

Carbrooke Parish Council Risk Management Policy

The Parish Council is responsible for putting in place arrangements for the management of risk in all its activities. When considering any new activity, the clerk prepares a Risk Assessment. Where necessary, this is submitted to the Council's insurers in advance of the activity. No significant activities are undertaken by the clerk or members of the Council without a Risk Assessment being carried out prior to the activity being undertaken.

In the case of work carried out for the Council by contractors, the clerk ensures that all contractors are handed a copy of the Council's Notice to Contractors - Appendix A of the Health and Safety Policy. This ensures that contractors carry out their own Risk Assessment prior to undertaking any works. The Council obtains a copy of the contractor's Public Liability insurance cover.

The Council maintains an insurance policy with Zurich Insurance. Insurance is the most common approach to certain types of risk, such as damage to Council assets, loss or damage. However, it is important for the Council to recognise the part it plays in minimising risk in all its activities, as well as damage to the Council owned assets. It is important therefore for the Council's assets to be regularly inspected. The clerk therefore carries out an annual assessment of all Council owned assets, the result of which is submitted in a report to the Council. The report is directly linked to the Council's Asset Register. Any necessary repairs are considered by the Council. The clerk also makes periodic checks of Council owned assets and any necessary repairs are put before the Council for consideration. The Asset Register not only lists the location of all Council assets, but the value of those assets in order to ensure that the Council has adequate insurance cover on each particular asset.

The Council aims to take all practical and necessary steps to reduce or eliminate risk, in so far as is practically possible. This document has been produced to enable the Council to assess the risks that it faces and to satisfy itself that it has taken adequate steps to minimise them.

This policy was prepared by the clerk and approved by Carbrooke Parish Council at its meeting held in March 2020. It should be read in conjunction with the Council's Asset report and its Internal Control policy.

The policy will be reviewed in March 2021.

Financial Risk Assessment Review

The following financial risks have been identified in connection with the work of this Council and the systems put in place to deal with these risks.

1. Bank Accounts

The Council maintains the following accounts:-

a. Current Account

The Current Account is held with Barclays Bank (Account Number 70242128). Access to the current account is via a cheque book which requires the signature of any two councillors named as signatories. There are five authorised signatories to the account:- J Borrett, T Coppen, J Lorne, J Tinson and M Wormald.

The cheque book is held in the custody of the clerk. Cheques are prepared by the clerk in advance of Council meetings and signed on production of invoices and other documentation.

Two signatories initial the cheque book stub and the relevant invoice/documentation.

A record of cheques drawn is incorporated in the minutes of the Parish Council and in the Cash Book.

Monthly bank statements are received in relation to the Current Account and reviewed on receipt by the clerk. The clerk reconciles the accounts on a regular basis.

The Internal Control Officer verifies at least three times a year that the cheque book stubs match the relevant invoices/documentation.

The independent review is recorded and signed by the Internal Control Officer and this record is retained by the clerk.

Assessment of risk relating to the Council's Current Account

It is considered that the procedures outlined above adequately protect the Council's bank accounts from misuse. Any misuse would initially require collusion of the clerk and two of the councillors authorised to sign cheques, or forgery by the clerk, both of which acts would be discovered by the review of the bank records by the Internal Control Officer or by the Internal Auditor. (See Appendix A).

b. Business Premium Account

The Business Premium Account is held with Barclays Bank (Account Number 60068756). Access to the account is by a written transfer made to the Current Account by any two of the named signatories (as above).

A written transfer is prepared for signature by the clerk. The two signatories sign the letter.

Monthly statements are received in relation to the Business Premium Account and reviewed on receipt by the clerk. The clerk reconciles the accounts on a regular basis.

The Internal Control Officer verifies at least three times a year that any transfers match the relevant documentation and cross checks that the relevant funds have been received in the Current Account.

The independent review is recorded and signed by the Internal Control Officer and this record is retained by the clerk.

Assessment of risk relating to the Business Premium Account

It is considered that the procedures outlined above adequately protect the Council's account from misuse. The signatories can only transfer money to the Current Account and to no other account. Any misuse would require collusion of the councillors authorised to sign cheques/transfer funds, acts which would be discovered by the review of the bank records by the Internal Control Officer, or by the Internal Auditor.

c. Scottish Widows Account

This account is used for holding funds for the maintenance of Blenheim Grange and earning interest on those funds (Account Number 51539500099). The account allows immediate access.

The account is operated by telephone and post.

The signatories to the account are J Borrett, T Coppen and M Wormald. Any transactions by post must be authorised by any two of the signatories.

Statements of account are received monthly.

These records are reviewed by the clerk and the Internal Control Officer and Internal Auditor.

Assessment of risk relating to the Scottish Widows Account

It is considered that the procedures outlined above adequately protect the Council's account from misuse. Any misuse would require collusion of the clerk and one of the two councillors authorised to sign cheques/transfer funds by post/amend instructions; or forgery by the clerk, both of which acts would be discovered by the review of the bank records by the Internal Control Officer, or the Internal Auditor.

d. Lloyds Bank Account

This account is used for holding funds for the maintenance of Blenheim Grange and earning interest on those funds (Account Number 66417660). The account allows immediate access.

Access to the account is via a cheque book which requires the signature of any two councillors named as signatories. There are three authorised signatories to the account:- J Borrett, T Coppen and M Wormald.

The cheque book is held in the custody of the clerk. Cheques are prepared by the clerk in advance of Council meetings and signed on production of invoices and other documentation.

Two signatories initial the cheque book stub and the relevant invoice/documentation.

A record of cheques drawn is incorporated in the minutes of the Parish Council and in the Cash Book.

Monthly bank statements are received in relation to the account and reviewed on receipt by the clerk. The clerk reconciles the accounts on a regular basis.

The Internal Control Officer verifies at least three times a year that the cheque book stubs match the relevant invoices/documentation.

The independent review is recorded and signed by the Internal Control Officer and this record is retained by the clerk.

Assessment of risk relating to the Lloyds Bank Account

It is considered that the procedures outlined above adequately protect the Council's bank accounts from misuse. Any misuse would initially require collusion of the clerk and two of the councillors authorised to sign cheques, or forgery by the clerk, both of which acts would be discovered by the review of the bank records by the Internal Control Officer or by the Internal Auditor.

e. Unity Trust Bank Account

This account is used for holding funds for the maintenance of Blenheim Grange and earning interest on those funds (Account Number 20380195). The account allows immediate access.

The account is operated by telephone and by Internet Banking.

The signatories to the account are J Borrett, T Coppen and M Wormald. Any transactions must be authorised by any two of the signatories.

Statements of account are received monthly.

These records are reviewed by the clerk and the Internal Control Officer and Internal Auditor.

Assessment of risk relating to the Unity Trust Bank Account

It is considered that the procedures outlined above adequately protect the Council's account from misuse. Any misuse would require collusion of the clerk and one of the two councillors authorised to make payments via the Internet banking system, which would be discovered by the review of the bank records by the Internal Control Officer or by the Internal Auditor. The clerk has no access to the account. e Internal Control Officer, or the Internal Auditor.

2. Income Received

The Parish Council receives the following types of income – method of receipt is shown in brackets.

Precept (bank transfer)

Vat Reimbursements (bank transfer)

Interest (credited directly to account on which the interest arose)

Cash is not generally received. Any cash that were to be received would be banked by the clerk within three working days. Receipt of cash would be noted in the Receipts Book.

Assessment of risk relating to the Council's income received

It is considered that the control systems are robust enough to prevent diversion of monies due to the Council.

3. Annual Budget

The Council produces a Budget in the last quarter of each calendar year in order to agree a spending programme for the forthcoming financial year and to set a precept. The budget is usually agreed by no later than the January meeting. The Council has a Budget Committee which prepares a draft Budget for submission to the Council. At the September meeting, pre-budget discussions are held to allow councillors to put forward proposals to be included in the Budget. This allows the clerk to obtain costs and all relevant information in advance of the Budget Committee meeting. The Council's main source of income is the Precept. Payments for the maintenance of the Open Spaces at Blenheim Grange are made from the Commuted Sum, which has a separate bank account.

Assessment of risk relating to future income and expenditure

It is considered that the annual budget process is sufficient to determine planned expenditure and provide the necessary income to meet this expenditure.

4. Audit Arrangements

In addition to councillor review and the review by the ICO, an internal audit by an independent examiner is carried out annually, together with an interim review. The Internal Auditor reports to the Council in accordance with Audit Commission requirements. The Council's records are subject to external audit in accordance with the Commission's requirements.

Assessment of risk relating to audit arrangements

The system in place is considered adequate.

5. Salary and related expenses

The Council employs the Parish Clerk. The clerk's salary is paid by Standing Order from the Council's current account. The clerk's salary scale is reviewed by the Parish Council annually.

The reimbursement of out of pocket costs and expenses is paid by a cheque drawn and approved on the production of receipts and/or written evidence of expenditure. Payment records relating to this expenditure are subject to review by the ICO and the Internal Auditor.

Assessment of risk relating to salary and expenses

It is considered that the controls relating to this expenditure is adequate to protect the Council.

6. PAYE Registration

The Parish Council is registered for PAYE. A copy of the clerk's P46 is held on file and the necessary returns are paid to HM Revenue & Customs.

It is important for any future clerk to contact HM Revenue & Customs with regard to their own personal tax status.

7. Insurance

The Council maintains a policy with Zurich Insurance designed for Local Councils. This provides Public Liability, Fidelity Guarantee and Property cover sufficient to cover risks relating to Council property, their employee, members and third parties. The Council carries Public Liability cover of £10 million and Employers Liability of £10 million. The Council also holds Legal Expenses cover of £250,000.

An annual review of the Council's insurance is carried out by the clerk. Any proposed amendments to the policy are reported to the Council for consideration.

Assessment of risk relating to insurance

It is considered that the measures in place are adequate to protect the Council.

8. Grants Policy

The objective of the policy is to support those activities and causes which benefit the parish of Carbrooke. In its Grants Policy, the Parish Council sets out the criteria which must be met for a group to be considered for a grant. The financing of Grants comes from the Parish Council's Section 137 allowance. Individuals, businesses, political groups or parties are not eligible for grant funding.

It is considered that the Grants Policy is a fair and open means of supporting those activities and causes which benefit the parish of Carbrooke.

9. Best Value

The Council's Financial Regulations provide for a tendering process for material expenditure to ensure that best value is obtained in the supply of goods and services. The Financial Regulations are reviewed annually.

This review was prepared by the clerk and approved by Carbrooke Parish Council at its meeting held in March 2020.

The policy will be reviewed at the Council's meeting in March 2021.

Appendix A

Internal Audit

Review of the Effectiveness of the Internal Audit Process

1. Action Plan for the Financial Year

Appointment of an Internal Control Officer at each Annual Parish Council meeting.

Appointment of an Internal Auditor.

Set annual review dates for all relevant documents.

Provide training as required for the clerk and councillors.

Provide adequate resources to complete the above.

2. Checklist of Assurance Processes

Annual Review :

Financial Regulations.

Standing Orders.

Risk Management Policy.

Internal Control Policy.

Routine information presented to Council:

Bank Reconciliations.

Reports of Actual expenditure to Budgeted expenditure.

Annual Process:

Budget.

Annual Return and Explanation of Significant Variances.

Internal Control Officer's reports.

Internal Auditor's report.

Asset Register and report.

External Auditor's report.

Internal Control Procedures

The following measures are in place and incorporated within the Council's adopted Internal Control policy.

Invoices are approved for payment by resolution.

Cheques and counterfoils are initialled by two councillors/signatories.

Receipts and payments are entered into the Council's Cash Book each month.

The Cash Book is presented to councillors in advance of each Council meeting.

The Council's bank balances are presented to each Council meeting.

The Council annually reviews its Financial Regulations, Standing Orders, Risk Management policy and Internal Control policy.

The Internal Control Officer (non cheque signatory) is appointed annually.

The Council has a Responsible Financial Officer (the Clerk).

Internal Audit

An independent and competent internal auditor is appointed by the Council. The Internal Audit is carried out at the year end and a written report is presented to the Council. This is in addition to the report included in the Annual Return. The report details findings in relation to financial control, book-keeping, budgetary controls, risk management, payroll and year end procedures.