

FOLKINGHAM 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.

FOLKINGHAM PARISH COUNCIL RISK MANAGEMENT

Mission Statement of Folkingham Parish Council:

To provide services for, and manage and maintain the Council assets of, the village of Folkingham, 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. <i>Including:</i> <i>Freedom of Information</i> <i>Data Protection</i> <i>Child Protection</i> <i>Protection of vulnerable people</i> <i>Local government legislation</i> <i>Equality of opportunity</i> <i>Racial equality</i> <i>Disability legislation</i>	a. Lack of knowledge of regulations and codes.	All Councillors have copies of or access to relevant information through Council Website including adopted Code of Conduct, Financial Regulations and Standing Orders, Good Councillors Guide.	Chair Clerk All councillors	
	b. Absence of Standing Orders	Standing Orders are in place and 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 favoritism.	All councillors are aware of regulations regarding estimates and full tender procedures as per Financial Regulations in place.	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. Cash payment are not used.	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	Appropriate publications held and Clerk/RFO has a good knowledge of regulations.	Clerk/RFO	

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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 annually, 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, South Kesteven 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.	Every opportunity to publicise role of Parish Council is used via the notice boards, "flyers" and the Annual Parish Meeting, website and facebook page.	Chair All Councillors Clerk	
	c. Lack of preparation on subjects requiring influence.	All councillors are aware of need for careful research and are guided as to where to obtain relevant information by the Clerk and Chair	Chair Clerk	
	d. Lack of confidence by Parish Councillors.	Experienced councillors and Clerk assist and support newcomers to understand roles and responsibilities, to establish essential contacts and to gain procedural awareness. New Councillors attend LALC training	Chair All Councillors Clerk	

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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 NKDC	
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	All councillors are familiar with current Financial Regulations. Standing Orders and Financial Regulations are reviewed at least yearly at the Annual Parish Council meeting. Ensure all Councillors are aware of the lack of cover under the Financial Services Compensation Scheme.	Chair All Councillors Clerk	
	b. Lack of commitment to accounting requirements.	Clerk/RFO to produces financial reports at all Council meetings. Internal audit reports are made available to all councillors and any recommendations are acted upon promptly.	All Councillors RFO Internal Auditor	
	c. Bank charges unnecessarily incurred	RFO to carry out regular inspection of books of account. Internal audit to be undertaken every six months.	RFO Internal Auditor	
	d. Inaccuracies in recording amounts and totals in books of account. Bank reconciliations not carried out.	RFO has ensured 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	
<i>continues</i>				

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<i>continued</i> 5. To keep appropriate books of account accurately and up-to-date throughout the financial year. To maintain secure banking facilities.	e. Inaccuracies and interest losses caused by account transfers. f. To ensure that the banking facilities of the Council are secure and offer value for money. g. Inadequate control of cash receipts and payments. h. Books of account not kept up to date/ invoices not posted promptly. i. Internal controls not in place or not operated. j. Payments missed or delayed. k. RFO taken ill or leaves without replacement	Number of accounts kept to a minimum and any large credit balances are deposited in an interest bearing account. Using information available in the public domain, the RFO periodically reviews the Councils banking arrangements in respect of achieving both value for money and security, but noting that changing accounts may itself incur some risks. Cash payments and receipts are avoided if possible. Where cash receipts are unavoidable each receipt is recorded into a cash book and the payee issued with a paper receipt. Cash payments, if unavoidable, shall be claimed as expenses by Officers and Councillors with receipts being presented as evidence. Regular checks carried out by RFO and internal auditor. Financial reports at all Council meetings. As at 5h above. As at 5h above. The internal auditor 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 continue as two Councillors have access and cheque payments can still be made as usual. An additional Councillor is to be added as a signature and to the online banking	RFO All Councillors RFO Internal Auditor RFO All Councillors RFO Internal auditor RFO Internal auditor As for 5i above RFO Facilities Manager Policy & Resources Committee	      

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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 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 in place. 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. Charges for use of facilities inadequate or excessive.	Effective financial management by RFO. Internal audit checks.	All Councillors Facilities Manager	
	e. 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.	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.	Clerk/RFO Ensure regulations are issued to all councillors. Delegated responsibility for managing the initial budgetary process to the RFO, with a full review of the budgetary needs at November full council meeting.	All Councillors RFO/Clerk	
	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.	Delegate responsibility for managing the initial budgetary process to the RFO. Budget agreed at November meeting to meet submission date	All Councillors RFO/Clerk	
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<i>continued</i> 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.	d. Calculation not in accordance with Council regulations. e. Inadequate internal controls with regard to monitoring expenditure. f. Reserves too low or too high	Checks by RFO and Internal Auditor. Checks by RFO and Internal Auditor. Financial and budget progress reports to all Council meetings. 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 Internal auditor RFO Internal auditor All Councillors RFO/Clerk All Councillors	  
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. b. Lack of commitment to pursue possible sources of income. c. Maximise rental income d. Receipts not banked or not banked promptly. e. Debts not pursued promptly. f. VAT claims not made promptly or made incorrectly.	Encourage training and conference attendance to gain experience of all grants available and application procedures. Clerk/RFO monitors grant availability. As at 8a above. Charge appropriate rates. Market facilities. Review lettings potential of pavilions in longer terms (after restrictions potentially lapse) Regular checks by RFO and Council. Internal audit checks. As at 8c above. Ensure Clerk/RFO has appropriate and up-to-date VAT official publications and regular checks are carried out. Internal audit checks.	Chair Clerk All Councillors Clerk Clerk Chair RFO Internal audit RFO RFO	     

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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. Checks by RFO. Internal audit checks.	RFO/Clerk Internal audit	
	b. Tax and NI arrangements not in accordance with regulations.	As at 1 above.	RFO/Clerk Internal audit	
	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 Councillors	RFO All Councillors Internal audit	
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	
	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	
	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	
	d. Inadequate audit trail from records to final accounts.	As at 10c above.	Clerk/RFO Internal auditor All Councillors	

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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. Asset register in place and maintained regularly.	RFO	
	b. Assets lost or misappropriated	Establish who is responsible for security and maintenance of each asset. Regular monitoring of location and use of assets by the Councillors.	RFO	
	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.	RFO All Councillors	
	d. Asset register not established or inadequately maintained.	Asset register in place in accordance with Audit Commission requirements based on cost price	RFO All Councillors	
12. To carry out adequate safety checks on the public open space and street furniture owned by the Council.	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 the 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	
13. To carry out adequate safety checks on the children's play areas operated by the Council.	a. An inadequate programme of safety inspections and maintenance (or vandalism) results in an accident and/or an award of damages.	Weekly safety inspections by local staff/contractors backed up by an annual inspection by an accredited playground inspector. Prompt attention to hazards/problems once identified. Ongoing maintenance. Professional specification and installation of equipment. An ongoing programme of equipment replacement as necessary.	Playground Inspectors Property Services Committee Contractors	
	b. The lack of or an inadequate programme of maintenance of the immediate surrounding area allows the persistence of a safety hazard (e.g. trip hazard, sharp object, faulty gate).	Regular checks by the 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.	All Councillors Contractors Public users	