

## Risk Management Policy & Risk Assessment and Management

### Risk Management Policy

Honeybourne Parish Council is committed to identifying and managing risk, and as a result should have in place a system to help manage it.

The recognition and management of risk is integral to the Council's stewardship of its assets and resources, and to the effective and efficient discharge of its duties and responsibilities to the community. Risks may be financial or non-financial.

The Parish Clerk (who is also the Responsible Financial Officer) will review risks on a regular basis, including any newly identified risks, and will report to Council. The review will include identification of any unacceptable levels of risk.

The Local Councils Governance and Accountability Guide states that the authority needs to have the following arrangements in place:

- Identifying and assessing risks — the authority needs to identify, assess and record risks associated with actions and decisions it has taken or considered taking during the year that could have financial or reputational consequences.
- Addressing risks — having identified, assessed and recorded the risks, the authority needs to address them by ensuring that appropriate measures are in place to mitigate and manage risk. This might include the introduction of internal controls and/or appropriate use of insurance cover.

Members are ultimately responsible for risk management, because risk threatens the achievement of policy objectives. The Council should therefore ensure that it:

- identifies key risks facing the Council;
- evaluates the potential impact on the Council of one of these risks taking place, and agrees measures to avoid, reduce or control the risk or its consequence; and
- records any conclusions or decisions reached.

Areas of risk to a Parish Council might include the following:

- Physical assets — buildings, equipment, IT hardware, mobile phone etc.
- Finance — banking, loss of income etc.
- Injury to the public — in the playground and recreation ground, allotments and at the burial ground.
- Compliance with legal requirements — agendas and minutes, burial records etc.
- Councillor propriety — non-declaration of interests, disregarding the Code of Conduct etc.

There are three main ways of managing risk: taking out insurance; working with another party to reduce the risk; or managing the risk directly.

### A. Areas Where Insurance Helps Manage Risk

#### 1. Risk Identification

Insurance cover for risk is the most common approach to certain types of inherent risk:

Date adopted: 12th November 2024

Minute Number: 24/452(II)

Date of next review: November 2027

- i. Protection of physical assets — all physical assets are insured.
- ii. Public liability — HPC has Public Liability Insurance of £10,000,000.
- iii. Employers' Liability — HPC has Employers' Liability Insurance cover.
- iv. Officials' Indemnity.
- v. Personal Accident.
- vi. Legal Expenses.
- vii. Libel and Slander.
- viii. Fidelity Guarantee.

## **2. Internal Controls**

- i. Maintain an up-to-date register of assets and investments. The Asset Register is reviewed annually by the Parish Clerk and Members.
- ii. Regular maintenance for physical assets. Seats, picnic tables and bins are monitored by the Parish Clerk through the Parish Handyman.
- iii. Annual review of risk and the adequacy and robustness of insurance cover. The Parish Clerk reviews the insurance cover annually, makes recommendations for approval by Council, and updates cover as agreed.

## **3. Internal Audit Assurance**

- i. Review of internal controls in place and their documentation — internal controls are reviewed as necessary by the Parish Clerk, Council and Internal Auditor. Recommendations are submitted to Council for consideration and approval.

# **B. Areas Where Working with Others Helps Manage Risk**

## **1. Risk Identification**

- i. Security for vulnerable buildings, amenities or equipment — the office and the Parish Clerk's home are insured, and Council equipment is kept secure. The office has an alarm.
- ii. Maintenance for amenities and equipment — specialist contractors are used as needed. A weekly inspection is carried out on amenities by the Parish Handyman.
- iii. Banking services — reviewed annually by Council. All cheque payments require two signatures. Council approves all payments.
- iv. Online bank account access is restricted to signatories and the Clerk.
- v. Professional services and contractors — the Council endeavours, wherever possible, to select from several providers of any professional service it requires.
- vi. Provision of amenities/facilities — a licence or lease for use of the pavilion and sports field is maintained and reviewed for long-term rental.

## **2. Internal Controls**

- i. Standing Orders and Financial Regulations dealing with the award of contracts for services and purchases.
- ii. Arrangements to detect and deter fraud and/or corruption — invoices are scrutinised by both the Parish Clerk and bank signatories; staff overtime is approved only by Full Council; expenses are approved only after submission of a fully detailed claim form.

- iii. Regular bank reconciliations, independently reviewed — bank statements are received monthly and reconciled by the Parish Clerk, with a bank reconciliation included at every Council meeting. Quarterly financial checks are carried out by a member of the Council and signed off when completed.

### **3. Internal Audit Assurance**

- i. Review of internal controls in place and their documentation, with recommendations from the Parish Clerk and Internal Auditor submitted to Council.
- ii. Review of minutes to ensure legal powers are available and the basis of the powers recorded and correctly applied. Where appropriate, legal powers are recorded in the minutes against the decision taken, and minutes are reviewed during the internal audit process.
- iii. Review of arrangements to prevent and detect fraud and corruption, through Standing Orders, Financial Regulations, internal controls and Council consideration.

## **C. Areas Where the Council Self-Manages Risk**

### **1. Risk Identification**

Keep proper financial records in accordance with statutory regulations. Financial records are kept in accordance with statutory requirements and reviewed as part of the audit process.

- i. Complying with restrictions on borrowing — there is currently no borrowing.
- ii. Ensuring that all requirements are met under employment law and HMRC regulations — an external payroll contractor is used for all staff salaries, and salary forecasts are undertaken as part of the budget-setting process.
- iii. Ensuring all requirements are met under Customs and Excise regulations — HPC is not VAT registered, and any such matters are handled by the Parish Clerk and the internal audit process.
- iv. Ensuring the adequacy of the annual precept within sound budgeting arrangements — the budget is reviewed and approved by Council annually.
- v. Ensuring the proper use of funds granted to local community bodies under specific powers, including Section 137 — grant applications are considered by Council within the parameters of the Grant Policy.
- vi. Proper, timely and accurate reporting of Council business in the minutes — Council minutes are distributed to Members well in advance of the subsequent meeting, checked for accuracy, and verified as a correct record at the start of the next meeting. Any working party notes are presented to the Council for information and ratification.
- vii. Responding to electors wishing to exercise their rights of inspection — the Council has adopted the Publication Scheme under the Freedom of Information Act 2000 and has its own written policy.
- viii. Proper document control — paperwork is retained in accordance with national guidance set out in the Council's Document Retention Policy. Relevant documents are available for viewing on request. The Council is registered for data protection.
- ix. A register of Members' interests, gifts and hospitality is kept complete, accurate and up to date. A copy of the register is held by the Parish Clerk, with the original held by the Monitoring Officer at Wychavon District Council. It is the responsibility of Members to notify the Parish Clerk of changes.

### **2. Internal Controls**

- i. Regular scrutiny of financial records and proper arrangements for the approval of expenditure — monthly payment schedules are submitted to Council for approval prior to payments being made.
- ii. Recording in the minutes the precise powers under which expenditure is being approved.

- iii. Regular returns to HMRC, completed by the external payroll contractor and submitted by the Parish Clerk; staff salaries are calculated by the external payroll contractor.
- iv. Regular VAT returns, completed and submitted by the Parish Clerk at least annually, or more frequently according to the level of expenditure.
- v. A developing system of performance measurement — staff appraisal for the Parish Clerk is undertaken annually by the Chairman, in accordance with legislation.
- vi. Minutes are properly numbered, with a master copy kept in safekeeping. All Council, Committee and Working Party minutes are correctly numbered, loose-leaf and signed. Original copies are kept in the Parish Council office and also as computer files, backed up locally and remotely.
- vii. Documented procedures to deal with enquiries from the public by call, letter or email — these are dealt with as soon as practicable unless referred to Council, with acknowledgement made and all contacts recorded.
- viii. Documented procedures for document receipt, circulation, response, handling and filing. The Parish Clerk receives all mail, including emails; relevant mail is listed for consideration, and mail for action is dealt with and filed when actions are completed.
- ix. Adoption of the Code of Conduct for Members.

### **3. Internal Audit Assurance**

- i. Review of internal controls in place and their documentation — reviewed as necessary by the Parish Clerk, Chairman and Internal Auditor, with recommendations submitted to Council.
- ii. Review of minutes to ensure legal powers are in place, recorded and correctly applied.
- iii. Computer data safety — all necessary procedures and documents are computerised, and all relevant areas of the Parish Clerk's computer are backed up daily to external hard drive and remote storage.

## Risk Assessment and Management

Likelihood multiplied by Impact = Risk Rating Score. Risk Ratings: High 5; Medium 4, 3, 2; Low 1.

Risk Area	Potential Risk	L	I	Score	Potential Impact	Mitigation	Evidence	Agreed Improvements
Assets	Damage to physical assets as identified on the asset register	1-2	1-2	Low-Med	Cost of replacing damaged, destroyed or missing assets. Loss of facilities.	Maintain Asset Register. Maintain assets. Adequate insurance.	Current insurance policy. Maintenance contract. Risk-assessed fixed asset list.	Regular review of insurance and maintenance contract.
Finance	Banking procedures	1	3	Medium	Cash flow problems. Increased potential for fraud.	Clear procedure via Financial Regulations. Regular banking/reconciliation. Internal audit by Councillors. Mandate kept up to date.	Banking procedure agreed by Council. Monthly reconciled statements. Signed annual internal audit.	Ensure all Members have a copy of banking procedure; review bank mandate.
Finance	Loss of income due to damage or theft	1	1	Low	Inability to provide expected service. Loss of key data.	Adequate insurance. Important documents backed up to off-site remote storage.	Current insurance policy. Data back-up on cloud.	Review consequential loss cover. Store key documents in fireproof lockable cabinet where possible.
Finance	Loss of income due to non-payment of sales invoices	2	1	Medium	Cash flow	Clerk issues reminders. Burial requires pre-payment. Multiple payment methods detailed on invoice. Automated reminders.	Copies of invoices.	Further action letters; legal proceedings if required.
Finance	Loss of cash through theft or dishonesty	1	3	Medium	Adverse publicity and reputational risk. Financial loss.	Insurance cover.	Current insurance policy.	Review level of fidelity insurance relevant to size/activity of Council.
Finance	Non-compliance with HMRC regulations	1	2	Medium	Penalties/fines for late returns, errors.	External advice when necessary. Not VAT registered. Payroll administered by external contractor.	Monthly payslips. Payments to HMRC as advised.	Maintain monthly and quarterly returns.
Finance	Inadequate financial controls and records	1	2	Medium	Lack of control over assets. Higher likelihood of	Experienced Parish Clerk. Adherence to Financial Regulations.	Bank reconciliation statements monthly. Signed authorisation reports/cheque stubs. Approved	Complete policy review programme. Update asset register for new purchases.

					fraud/misappropriation. Ineffective reporting. Qualified audit report.	Accounts on Scribe software. Asset register updated. Monthly bank reconciliations. Expenditure approved by Council. Two signatories. Annual independent and internal audit.	bank mandate signatories. Unqualified auditor's statement.	Financial admin training for Clerk and Members.
Finance	Inadequate budgeting	1	2	Medium	Council receives less funding than required to meet obligations.	Council prepares detailed balanced budget in late autumn. Precept determined directly from this budget.	Budget and precept as per Council minutes.	—
Finance	Non-compliance with borrowing restrictions	1	1	Low	Council acting outside its powers.	Justification for any additional borrowing fully reviewed and approved by Council. Borrowing approval via NALC.	Internal and external audit reviews.	Not currently required.
Liability	Third party property or individuals	1	3	Medium	Funding cost of a successful action or claim. Reputational risk.	Public liability insurance cover.	Current insurance policy.	—
Liability	Legal liability because of asset ownership, e.g. street furniture	1	3	Medium	Cost of a successful claim. Reputational risk.	Adequate insurance; clarify land ownership responsibility.	Current insurance policy. Proof of ownership.	—
Employer Liability	Non-compliance with employment law	1	3	Medium	Employee dissatisfaction and disputes, leading to industrial tribunal.	Employer Liability Insurance. Relevant staff training and experience. Advice from professional advisers and membership bodies (e.g. CALC, SLCC).	Staff qualifications and training records. Membership confirmation.	Review line management responsibilities. Appraisal Policy.
Employer Liability	Non-compliance with HMRC requirements	1	3	Medium	Fines and penalties for late returns/errors. HMRC investigation.	Relevant staff experience. External contractor administrators	Record of HMRC returns and submissions.	Chair to note receipt of HMRC notifications.

Date adopted: 12th November 2024  
Minute Number: 24/452(II)  
Date of next review: November 2027

						returns and documentation.		
Employer Liability	Safety of staff and visitors	1	1	Low	Funding cost of a successful action or claim. Reputational risk.	Adequate insurance. Relevant staff training. Adherence to Council policy on lone working and health and safety.	Current insurance cover.	Health & Safety, Lone Worker and Homeworking Policies all adopted; reviewed alongside this policy.
Contractual Liability	Failure to fulfil contract	1	2	Medium	Cost of legal support in event of claim. Reputational risk.	Adequate insurance. Both sides agree contract terms. Contractors provide proof of insurance.	Current insurance policy. Signed confirmation of acceptance. Training certificates.	—
Legal Liability	Non-compliance with legal powers (acting ultra vires)	1	1	Low	Potential reputational and financial risk.	Parish Clerk clarifies the legal position. Legal advice taken as necessary. Regular liaison with Worcs CALC/NALC/SLCC.	Council minutes.	—
Legal Liability	Inaccurate and/or non-timely reporting via the minutes	1	3	Medium	Inappropriate or no action taken. Reputational risk. Non-compliance with FOIA.	Full Council meets regularly and approves minutes. Minutes published on website. Staff training.	Minutes consecutively numbered, signed and dated; available in hard copy and on website.	Annual review of Freedom of Information requirements.
Legal Liability	Inaccurate and/or non-timely disclosure via public media, e.g. Facebook/website	1	3	Medium	Misleading information. Legal claims against the Council. Reputational risk.	All media double-checked for accuracy. Permission obtained where needed. Libel/slander insurance.	Regular reporting to Council, recorded in minutes. Permission records retained.	—
Legal Liability	Misconduct of staff	1	1	Low	Reputational risk. Third-party claim against Council. Cost of legal advice.	Regular liaison with Chairman/Staffing Committee. Membership of relevant professional body (SLCC). CPD training.	Diarised meetings with Chairman and Parish Clerk. SLCC membership.	Annual appraisal and review of training needs.
Health & Safety	Failure to comply with legislation	1	3	Medium	Action or claim against the Council. Reputational risk.	Health and Safety Policy in place, reviewed periodically. Checklists and risk	Defibrillators registered and checked. Play equipment inspected weekly, independent annual inspection. MUGA and sports field	Health and Safety, Lone Worker and Homeworking Policies all completed and adopted.

						assessments of relevant activities undertaken.	inspected weekly, independent annual inspection.	
Legal Liability	Document control	1	2	Medium	Loss of key data. Confidential data compromised. ICO investigation. Council unable to function effectively.	Legal documents kept in locked office cabinet. Computer backed up regularly remotely. Data breach insurance cover.	Schedule of documents in locked cabinet. List of statutory documents and storage locations.	—
Councillor Propriety	Non-declaration of interests	1	3	Medium	Councillors' conflict of interest. Corruption. Reputational risk.	Register of interests completed and reviewed annually. Agenda item prompts declaration of DPIs/ORIs. Update forms available at meetings. Training of Councillors.	Register available online via link to District Council website. Declared interests recorded in minutes. Training record maintained.	—
IT	Failure of IT system	1	4	Medium	Loss of service.	Clerk's laptop and IT support contract in place. Passwords changed regularly, different for each account. Laptop health check carried out under contract.	Insurance and IT support contract.	—
IT	IT security	1	2	Medium	Theft. Risk to data protection and council integrity.	Insurance covers cost of replacement. No data stored on the laptop itself — all cloud-based storage, minimising risk.	Current insurance policy. Laptop password protected, passwords changed regularly.	—

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