findings to management.
- Review of insurance policies in place
- Testing of hirers income against diary and invoice books

**Part 2 – Operating Procedures**

**Procedures to deal with enquiries from the public**

- All telephone enquiries from public are dealt with promptly and passed to the relevant Councillors, Statutory Bodies or Organisations.
- All written enquiries and e-mails are acknowledged if appropriate and are treated as correspondence.
- In line with our Data Protection Policy any written correspondence received will be redacted before being presented to Councillors and where emails are to be passed to Councillors and statutory organisations permission will be sought.

**Procedures to deal with written requests**

- All responses to consultation are dealt with as soon as possible under the consultation time allowed.
- All documents and letters are dated on receipt and are acknowledged if appropriate.
- All documents and letters etc are placed in the correspondence file for the next appropriate meeting and information that can identify the sender will be redacted.
- All urgent correspondence is placed before the Chairman of Council.
- All correspondence is answered within one week from the meeting if possible.
- All documents and responses are then filed in the appropriate file.

**Part 3 - Risk Assessment - Areas of risk affecting Carn Brea Parish Council's ability to deliver its services.**

Risk	Impact	Likelihood	Risk Rating	Controls in place	Additional Controls required	Timeframe
<b>Financial</b>						
Precept inadequate	3	1	3	The budget is closely monitored by the RFO. Budget monitoring reports are received by Full Council monthly. Meetings are held in preparation for setting the budget. Chairman and Vice Chairman of Committees review the next financial year in order to request expenditure.		
Incomplete or inaccurate financial records	3	1	3	Carn Brea Parish Council comply with Governance and Accountability for Smaller Authorities in England. A Practitioners' Guide and Proper Practices to be applied in the preparation of statutory annual accounts and governance statement. Financial Regulations are reviewed annually. Accounting systems set up using a reputable and reliable financial software system.		
Breach of Financial Regulations	3	1	3	Members and officers are required to comply with Financial Regulations. Regular Financial monitoring.		
Council overspend	2	1	2	Areas of spend closely monitored by RFO and Council. Regular reporting to Council. Adequate reserves in place.		



Financial (cont'd)						
Damage to or loss or theft of assets	2	1	2	Assets register in place. Appropriate insurance in place and reviewed at least annually.		
Incorrect VAT claim and VAT non-compliance	3	2	6	RFO scrutinises all invoices received.	Training to be undertaken by RFO	Next Availability
Insurance inadequate for purposes	3	1	3	Mandatory insurances in place and reviewed at least annually.		
Cash investments, banking errors and charges arising	3	2	6	Bank reconciliations undertaken monthly. Bank account with reputable organisation. Unity Bank set up for online signatories.		
Loss of interest	1	1	1	Current and Savings accounts established.		
Loss or theft of cash	3	2	6	Statutory insurances are in place and the Fidelity Guarantee is adequate at £750K. An additional bank account opened 2022.	Look into spreading the Councils cash holdings to take advantage of the FSCS scheme.	April 2023
Contractor fails to deliver services	1	1	1	All contracts are paid in arrears, unless approved by the RFO due to the nature of the contract, therefore no financial loss is incurred.		
Claims against the Council	2	2	4	Appropriate insurances are in place and reviewed at least annually.		
Unforeseen circumstances	1	2	2	The Council has sufficient reserves in place. The maximum reserves are set at 12 months and minimum 6 months. Reserves are considered when setting the budget.		

Business Interruption						
Budgetary underspend: unable to deliver projects due to unplanned interruption.	2	3	6	RFO to apply financial controls, review finances monthly, report to Council and recommend actions to be taken: transfer of funds as necessary. Other risks covered throughout this risk assessment		As required
Governance						
Breach of Standing Orders	2	2	4	Standing Orders in place and reviewed annually. All members and officers are aware of and adhere to Standing Orders.	Induction and training to be put in place with refresher training made available.	When new Cllrs start.
Spend and activity in areas in which the Council has no power (ie Council behaves ultra vires)	3	2	6	Clerk and RFO employed with good knowledge of the scope of the Council's legal powers. Access to legal advice through CALC subscription. Copy of Arnold-Baker on Local Council Administration available to Clerk/RFO	Training to made available.  Before when making resolutions on new projects, risk assessments should be completed taking into account power to spend and financial risks.  Power to spend to be added to the budget spreadsheet.	Ongoing  Financial Year 2023-2024
Insufficient capacity of members and staff to deliver upon Council objectives.	2	2	4	The power to act to ensure a quorate council rests with the Unitary Authority. Staffing arrangements reviewed regularly. Clerk make arrangements for new meeting.		

Governance (cont'd)						
Members fail to behave in accordance with the member code of conduct and the Civility and Respect Pledge.	2	2	4	Code of Conduct policy adopted by Council. All members sign declaration of acceptance. Dignity at Work (Bullying and Harassment) Policy in place. Handling Complaints Policy in place. Civility and Respect Pledge adopted September 2022.	New members to attend Code of Conduct Training as soon as available. Refresher training available.	When new Cllrs start.
Conflict of interest not declared.	2	2	4	Monitoring Officer maintains register of interests which are published on the internet. Staff conflicts of interest referred to Parish Council.	New members to attend Code of Conduct Training	When new Cllrs start.
Libel or slander claims received.	1	2	2	Insurance in place and reviewed annually		
Poor relationship with local government and public service partners	1	2	2	Ongoing work to ensure that there is ongoing liaison to maximise opportunities and influence.		
Council meetings not quorate or not minuted correctly.	2	2	4	Attendance recorded as part of minuted taking to evidence as quorum. Minutes and agenda published as per legal requirement. Minutes approved by Council as a true and accurate record.		

Health and Safety						
Members of public, staff or members injured at Carn Brea Parish Council premises or event.	3	2	6	<p>Health and Safety Policy in place.</p> <p>Public and employers liability insurance in place.</p> <p>Contractors required to state liability insurance status prior to securing work with Carn Brea Parish Council.</p> <p>All members and staff made aware of their Health &amp; Safety responsibilities.</p> <p>Support obtained from a reputable Health and Safety professional.</p> <p>Risk assessments are completed and reviewed at least annually</p>		
Staffing						
Inadequate capacity to fulfil the Councils objectives.	2	2	4	<p>Arrangements for staffing established.</p>	<p>Appraisals to be undertaken annually.</p> <p>Exit interviews to take place for all leaver.</p>	<p>2023</p> <p>As needed</p>
Inadequate training.	1	1	1	<p>Induction and initial training in place.</p> <p>Training records kept.</p>	<p>All officers to receive sufficient professional and on-the-job training to ensure they can fulfil their roles.</p> <p>Officer appraisal to take place on regular basis.</p> <p>Member training to take place as needed to take account of any specialist committee roles and new development.</p>	<p>As needed</p>

Staffing (Cont'd)						
Clerk unable to carry out their duties in the short term.	2	2	4	In the absence of the Clerk, the Council may delegate powers to the Assistant Clerk		
Clerk unable to carry out their duties in the long term.	2	2	4	The Council adheres to the current legislation laid down in N.J.C. for Local Gov. Services, pay & conditions. The Council would make arrangements for either a temporary or permanent replacement as appropriate.		
Payroll inaccurate.	1	2	2	Using a reputable software package.	Staff to receive appropriate training	
Information Assets						
Excessive Freedom of Information Requests	1	1	1	ICO registration in place Minutes published on the website. Public and press welcome to attend council meetings. Policies in place	Spend over £500 to be published on the website	
Loss of data	3	2	6	Backup system in place and back ups kept in a separate room to the computers in a fireproof safe.	New IT installation provides cloud backup.	December 22
Corporate memory loss arising from staff or member loss of office/resignation.	2	2	4	Passwords protected as per Financial Regulations. Delegated decisions to be recorded as required in law.	Develop a procedure for dealing with future staff and member leavers. RFO to review user access permissions.	April 2023

Information Assets						
Breach of data protection/information security.	2	2	4	Computers password protected. Data Retention Policy, Data Protection Policy, Subject access statement, Privacy statements and Data security incident procedure in place Data protection officer appointed.		
Not meeting obligations to make public council spend.	2	2	4	RFO conducts regular reviews to ensure the Transparency Code is adhered to.		
Reputation						
Adverse press coverage.	2	2	4	Public and press welcome to attend/film Council meetings. Only the Chairman of the Council or the Vice Chairman in the Chairman's absence may respond to media enquiries on behalf of the Council. A guide to managing public and press and meetings developed.		
Lack of community engagement and recognition.	1	2	2	All Carn Brea Parish Council's activities are for the benefit of the people in its area. Community events such as coffee morning, site specific consultations take place. Neighbourhood Plan consultations in process.		
Undue negative influence of political parties of council policy.	1	1	1	Election nominations open and promoted to all residents/workers who meet the qualification criteria. Promotion and information available in newsletter approaching election year.		

**Simple risk assessment matrix followed:-**

<b>LIKELIHOOD</b>	Highly likely (3)	Medium (3)	High (6)	High (9)
	Possible (2)	Low (2)	Medium (4)	High (6)
	Unlikely (1)	Low (1)	Low (2)	Medium (3)
		Negligible (1)	Moderate (2)	Sever (3)
		<b>IMPACT</b>		

<b>Part 4 - Carn Brea Parish Council Financial Procedures:</b>			
<b>Ref No:</b>	<b>Procedure Description:</b>	<b>Who:</b>	<b>When/Frequency:</b>
<b>1</b>	<b>Income</b>		
1.1	Income received either by cash, cheque or direct credit to the Bank Account should be checked to ensure that the amount is correct and any queries reconciled.	RFO	As soon as income is received
1.2	Income received should be entered in the cash book under the appropriate headings	RFO	As soon as income is received
1.3	Any payment advice should be retained and kept in a suitable file	RFO	As soon as income is received
1.4	Income received by cash or cheque should be paid into the Council's bank account	RFO	A.S.A.P. After Receipt
1.5	The timeliness of any receipt but in particular the receipt of the precept should be checked and if any cause for concern should be raised with the Chairman or Vice Chairman of the Council	RFO	A.S.A.P After Receipt
<b>2</b>	<b>Expenditure</b>		
2.1	All expenditure should be in accordance with Standing Orders and Financial Regulations and should be properly authorised by the Council at meeting or by delegated authority. Before authorising expenditure, the Council should satisfy itself that there is sufficient in the Council's budget to cover the expenditure	Carn Brea Parish Council	As required
2.2	Upon receipt of an invoice, a check should be carried out to ensure that the relevant goods or services have been received and are satisfactory. The invoice should be checked to ensure that it is the correct amount (as authorised by the Council) and any differences explained and justified.	RFO	As required
2.4	Cheques to pay authorised invoices should be signed by two authorised signatories. Signatories should, at the time of signing the cheque, initial the cheque book stub.	RFO	As required
2.5	Payment of invoices should be timely and not unduly delayed	RFO	



Ref No:	Procedure Description:	Who:	When/Frequency:
<b>2</b>	<b>Expenditure (Cont'd)</b>		
2.6	Details of payments made should be recorded on the computerised system (RBS) under the appropriate headings ensuring that VAT is accurately analysed and recorded.	RFO	At the time of payment
2.7	All petty cash expenditure should be properly recorded.	RFO	Monthly
2.8	Petty Cash records are checked monthly to ensure the amounts reimbursed are correct and that receipts have been retained.	Members	Monthly
2.9	All invoices which have been paid should be retained in a suitable file	RFO	At the time of payment
2.10	VAT VAT should be analysed and separately recorded on the computerised system (RBS) and VAT reclaims made promptly.	RFO	Analysed monthly VAT Claimed Quarterly
<b>3</b>	<b>Bank Accounts</b>		
3.1	All bank accounts in the name of Carn Brea Parish Council shall be authorised by the Council and all signatories shall be authorised by the Council.	Council Members	As required
3.2	All cheque books, paying in books and bank statements (including used books) should be kept in a secure place in the custody of the Parish Clerk or another person authorised by the Council	RFO	
3.3	All bank statements received should be reconciled with the cashbook and any differences investigated and resolved.	RFO	On receipt of bank statement
3.4	Used cheque books, paying in books and bank statements shall be retained for 7 years.	RFO	Ongoing

Ref No:	Procedure Description:	Who:	When/Frequency:
<b>4</b>	<b>Cash Book</b>		
4.1	The computer system should be run from April 1 <sup>st</sup> to March 31 <sup>st</sup> of each year with each page as it is completed, balanced off and balanced off at the year end.	RFO	Ongoing
4.2	Entries on the computer system should be made promptly at the time of receipt or payment, with all details included under the relevant headings.	RFO	As required
<b>5</b>	<b>Asset Register</b>		
5.1	All the Council's Assets should be recorded, as soon as they are acquired in the Asset Register	Clerk/Responsible Financial Officer	As required
5.2	The entries in the Asset Register should be reviewed regularly and updated as appropriate	Parish Clerk/RFO/Members	Yearly
<b>6</b>	<b>Payroll</b>		
6.1	The remuneration of all employees should be approved in advance by the Council	Council	Monthly
6.2	The Council should operate a PAYE system for income tax and national insurance unless agreement to the contrary has been received from the Inland Revenue in writings	RFO /Council	Monthly
6.3	The accuracy of remuneration paid to employees should be checked	Members	Monthly
<b>7</b>	<b>Insurance</b>		
7.1	The Council shall decide which risk/assets to insure and the extent of cover save that it will in any event insure those risks that it is required by law to cover	Council	Yearly
7.2	The Council will review its insurance arrangements and the adequacy of cover and if appropriate obtain competitive quotations.	RFO /Council	Yearly or as necessary
<b>8</b>	<b>Risk Management</b>		
8.1	The Council should prepare a Risk Assessment and review it regularly	Council	Yearly

<b>Ref No:</b>	<b>Procedure Description:</b>	<b>Who:</b>	<b>When/Frequency:</b>
<b>9</b>	<b>The Council's Budget</b>		
9.1	The Council should set a budget for each financial year which should be approved at a Council meeting	Council	Yearly
9.2	As a resolute of setting the Budget the Council should agree the Precept for the Financial Year.	Council	Yearly
9.3	The Council should monitor progress against budget during the Financial Year and where necessary, amend spending plans or the Budget.	Council	Quarterly
9.4	The Council should complete a Half Year Accounts Financial Review	Council	As at 30 <sup>th</sup> September annually
<b>10</b>	<b>Year End Procedures</b>		
10.1	Ensure that all appropriate income/expenditure has been received/paid in time for the financial year end.	RFO	March of financial year
10.2	Balance the computerised system (RBS), reconcile to the bank statement as at March 31 <sup>st</sup> and close off the cashbook for the Financial Year	RFO	As soon as it is practicable after Financial Year End
10.3	Draw up accounts for the year and advertise time date and place for inspection of annual accounts by the public.	RFO	As soon as is practicable after Financial Year End
10.4	Complete Annual Return and draft Statement of Assurance.	RFO	On receipt of audit report
10.5	Obtain the Annual Report of the Internal Auditor	RFO	As soon as is practicable
10.6	Submit the Annual Return as drafted to the Council for approval	RFO	As soon as is practicable.
10.7	Display a notice of Public Rights under Audit and confirm to the Auditor that this has been done	RFO	Upon completion of the year end Process
10.8	Display the Statement of Accounts	RFO	On receipt of the returned Annual Audit