

Date: 07 December 2023

Title: Report Item 11 – Risk Management Strategy

By: S Adeniji (Clerk)

Purpose: To approve the Risk Management Strategy

Recommendations: a) To consider and approve the Risk Management Strategy
b) In accordance with para 2.2 of the Council's Financial Regulations, to agree on a procedure for a quarterly Councillor Audit to check bank statements and reconciliation reports.

Introduction:

1. The Risk Management Strategy was updated in July 2024 and therefore needs to be rectified. This version has minor changes and mainly reflects the creation of the Deputy Clerk's position.
2. The Council's Financial Regulations states

"On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman or a cheque signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar documents) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council"

This verification of the bank reconciliation and bank statements (Councillor Audit) is not in place, and the Council is at risk of failing its financial governance.

3. A checklist to be used for the Councillor Audit is attached in ANNEX TWO.

East Dean and Friston Parish Council - Risk Management Plan

The Levels of Risk are categorised as: H = High; M = Medium; and L = Low

1 Maladministration of Council Business

Maladministration may result in undemocratic or illegal actions.

Category	Current Safeguards	Level	Further Action Required
1.1 Standing Orders	<p>Standing orders are distributed to each member. They are reviewed each year and updated where necessary.</p> <p>Review of Standing Orders and Financial Regulations are considered by Full Council each year.</p> <p>Responsible: Chairman and Clerk</p>	M	
1.2 Meetings	<p>Meetings are open to all residents of the parish and advice on how to join hybrid meetings on a remote platform is provided with notices of meetings and on the agendas.</p> <p>Standing Order 3 was amended at a meeting on 29 July 2021 to regulate the submission of comments by members of the public at hybrid meetings, for consideration in the Public Session. Twenty four hours' notice is required. SO 3 also lays out detailed regulations for hybrid meetings generally.</p> <p>Responsible: Chairman, Clerk and Deputy Clerk</p>	M	The effectiveness of the revised Standing Order 3 may need to be kept under review as the public response to Covid-19 evolves.

1.3 Committees	<p>All committees have defined responsibilities; they review their remits annually.</p> <p>The full council is responsible for monitoring all finances of the Parish and matters such as Health and Safety, Risk Management etc.</p> <p>The Planning Committee has delegated powers, and also reports to full council</p> <p>Responsible: Chairman, Clerk and Deputy Clerk</p>	M	
1.4 Information	<p>Documents containing Standing Orders, Financial Regulations, Terms of Reference of Committees; Communications and Complaints procedure; Code of Conduct; Data Protection; Freedom of Information; Press and Media policy; Emergency Plan; Asset Register; etc.) are all publicly available on the council website.</p> <p>Members will be provided with up to date digital copies of all relevant documentation on which the Parish Council acts or in which it has an interest or responsibility. The information provided is the property of the Parish Council</p> <p>Responsible: Chairman, Clerk and Deputy Clerk</p>	M	

2 Risk of Failed External Audit through Poor Accounting

A failed external audit may result in lack of financial control of public money

Category	Current Safeguards	Level	Further Action Required
2.1 Financial Regulations	<p>There are separate Financial Regulations which conform to the required standard of accounting. They are reviewed annually by Full Council (last on 18th May 2023)</p> <p>On the issue of updated model financial regulations by the National Association of Local Councils, the Parish Council will implement them after considering any discretions.</p> <p>Responsible: Chairman and RFO</p>	<p>M</p> <p>M</p>	There has been no NALC update since March 2020
2.2 Budgets	<p>Budget monitoring is carried out on a six-monthly basis and provided to members on presentation of the Estimates.</p> <p>The Full Council to receive from the RFO a quarterly report showing all items of actual income and expenditure against the Council's Original or Revised Budget - Reports scheduled: 30 July, 30 October, 31 January and at Final Accounts.</p> <p>Responsible: RFO</p>	M	
2.3 Audit	<p>The Chair, Vice Chair and Appointed Member are appointed to inspect the accounts and undertake test checks of financial transactions as required by full council.</p> <p>The Internal Auditor carries out the main audit at the year's end when an Annual Report is prepared for members and for the External Auditors.</p>	M	

	<p>authority to make payments online subject to council approval. The Deputy Clerk would have the authority to make payments online subject to council approval; Other signatories of members or officers should be revoked</p> <p>Cheque signatories are identified and signing procedures are in place. Online banking is established and supported by Member security arrangements. The Admin Officer is empowered to make online payments in the absence of the clerk, following the review of Financial Regulations by council in March 2020.</p> <p>Responsible: Chair, Vice Chair, Cllr Hill, Clerk/RFO, Deputy Clerk</p>		
3.4 Assets	<p>An Assets Register is kept and assets are added / deleted as necessary. Values are recorded at purchase price and the insurable value is reassessed each year</p> <p>The Council has taken action to indemnify itself against financial losses.</p> <p>The council has appointed a Deputy Clerk for Key Personnel cover</p> <p>The Council engages the services of the District Valuer to undertake re-valuations of property and land in the ownership of the Council, where applicable.</p> <p>The Council uses the Public Work Loans Board to finance capital projects, as when necessary.</p> <p>Responsible: Chairman and RFO</p>	<p>M</p> <p>M</p>	

4

Health and Safety

Accidents and claims against the Council may result in financial loss.

Category	Current Safeguards	Level	Further Action Required
4.1 Personnel	<p>Meetings are currently being held in person following the lifting of Covid-19 restrictions, but hybrid arrangements are also in place. . Officers routinely work from home and are compliant with Covid-19 regulations in force at the time.</p> <p>Responsible: Chairman and Clerk</p>	M	
4.2 Competence	<p>The council takes qualified advice on health and safety risk management as required</p> <p>Responsible: Chairman and Clerk</p>	M	
4.3 Prevention	<p>No physical work will be undertaken other than by competent personnel.</p> <p>Competent contractors will be utilised for any higher risk activities.</p> <p>The Parish Council will ensure that any accident occurring on Parish Council business is recorded as soon after the incident as possible and that a suitable investigation report is documented.</p> <p>Responsible: Chairman and Clerk</p>	M	
4.4. Motor Insurance	<p>The Parish Council will ensure that any employee required to use a vehicle in connection with their duties are comprehensively insured for this use.</p> <p>In the case of Members the Parish Council recommends that similar insurance cover is obtained and maintained throughout the period of service.</p> <p>Responsible: Chairman and RFO</p>	M	

5 Security Arrangements

Failure in security arrangements may result in loss of data and the inability to enact Council business

Category	Current Safeguards	Level	Further Action Required
5.1 Secure Storage for computerised data	<p>Computer Systems used by the Parish Council are password protected and regularly backed up by the Clerk and Deputy Clerk</p> <p>The RFO takes a regular backup of all the accounting system and sends copies to the Chair and Vice Chair</p> <p>Responsible: Chair, Vice Chair, and Clerk/RFO</p>	H	The clerk was instructed to include a request for cybercrime insurance when quotes were sought for renewal of the main policy in spring 2022. The Council did not opt for renewed cybercrime cover when it took out new insurance cover as Cybercrime insurance is very expensive and comes with criteria that are hard to verify.
5.2 Secure Storage for legal documents	<p>The Council uses the County Record Office (a secure facility) to store original documents off site</p> <p>Responsible: Chairman and Clerk</p>	H	
5.3 Vandalism /terrorism	<p>This risk is considered insignificant for this council</p> <p>Responsible: Chairman and Clerk/RFO</p>	L	

6 Risk of Damage to Office, Buildings and Equipment
Damage to the Office, buildings and equipment may result in financial loss.

Category	Current Safeguards	Level	Further Action Required
6.1 Office	<p>The office is covered under the parish council's insurance and an adequate fire alarm is in place</p> <p>Responsible: Chairman and Clerk/RFO</p>	M	
6.2 Building Insurance	<p>The Parish Council has insurance on the cricket pavilion and all the bus shelters it owns</p>	M	

	Responsible: Chairman and RFO		
6.3 Equipment Insurance	<p>All major equipment (playground and office equipment) is insured under the Parish Council insurance and could be replaced at short notice.</p> <p>Responsible: Chairman and RFO</p>	M	

7 Risk of Personal Injury

Personal injury may result in claims of negligence, compensation and hence financial loss.

Category	Current Safeguards	Level	Further Action Required
7.1 Recreation Ground; Friston Green; Downlands Way car park	<p>Regular inspections of playground and pavilion are carried out by an appointed Member. Any required actions are taken to correct any significant risks.</p> <p>There is an annual Wicksteed inspection of the equipment on the Recreation Ground (play area) any required actions are taken to correct any significant risks.</p> <p>Responsible: Chairman, Appointed Member, Clerk/RFO</p>	<p>M</p> <p>M</p>	<p>The Lead Member for the Recreation Ground undertakes regular visual inspections</p>
7.2 Buildings	<p>The pavilion caretaker reports any defects to full council</p> <p>A maintenance person cleans and inspects all bus shelters on a monthly basis.</p> <p>Responsible: Chairman, Pavilion Caretaker; maintenance man; Clerk/RFO</p>	M	<p>The Pavilion caretaker will retire at the end of the season. The person responsible for cleaning the bus shelters will be also nearing retirement.</p>
7.3 Equipment	<p>The Parish Council requires the safety inspection of all equipment. There are regular inspections of recreation ground and highway seats and repairs are carried out as necessary. (The council has a budget for immediate repairs). All such work is reported to the full Council</p> <p>The Council ensures that fire extinguishers at the pavilion are tested and maintained annually; and an electrical installation condition report is obtained every five years.</p> <p>Responsible: Chairman, Appointed Member and Clerk</p>	<p>M</p> <p>M</p>	<p>This should be done before the 2023 season begins</p>

8 Risk of Financial Loss from Contracts/Contractors
Financial loss may result in inability to enact Council business.

Category	Current Safeguards	Level	Further Action Required
8.1 Financial Loss from Contracts / Contractors	<p>The Parish Council's Financial Regulations contain proper quotations procedures.</p> <p>When the Parish Council enters into large contracts professional advice is sought.</p> <p>Responsible: Chairman and Clerk/RFO</p>	M	

9 Negligence
Claims against the Council for negligence may result in financial loss.

Category	Current Safeguards	Level	Further Action Required
<p>Arising through:</p> <p>[a] defective or vandalised equipment or</p> <p>[b] failure to warn the public of the same</p>	<p>The Parish council has Public Liability Insurance. See safeguards listed under 5.3 and 7.</p> <p>Responsible: Chairman and Clerk/RFO</p>	M	

10 Loss of Staff

Loss of Staff may result in the Council being unable to undertake its administrative functions or enact its business.

Category	Current Safeguards	Level	Further Action Required
10.1 Pay Arrangements	Staff are paid in accordance with National Association of Local Councils/Society of Local Council Clerks rates of pay. Responsible: Chairman and Vice Chairman	L	
10.2 Staff Morale	Good relations are maintained between staff and key members, including freedom to express differing views, identify training needs, attend conferences etc. Responsible: All Members	L	
10.3 Working Conditions	The Clerk and Deputy Clerk work from home; suitable equipment is provided and upgraded as necessary. Responsible: Chairman and Vice Chairman	L	
10.4 Annual Appraisals	The Council has an Annual Appraisal Scheme for employees. Responsible: Chairman and Vice Chairman	L	

It is recommended that this plan be reviewed annually at the July Parish Council meeting.

11. Emergency Plan Risk prioritisation

This is now reflected in the Parish's Emergency Plan

Councillor Audit Guide 2023 -24

The Councillor Audit Guide provides guidance on how to complete a Councillor audit in accordance with East Dean & Friston Parish Council's Financial Regulations.

WHY AM I HERE?

The purpose of the Councillor Audit is to verify that the bank reconciliation reports produced by the RFO matches the figures reported in bank statements, as per article 2.2 of the Council's Financial Regulations.

You may also wish to confirm that payments over £500 have been authorised by Members as per article 1.14.

WHAT SHOULD I HAVE?

You should have been provided:

- A copy of the bank statements provided by Barclays Bank.
- The individual account reconciliation reports and the reconciliation for all banks report
- List reports of
 - all payments,
 - all receipts and

WHAT DO I NEED TO DO?

TASKS	DONE
1. Check the cashbook reconciliation report, matches the individual bank reconciliation statements.	<input type="checkbox"/>
2. Check to confirm that the account balance on the bank statement matches the bank reconciliation statement for each bank account. If figures do not match , request an explanation from the RFO. Proceed when the reconciliation report matches the bank statement or if you receive an adequate explanation.	<input type="checkbox"/>
3. Check the list reports, of payments and receipts and compare them to the bank statements. Take a random sampling of transactions from each report and try to match them to payments made in the bank statement If you cannot match a transaction , note the voucher number(s), the bank account, and the type of transaction (payment/receipt/transfer) and request an explanation from	<input type="checkbox"/>

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<p>the RFO.</p> <p>Proceed when you are satisfied that the transactions reported in the relevant list report matches the transactions on the bank statements. Note that some transactions in the bank statement may be posted as multiple transactions in the list report and vice versa (e.g.: payroll, HMRC PAYE and NICs, pension contributions).</p>	
<p>4. Conduct a random check to ensure that all Payments have been approved by the Council, either before or after they have been made.</p>	<input type="checkbox"/>
<p>5. When you are satisfied that everything is in order; please sign* the original bank statements</p> <p>and</p> <p>6. Full reconciliation report as evidence that they have been verified</p>	<input type="checkbox"/> <input type="checkbox"/>

If you completed your Councillor Audit with digital copies, you must also verify that the original bank statements and reconciliation reports match the copies you were provided.

Finally, you are asked to sign a Certificate of Audit. This is used to report to Full Council that you have audited the accounts and that you have verified that the bank reconciliation matches the bank statements.

***The Councillor who signs the bank statements must not be a signatory on the bank account.**