HEMINGBY PARISH COUNCIL RISK MANAGEMENT

Risk Status Indications

The adopted risk management methodology uses a traffic light colour against each risk item to confirm its current status.

The colour coding is defined as follows:

- This identified risk is being effectively managed with adequate reviews, processes and/or documentation as appropriate.

- *As applicable, either*

  This identified risk is being managed. However, there are aspects of risk management, which ought to be improved to achieve a green status. It is recognised that sometimes improvements may be difficult to achieve and remedial work may take time (e.g. a need for Councillor training).

  or

  This identified risk is not under adequate management. However, if this risk arises, it will have a minimal impact upon the Council. Whilst attempts can be made over time to improve the management of this risk, there may be occasions where the cost of mitigation is not warranted (e.g. holding spare parts or equipment).

- This identified risk, which has a serious potential impact upon the Council is not under adequate management. This represents a key risk, which will be highlighted to meetings of the Council until such time that it is adequately managed or mitigated. Certain key risks with a low probability may be entirely beyond the management control capability of the Council – such risks may retain a red status upon the agreement of Council.

HEMINGBY PARISH COUNCIL RISK MANAGEMENT

Mission Statement of Hemingby Parish Council:

To provide services for, and manage and maintain the Council assets of the village of Hemingby, within the resources provided by the annual precept and other incomes, taking into account the wishes of the residents and obtaining value for money.

Aim	Risk	Method used to Minimise Risk	Person(s) Responsible	Status
1. To ensure compliance with Acts of Parliament, other legislation, the Council's Standing Orders, Financial Regulations and Code of Conduct. *Including:* *Freedom of Information* *Data Protection* *Safeguarding children and vulnerable adults* *Local government legislation* *Equality & Diversity* *Disability legislation*	a. Lack of knowledge of regulations and codes.	Ensure that all Councillors have copies of or access to relevant information through LALC, copies of the adopted Code of Conduct, Financial Regulations and Standing Orders and a copy of the latest edition of the Good Councillors Guide. Highlight essential parts and provide specific training where possible.	Chair Clerk All councillors LALC	
	b. Absence of Standing Orders	Ensure that Standing Orders are produced, understood by councillors, and reviewed at least once per year.	Chair Clerk	
	c. Actions by the Council outside its powers as set out by Parliament.	As at 1a above, but ensure that, as necessary, powers are highlighted or extracted into an effective summary.	Chair Clerk	
	d. Lack of commitment to regulations and procedures.	Regular reference to appropriate regulations in agenda items. Appropriate delegation of responsibilities to councillors and committees. Compliance with appropriate procedures.	Chair All councillors Clerk	
	e. Items purchased without proper tendering procedures, resulting in accusations of commercial favouritism.	Ensure that all councillors are aware of regulations regarding estimates and full tender procedures. Introduce practice of estimates for all purchases over an agreed figure.	Chair Clerk RFO	
	f. Payments made without prior approval and adequate control.	Ensure all payments are approved in accordance with the Financial Regulations and properly recorded. Keep cash payments to a minimum, and avoid if possible.	Clerk RFO	
	g. Lack of control of signatories to cheques.	Keep authorised signatories to a minimum but consistent with practicalities.	Clerk RFO	
	h. VAT not properly accounted for, resulting in over-claims and large demands from HMRC.	Ensure appropriate publications held and that Clerk/RFO has a good knowledge of regulations.	Clerk RFO	

Aim	Risk	Method used to Minimise Risk	Person(s) Responsible	Status 🔴 🟡 🟢
2. To identify and regularly review the Council's priorities and risks.	a. Lack of knowledge of setting objectives, setting priorities, and identifying risks to their achievement.	All councillors to be made aware of need for objectives and identification of risk. Attend training sessions and refresher training.	Chair Clerk All Councillors	🟡
	b. Lack of commitment by council members	Add risk assessment to agenda at least quarterly, reviewing particular items, and results against those items.	Chair Clerk	🟡
	c. No risk analysis carried out.	As at 2a above. Ensure that completion of the risk assessment is given high priority, as a requirement of the Audit Commission	Chair All Councillors Clerk	🟡
	d. No steps taken to combat identified risks	As at 2b above.	Chair All Councillors Clerk	🟢
	e. An inadequate complement of councillors to manage the business of the council	All councillors to strive to work in a constructive manner in accordance with the Code of Conduct and to welcome and encourage new councillors. All councillors to cooperate to share the workload.	All Councillors Clerk NKDC	🟡
3. To influence others, such as Lincolnshire County Council, East Lindsey District Council and other Government organisations to recognise the requirements and interests of the local population.	a. Lack of effective lines of communication with other organisations.	Note all communication lines which are essential or beneficial and establish/maintain contacts by name and where possible face-to-face.	Chair Clerk	🟢
	b. Lack of effective lines of communication with parishioners.	Take every opportunity to publicise role of Parish Council using the In Hemingby magazine, notice boards, "flyers" and the Annual Parish Meeting. Use key issues to raise the profile of PC and to test parishioners' views.	Chair All Councillors Clerk	🟡
	c. Lack of preparation on subjects requiring influence.	Ensure all councillors are aware of need for careful research and are guided as to where to obtain relevant information.	Chair Clerk	🟢
	d. Lack of confidence by Parish Councillors.	Experienced councillors and Clerk to assist newcomers to understand roles and responsibilities, to establish essential contacts and to gain procedural awareness.	Chair All Councillors Clerk	🟢

Aim	Risk	Method used to Minimise Risk	Person(s) Responsible	Status 🔴 🟡 🟢
4. To ensure that all councillors are aware of their responsibilities, and possible liabilities, and to provide adequate insurance cover for all likely risks.	a. Lack of knowledge of possible culpability of councillors.	Creation of Standing Orders and Code of Conduct and familiarisation with those matters where greatest risk occurs.	Chair Clerk	🟢
	b. Lack of education of Councillors regarding culpability.	Experienced councillors and Clerk to assist newcomers to understand culpability. To attend training courses and refresher training as available (see LALC annual training scheme).	Chair All Councillors Clerk	🟡
	c. Inadequate insurance cover taken out – property, personal liability, employer's liability.	Review risk assessment by including on agenda at least quarterly. Delegate responsibility for keeping up-to-date with insurance requirements to the Policy & Resources Committee.	Chair Clerk	🟡
	d. Councillors fail to declare interests and participate in inappropriate decision making, which has a material impact upon the decisions taken and the public perception of the Council.	All councillors to be reminded to abide by the Code of Conduct and the register of interests and to be alert to potential breaches of both. As far as is possible, the Clerk to ensure the register of interests are complete and up to date.	Clerk All Councillors ELDC	🟢
5. To keep appropriate books of account accurately and up-to-date throughout the financial year. To maintain secure banking facilities.	a. Lack of knowledge of accounting requirements	Ensure all councillors are familiar with current Financial Regulations. Regularly review Standing Orders and Financial Regulations.	Chair All Councillors Clerk	🟢
	b. Lack of commitment to accounting requirements.	As at 5a above. RFO to produce financial reports at all Council meetings.	All Councillors RFO Internal Auditor	🟢
	c. Bank charges unnecessarily incurred	Internal audit reports to be made available to all councillors and any recommendations to be acted upon promptly.		
	d. Inaccuracies in recording amounts and totals in books of account. Bank reconciliations not carried out.	RFO to carry out regular inspection of books of account. Internal audit to be undertaken every six months.	RFO Internal Auditor	🟢
		RFO to ensure that books of account are formatted in such a way that internal controls are included and activated. Regular internal audits to advise on internal controls required.	RFO Internal Auditor	🟢
continues	e. Inaccuracies and interest losses caused by account transfers.	Keep number of accounts to a minimum but ensure that any large credit balances are deposited in an interest bearing account.	RFO All councillors	🟢

Aim	Risk	Method used to Minimise Risk	Person(s) Responsible	Status
continued **5.** To keep appropriate books of account accurately and up-to-date throughout the financial year. To maintain secure banking facilities.	f. To ensure that the banking facilities of the Council are secure and offer value for money.	Using information available in the public domain, the RFO to periodically review the Councils banking arrangements in respect of achieving both value for money and security, but noting that changing accounts may itself incur some risks.	RFO All councillors	Green
	g. Inadequate control of cash receipts and payments.	Avoid cash payments and receipts if possible. Where cash receipts are unavoidable to record each receipt into a cash book and to issue the payee with a paper receipt. Cash payments, if unavoidable, shall be claimed as expenses by Officers and Councillors with receipts being presented as evidence.	All Councillors RFO Internal Auditor	Amber
	h. Books of account not kept up to date/ invoices not posted promptly.	Regular checks by RFO and internal auditor. Financial reports at all Council meetings.	RFO All Councillors	Green
	i. Internal controls not in place or not operated.	As at 5h above.	RFO Internal auditor All councillors	Green
	j. Payments missed or delayed.	As at 5h above.	RFO Internal auditor All councillors	Green
	k. RFO taken ill or leaves without replacement	The internal auditor and LALC can be called upon for advice. Other Officers and Councillors to be familiar with all aspects of financial matters. Local Procedures to exist to explain processes. Key Man insurance cover is included in the Council's policy, to obtain a stand in person. Electronic payments will still be able to be made (1 councillor to set up and 2 to authorise). Electronic bank statements are available to other on line users (3 Councillors).	RFO All councillors	Amber

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6. To ensure that payments made from Council funds and the use of assets, represent value for money, are adequately managed, and comply generally with the wishes of the residents.	a. Lack of knowledge of wishes of residents.	As at 3b above Ensure residents and other stakeholders (i.e. local organisations) are consulted on major financial issues, which impact upon them.	All Councillors Clerk	
	b. Use of funds not giving value for money.	Effective budget planning processes and appropriate tendering. Creation of a rolling plan for projects and maintenance expenditure.	Clerk RFO All Councillors	
	c. Use of funds not in accordance with the wishes of the residents.	As at 2a above. As at 6a above.	All Councillors Clerk	
	d. Fund raising not properly controlled or not in accordance with regulations.	All councillors to be aware of need to check regulations before commencing fund-raising activities. Effective financial management by RFO. Internal audit checks.	All Councillors Clerk RFO	
7. To ensure that the annual precept requirement results from an adequate budgetary process; progress against the budget is regularly monitored; and reserves are appropriate.	a. Lack of knowledge of budgetary process, and of Council regulations.	Ensure regulations are issued to all councillors. Place item on agenda early in year to remind councillors of budget process and actions required. Encourage councillor training. Delegate responsibility for managing the initial budgetary process to the RFO.	All Councillors RFO Clerk Facilities Manager	
	b. Lack of commitment to budgetary process.	As at 7a above Involve all councillors in budgetary process, not solely the Clerk/RFO.	All Councillors Chair	
	c. Inadequate consideration of requirements for annual precept.	Place item on agenda early in year to remind councillors of budget process and actions required. Delegate responsibility for managing the initial budgetary process to the RFO. Start budget build in October well ahead of submission date.	All Councillors RFO Clerk	
	d. Calculation not in accordance with Council regulations.	Checks by RFO and Internal Auditor.	RFO Internal auditor	
continues	e. Inadequate internal controls with regard to monitoring expenditure.	Checks by RFO and Internal Auditor. Financial and budget progress reports to all Council meetings.	RFO Internal auditor All Councillors	

Aim	Risk	Method used to Minimise Risk	Person(s) Responsible	Status
continued **7.** To ensure that the annual precept requirement results from an adequate budgetary process; progress against the budget is regularly monitored; and reserves are appropriate.	f. Reserves too low or too high	The general reserve (not earmarked) to be at least 25% of typical annual income or as otherwise advised by the RFO / Internal auditor. The general reserve (not earmarked) not to exceed 75% of typical annual income or as otherwise advised by the RFO / Internal auditor.	RFO Clerk All Councillors	Green
8. To explore all possible sources of income, and ensure that expected income is fully received.	a. Lack of knowledge of possible sources of income e.g. grants.	Encourage training and conference attendance to gain experience of all grants available and application procedures.	Chair Clerk	Amber
	b. Lack of commitment to pursue possible sources of income.	As at 8a above.	All Councillors Clerk	Amber
	c. Receipts not banked or not banked promptly.	Regular checks by RFO and Council. Internal audit checks.	RFO All councillors Internal audit	Green
	e. Debts not pursued promptly.	As at 8c above.	RFO All councillors	Green
	f. VAT claims not made promptly or made incorrectly.	Ensure Clerk has appropriate and up-to-date VAT official publications. Regular checks by RFO. Internal audit checks.	RFO Policy & Resources Committee	Green
9. To ensure that salaries paid to employees and amounts paid to contractors are paid in line with Council regulations and budget and statutory legislation. Ensure payments are adequately monitored.	a. Inappropriate rate of pay to employees.	Ensure employee regulations are available and understood by Clerk. Internal audit checks.	RFO All councillors Internal audit	Green
	b. Tax and NI arrangements not in accordance with regulations.	As at 1 above.	RFO All councillors Internal audit	Green
	c. Amounts paid to contractors not in accordance with contract and inadequately monitored.	Checks by RFO and internal audit. Monitoring of contract expenditure by the Property Services Committee.	RFO Internal audit	Green

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10. To ensure that year end accounts are prepared on the correct accounting basis, on time, and supported by an adequate audit trail.	a. Lack of knowledge of Council regulations and procedures.	Compliance with Financial Regulations and Standing Orders. Attend training seminars where available.	Clerk/RFO All Councillors	Green
	b. Late or non- submission of annual accounts.	Compliance with the instructions of the External auditor. RFO to monitor progress against timetable and report to Council meetings.	Clerk/RFO Internal auditor All Councillors	Green
	c. Year end accounts not prepared, inaccurate, or not in accordance with Council requirements.	Checks by RFO. Internal audit checks.	Clerk/RFO Internal auditor All Councillors	Green
	d. Inadequate audit trail from records to final accounts.	As at 10c above.	Clerk/RFO Internal auditor All Councillors	Green
11. To identify, value, and maintain all the assets of the Parish Council, and ensure that asset and investment registers are complete, accurate and properly maintained.	a. Lack of knowledge of assets of Parish Council.	Ascertain and record all significant assets for which Parish council is responsible. Create and maintain a permanent asset register.	RFO All councillors	Amber
	b. Assets lost or misappropriated	Regular monitoring of location and use of assets by councillors.	RFO All councillors	Green
	c. Inadequate or inaccurate valuation of the council's assets.	Arrange for periodic review of valuations and arrange for professional valuation where necessary. Internal audit checks. *[Note that the Annual Return requires original asset values not current values.]*	RFO All Councillors	Amber
	d. Asset register not established or inadequately maintained.	Create asset register in accordance with Audit Commission requirements.	RFO All Councillors	Green
12. To carry out adequate safety checks on land and street furniture owned by the Council. - Bus Shelter - Spinney area & car park - Foot bridge - Bench - Dog waste bin	a. The lack of or an inadequate programme of maintenance allows the persistence of safety hazards (e.g. trip hazards, dangerous trees, faulty gates, faulty seats, faulty bins etc).	Regular checks by Councillors. Prompt attention to hazards/problems once identified. Prompt attention to issues raised by all users. Engagement of suitable contractors to conduct ongoing maintenance works (including the periodic professional checking of trees).	All Councillors Contractors Public users	Green