

LOCAL COUNCILS' GOVERNANCE & ACCOUNTABILITY

FINANCIAL RISK MANAGEMENT ASSESSMENT

MILDENHALL PARISH COUNCIL, SUFFOLK

Members are ultimately responsible for risk management because risks threaten the achievement of policy objectives. As a minimum, members should:

- Take steps to identify key risks facing the Council;
- Evaluate the potential consequences to the Council if an event identified as a risk takes place; and
- Decide upon appropriate measures to avoid, reduce or control the risk or its consequences.

1. AREAS WHERE INSURANCE IS USED TO HELP MANAGE RISK

a. Risk Identification

Insurance cover for certain types of inherent risks:

- i. Employers liability for employees

£10,000,000

- ii. The protection of physical assets owned by the Council – buildings, furniture, equipment, etc (loss or damage)

Material Damage £1,139,600 inflation indexed
All Risks £223,541 inflation indexed

- iii. The risk of damage to third party property or individuals as a consequence of the Council providing services or amenities to the public (public liability)

Public Liability (third party) £10,000,000

- iv. Loss of cash through theft or dishonesty (fidelity guarantee)

Fidelity Guarantee £800,000
Money Scale

- v. Legal liability as a consequence of asset ownership (public liability)

Public Liability (asset ownership) Included in (iii) above

- vi. Personal Accident for employees, members and volunteers

Personal Accident Scale

- vii. The protection of the Council against litigation (libel and slander, legal expenses)

Libel & Slander £250,000
Legal Expenses £100,000

b. Internal Controls

- i. An up to date register of assets and investments

Computer updated for acquisitions and disposals on occurrence.

- ii. Regular maintenance arrangements for physical assets

In house daily/weekly/monthly recorded inspections in place. External inspections and maintenance fire equipment and gas equipment. External inspection children's playground.

- iii. Annual review of risk and the adequacy of cover

Ongoing/continuous review of insurance cover by the CEO

- iv. Ensuring the robustness of insurance providers

Major player (part of Zurich Financial Services), main local government specialist, financially sound per UK annual report/accounts.

c. Internal Audit Assurance

- i. Review of internal controls in place and their documentation }
- ii. Review of management arrangements regarding insurance cover }
- iii. Testing of specific internal controls and reporting findings to management. }

Qualified independent internal auditor currently Parish Council Internal Audit Service who specialise in Parish Councils.

2. AREAS INVOLVING OTHERS TO MANAGE RISK

a. Risk Identification

- i. Professional Services (architects, legal, surveyors)

Specialist professional firms used as and when required.

b. Internal Controls

- i. Standing orders and financial regulations dealing with the award of contracts for services or the purchase of capital equipment

Adopted 27 February 2003 and reviewed annually

- ii. Regular reporting on performance by suppliers/providers/contractors

Ongoing review and reporting to Committees

- iii. Regular review of contracts

Ongoing review and prior to expiry

- iv. Clear statements of management responsibility for each service

In place

- v. Regular scrutiny of performance against targets

Financial Comparisons – monthly for RFO; quarterly for members.

- vi. Adoption of and adherence to codes of practice for procurement and investment

Governed by Financial Regulations adopted 27 February 2003 and reviewed annually

- vii. Arrangements to detect and deter fraud and/or corruption

Financial Regulations, Policies/Procedures adopted 27 February 2003, and reviewed annually, supplemented by RFO checks

- viii. Regular bank reconciliation independently reviewed

Produced monthly by the Finance Assistant and checked each month by the RFO.

c. Internal Audit Assurance

Internal audit testing:

- i. Review of internal controls in place and their documentation }
- ii. Review of minutes to ensure legal powers are available and the basis of the powers recorded and correctly applied }
- iii. Review and testing of arrangements to prevent and detect fraud and corruption }
- iv. Review of adequacy of insurance cover provided by suppliers }
- v. Testing of specific internal controls and reporting findings to management. }

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3. AREAS WHERE RISK IS SELF MANAGED

a. Risk Identification

- i. Keeping proper financial records in accordance with statutory requirements
Set up to accord with the Accounts & Audit Regulations 2003 and as amended.
- ii. Ensuring all business activities are within legal powers applicable to Local Councils
RFO, Finance Assistant and Council's authorisation of payments all play a key part.
- iii. Complying with restrictions on borrowing
RFO and Council's authorisation although restrictions now lifted
- iv. Ensuring that all requirements are met under employment law and Inland Revenue regulations
RFO, Finance Assistant and Council's authorisation
- v. Ensuring all requirements are met under Customs & Excise regulations (especially VAT)
RFO and Finance Assistant
- vi. Ensuring the adequacy of the annual precept within sound budgeting arrangements
Initially prepared by RFO and Finance Assistant; each Committee then approves its budget; Establishment/Policy Committee scrutinises; Council makes final decision.
- vii. Monitoring of performance against agreed standards under partnership agreements
Ongoing review of individual agreements
Proof of purchase of equipment obtained and monies of £2000 or greater expanded.
- viii. Proper, timely and accurate reporting of Council business in the minutes
Minutes produced within a few days of a meeting for approval at the next Council Meeting.
- ix. Responding to electors wishing to exercise their rights of inspection
Relevant documents readily available during the statutory notice of audit period and under the Freedom of Information Act as adopted by Mildenhall Parish Council on 20th November 2008
- x. Meeting the laid down timetables when responding to consultation invitation

- xí. **Consultations are considered by individual Councillors and/or a group of Councillors depending on the size, complexity and time frame of the consultation.**
- xii. Meeting the requirements or Quality Parish status or other accreditation
Aim to meet the requirements when formally laid down.
- xiii. Proper document control
Deeds in locked safe, Parish Council's Solicitor, financial stationery, registers and files numbered
- xiv. Register of members' interests and gifts and hospitality complete, accurate and **reviewed annually in December.**

b. Internal Controls

Council Policies and Procedures:

- i. Regular scrutiny of financial records and proper arrangements for the approval of expenditure
RFO and Council authorisation
- ii. Recording in the minutes the precise powers under which expenditure is being approved
Major shown.
- iii. Regular returns to the Inland Revenue; contracts of employment for all staff, annually reviewed by the Council, systems of updating records for any changes in relevant legislation
Monthly and year end returned to the Inland Revenue; contracts of employment for staff annually reviewed by Council; records updated to reflect changes in legislation
- iv. Regular returns of VAT; training the responsible officer in matters of VAT and other taxation issues as necessary
Quarterly returns of VAT; RFO and Finance Assistant kept up to date by notifications from Inland Revenue and Customs/Excise.
- v. Regular budget monitoring statements
Monthly for RFO; quarterly for members
- vi. Developing systems of performance measurement
Will be maintained through Quality Parish Status
- vii. Procedures for dealing with and monitoring grants or loans made or received
Acknowledgements for monies obtained and follow up of items purchased
- viii. Minutes properly numbered and paginated with a master copy kept in safekeeping
Minutes numbered, paginated and official copy kept in locked safe
- ix. Documented procedures to deal with responses to consultation requests

Considered by Committees

- x. Documented procedures for document receipt, circulation, response, handling and filing

Policies & Procedures

- xi. Procedures in place for recording and monitoring members' interest and gifts and hospitality received.

Register, Forms and Declarations Book for Meetings

- xii. Adoption of codes of conduct for members and employees

Statutory Instrument 2007 No. 1159 Local Authorities Model Code of Conduct (including paragraph 12(2)) adopted 17 May 2007.

c. Internal Audit Assurance

- i. Review of internal controls in place and their documentation }
- ii. Review of minutes to ensure legal powers in place, recorded and correctly applied }
- iii. Testing of income and expenditure from minutes to cashbook, from bank statements to cashbook, from minutes to statements etc. including petty cash transactions }
- iv. Review and testing of arrangements to prevent and detect fraud and corruption }
- v. Testing of disclosures }
- vi. Testing of specific internal controls and reporting finds to management }

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Revised by Establishment & Policy Committee

- 01.12.05 Confirmed at the following full Council meeting 15.12.05**
- 07.12.06 Confirmed at the following full Council meeting 14.12.06**
- 29.11.07 Confirmed at the following full Council meeting 13.12.07**
- 27.11.08 Confirmed at the following full Council meeting 11.12.08**
- 19.11.09 Confirmed at the following full Council meeting 26.11.09**
- 11.11.10 Confirmed at the following full Council meeting 25.11.10**