

Risk Management Policy & Protocol

Purpose

Risk Management is an essential feature of the Parish Council's governance arrangements. Risk Management applies to all areas of the Council's work and this Policy outlines the overarching approach to Risk Management. This Policy is supported by other approved policies, protocols and procedures.

Definitions

Risk Management is the way that the Council responds to uncertainty in both the internal and external environment. Having a policy for risk management allows the Council to:

- a) Identify risks in the context of corporate objectives.
- b) Assess risks to determine and develop actions and controls to manage risks.
- c) Communicate with all stakeholders its process for identifying and managing risk.

Policy Statement

Nether Denton Parish Council recognises that it has a responsibility to manage risks, both internal and external, and is therefore committed to the implementation of a risk management policy to protect the Council. The Parish Council recognises that Risk management is an essential part of effective corporate governance, and that the Council has a statutory duty to have in place arrangements for managing risk as stated in the Account and Audit Regulations.

Law – Regulatory Background

Local Audit and Accountability Act 2014 - The requirement for local Councils to prepare accounts annually and to subject them to external audit. The Act describes the rights of taxpayers and other interested parties in relation to those accounts.

Section 151 of the Local Government Act 1972 - Parish Councils are required by this Act to appoint a responsible financial officer (RFO) to manage their financial affairs.

Accounts & Audit Regulations 2015:

1. Accounting records and control systems

The financial control systems determined in accordance with paragraph (1)(b) must include–

- (a) measures
 - (i) to ensure that the financial transactions of the authority are recorded as soon as, and as accurately as, reasonably practicable.
 - (ii) to enable the prevention and the detection of inaccuracies and fraud, and the reconstitution of any lost records; and
 - (iii) to ensure that risk is appropriately managed.
- (b) identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers.

2. Internal Audit

A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

3. Review of internal control system

A relevant authority must, each financial year conduct a review of the effectiveness of the system of internal control required by regulation 3; and prepare an annual governance statement.

Section 1 of the Annual Return, Statement of Assurance, includes a statement that the Council has carried out an assessment of risks and taken appropriate action to manage them. The statement has to be signed by the Chairman and the Clerk and refers to the minute covering the Council's consideration of the risk assessment. This requires that at least once a year the Council must formally consider risks.

Assessing Risk

The greatest risk facing a local council is not being able to deliver the activity or service that is expected of them by the local population. This 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, asset register review, risk assessments and insurance reviews are annual activities. 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.

The Parish 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 and Committee Minutes the way in which they have been considered and managed.

The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. Risk management is part of the review and when completing The Annual Governance Statement for the external auditor, the Council is confirming the following assertion:

“Assertion 5: Risk Management We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.”

To warrant a positive response to this assertion, the Council needs to have the following arrangements in place:

- a) Identifying and assessing risks. The Council needs to identify, assess and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences.
- b) Addressing risks. Having identified, assessed and recorded the risks, the Council needs to address them by ensuring that appropriate measures are in place to mitigate and manage risk which will include the use of internal controls and insurance cover.

Risk Assessment

Risk Assessment forms a key element as to how the Council assesses risk. The Council on an annual basis will review the sore risk assessments:

- Finance
- Governance
- Information Technology and Website
- Business Continuity
- Services and Assets

Furthermore, the Council reviews annually several of its key policies and procedures to identify and manage risk. These include:

- The annual review of the health and safety policy.

- The annual review of risk assessments.
- The annual review of the financial regulations.
- The annual review of the standing orders.

The Council maintains a documented Governance and Finance Schedule that it monitors and manages across the year.

Risk Management

Identify the key risks facing the council.

- i. Damage/replacement cost of council owned property – Physical Assets
- ii. Financial risk
- iii. Records Risk (IT or paper)
- iv. Injury to the Public in connection with council owned/managed property
- v. Injury to councillors or attendees at meetings in various village halls
- vi. Litigation risk as a result of council's actions or decisions
- vii. Illness of Clerk

The council will evaluate the potential risk to the council and agree measures to avoid reduce or control the risk.

Physical Assets - will be listed on the asset register.

Financial Risk –

- The Parish Council is financed by Precept (via Cumberland Council). Monies to be held in business account and transferred by clerk when needed to cover expenses. These will be monitored by the council.
- Barclays Bank Accounts. Clerk keeps cheque book and checks account using internet banking
- All online / cheques / Standing Order requests and alterations are authorised and checked by finance group.
- Expenditure is monitored/ approved at each meeting; no petty cash is kept.
- Budget reviews are undertaken to keep close budgetary control.
- Annual budget is begun well in advance to ensure awareness of issues

Records Risk (IT or paper)

- There is a "Cloud" back-up which is completed often. The password is known by the Clerk & Chair.
- Many documents can be found on the website however in PDF
- In case of flood most of the papers and records are kept in a cabinet in clerks' home (out of flood risk area).
- Documents and details are regularly printed off the computer and held securely

Injury to the Public (including attendees of meetings)

- This is covered by the relevant insurance policies. Any contractors are requested to supply a copy of their public liability insurance each year.
- Copies of public liability insurance are held for the village hall where meetings are held.

Website Security

- A disclaimer is on the website re content
- Policies are on the website
- Only the Clerk and selected councillor are able to edit the website.

Litigation Risk

- Declarations of interest/request for dispensation – Fixed item on every Agenda. Councillors are therefore reminded of the need to declare any new pecuniary interest.
- Councillors are provided with copy Code of Conduct on appointment/election
- Training updates available to, and encouraged, for all councillors
- Changes to the law circulated, appropriately highlighted, by Clerk
- Council is member of CALC.
- All agendas are circulated by e-mail before meetings and printed out for those requested.
- Minutes and agendas are kept on computer with clerk but copies also on the parish council website. Hard copies kept in a locked cabinet.
- Any confidential matters on laptop are separately passworded.
- Content of website/news reports are vetted for accuracy/libel risk and if there is any doubt, not published. Libel and Slander are covered by insurance to a maximum sum of £250,000.

Illness of Clerk

- Members of the council would help (this is a rural area and help is given)
- Access to records available from clerk's house.
- A clerk from one of the neighbouring rural parishes would oversee work.
- The Internal auditor would also advise. (when needed)
- Insurers would be notified if any changes in circumstances affect the insurance policies connected with parish council work.

Reviewing the risk and responsibility

Risk Assessments are a continual process and whilst they are reviewed annually, they are live documents which form an essential part of service delivery.

Risk management is embedded in the everyday culture of the Council. The roles and responsibilities are set out below and are designed to ensure that risk is managed effectively:

- **Elected Members** - Risk management is a key part of the Members role, where they lead on the monitoring, approval, review of the Risk Management Policy, Risk Assessments and associated policies.
- **Parish Clerk** - Is responsible for the oversight and management of the Council employees and the implementation of agreed policies. The Town Clerk will communicate with and provide advice to Elected Members on matters relating to Risk Management.
- **Services and Contracts Manager** - Is responsible for Health and Safety Policy and the preparation and ongoing monitoring of the corporate risk assessments. This includes the inspection and monitoring of assets, the health and safety responsibilities for third party contractors and addressing the actions arising from the risk assessments.
- **Responsible Finance Officer** - Is responsible for Section 151 of the Local Government Act 1972, the RFO manages the financial affairs of the Council, including reviewing the system of internal control and ensuring that the Council is adequately insured.
- **Employees** - All employees have a duty responsibility to achieve a healthy and safe workplace, and to take reasonable care of themselves and others. Employees are required to report risk factors to managers and elected members as appropriate.
- **Internal Audit** - Provides an important scrutiny role by carrying out audits to provide independent assurance to the Council that the necessary management systems are in place and that business risks are being managed effectively.
- **External Services** - The Council has a range of external providers including external accountancy, IT and website support who manage, monitor and advise on risks as required. The Council will submit its accounts annually to the appointed external auditor.

— Policy ends here —

Accepted by FCM and Adopted: March 2026

Date for next review: No later than March 2027

Review: Annually

Amendment Notes -

Date accepted by FCM	Amendment