

Merton Parish Council - Financial Risk Management Record					
Risk Assessment 2022/2023					
Previous Review Date: March 2022					
Update; Review and Resolved: March 202					
Next Review Due: March 2024					
Risk Area	Risk Identified	Level of Risk (H/M/L)	Management of Risk	Action Required	Review Date
Section One: Areas where there may be scope to use Insurance to help manage risk					
Property and contents owned by the Council	Loss or Damage	H	An up-to-date register of assets and investments	Review as and when assets purchased or disposed of. Checked annually by Internal Auditor. Check website list is up-to-date.	
Damage to third party property or individuals	Public Liability	H	Property Maintenance and insurance cover	Insurance held with Zurich Insurance; renewal date 11 October 2023; reviewed by council on 10 October 2023	Sep-23
Consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party	Public Liability	H	Annual review of risk and the adequacy of cover	311,684.72	Sep-23
Loss of cash through theft or dishonesty	Fidelity guarantee	L	Banking requirements handled by Clerk/RFO; restricted cash floats; banking documents held in accordance	Level of £250,000 with Zurich Insurance; Internal controls checked by M. Smith and Internal Auditor	Annual Audit

			with document retention policy; payments & receipts recorded		
Legal liability as a consequence of asset ownership	Public Liability	H	Property Maintenance and insurance cover	Level of cover £12,000.00 with Zurich; maintenance /inspection regime	Sep-23

Section Two: Working with other to help manage risk					
Security for vulnerable buildings, amenities or equipment		M		Inspection regime - Councillors and paid inspectors reviewed and reporting systems.	
The provision of services being carried out under agency/partnership agreements with principal authorities	Standing orders and financial regulations dealing with the award of contracts.	L		Reviewed annually by PC (last on 14.3.2022) and by IA as part of audit; quotes obtained and compared in minutes.	
Banking arrangements, including borrowing or lending.	Detect and deter fraud or corruption	L		Financial regulations and IA review (14.3.2022)	
Ad hoc provision of amenities/facilities for events to local community groups	Public Liability	L		Insurance policy reviewed. Hiring Agreements reviews.	
Vehicle or equipment lease or hire		L		Hire from reputable companies, monitor by council.	
Playing field/Play Area and Woodland Area	External contractors for maintenance. Working Group/volunteers			Hire from reputable companies, monitor by council. Carry out risk assessments for working group or volunteers.	Annual.
Professional Services (architects, accountancy, design etc.)	Standing orders and financial regulations dealing with the award of contracts.	L		County Association for legal or use. IA reviewed regularly, others based on best available advice.	
Section three: Self-managed risk					
Business Activities	Ensuring that	L		Regular reference	Review

	they are within the legal powers of councils			to legislation and guidance. IA review.	
Borrowing	Complying with restrictions	L		Permission from Association of Local Councils	
Employment Law and Inland Revenue Regulations	Ensuring that requirements are met.	L		IA checks reference to laws and regulations.	
Annual Precept	Ensuring adequacy within sound budgeting arrangement	L		IA review and published on website.	Budget process begins in September to meet deadline for submission of requirement to District Council.
Monitoring Performance		L		Councillors review regularly	
Grants	Ensuring proper use of funds granted to local community bodies under specific powers, s137 or GPC	L		Use of correct power to spend. Minuted and checked by IA	
Council Minutes	Proper, timely and accurate reporting of council business in the minutes	L		Posted on website for public to see as per Transparency Code and IA review.	
Rights of Inspection		L		Website/policies updated	Annual
Document Control	Proper Systems	L	Document Retention Policy	Policies approved and published	Annual/As necessary
Register of Members' Interests and Gifts and Hospitality	In place, complete, accurate and up-to-date	L		Internal Auditor and District Council review web links	
Compliance with Transparency Code		L		Stay up-to-date with legislative changes	Minute

Section Four: Business

Business Continuity	PC being unable to carry out its function due to unforeseen events	L	Files & key documents kept at the Clerk's home; computer backup to hard drive (second to be held off site).	Adherence to relevant procedures (as below, Standing Orders & Job Descriptions) - Use of metal filing cabinet at village hall (unlockable).	Regular back-up.
Village Hall	Suitability for PC meetings	L	VH keys held by a list of key holders (to be maintained). Emergency accommodation - St Swithun's Church. Premises considered suitable for	VHC procedures for PAT etc	
Paper Records & Documents	Loss through Fire, theft or accidental damage	L	Purpose See above. Clerks Home working Insurance shared with BPC. Document Retention Policy.	To look at archiving with O.C.C.	Annual review Insurance policy held with Coversure Insurance. Bi-annual review of Retention Policy

Electronic Records	Loss through Fire, theft or electronic attack	L	Clerk's computer backed up to removable media. Appropriate security software installed. Insurance shared with BPC.		Regular back-up. Review of policy held with Coversure Insurance.
Financial Controls & Records	Inadequate checks	M/L	Internal & external audit: Monthly financial statements presented at meetings. On-line payment authorised by two signatories; Payment of invoices approved at meeting.		Internal Control to do quarterly checks. Bank reconciliation. Invoices presented at meetings.
Insurance	PC policy gives inadequate or inappropriate cover or is invalid	L	Third party liability cover for all incl. Woodland. PC Assets; Fidelity Guarantee; Notification of relevant events to Insurance Company	Insurance Policy	Sep-23

Banking	Errors through inadequate procedures	L/M	Reconciliation with Bank Statement. Authorised signatories maintained up-to-date	Financial Regulations	Reviewed annually - Internal Audit
Precept	Adequacy	L/M	Sound budgeting with frequent review and annual review	PC receives monthly budget comparison updates;	Budget/Precept approval to meet required C.D.C. deadline
VAT	Unable to claim through inadequate procedures	M	Invoices to be in Parish Council name. Authorities that are not VAT registered can reclaim VAT they are entitled to recover from HMRC using a VAT126 form (available online). Claims should be made at least annually and can be made monthly as long as the claim is for at least £100 and is for at least one complete calendar month	HMRC Notice 749; Financial Regulations	VAT recovered under Section 33 must be reclaimed within 3 years of the end of the month in which the supply was received
Village Assets	Damage. Adequacy/validity of Insurance. Health & Safety	L/M	Asset Register/ Insurance	Asset register kept up to date and insurance policy at appropriate level; Statutory checks requested on time; Inspection by PC members	Annual review Asset Register/ Insurance policy

Data Protection	Policy Provision	L	Parish Council registered with ICO.	Annual Fee	Review Policy
	Data Protection Officer		Currently no requirement	Review as required	
	GDPR		Policies for Data Protection; Document Retention; Freedom of Information;	Adopt policies and publish	
Freedom of Information Regulations	Policy Provision	L	Privacy Policy. The Parish Council has a model policy publication scheme in place	Published	Review

Smaller authorities should identify both financial and operational risks. The record should include controls/ mitigation and be formally reported and considered by the authority annually.

Larger authorities are likely to adopt more extensive procedures, which, whilst reflecting the basic principles above, may utilise a risk assessment matrix and undertake more extensive risk arrangements (eg a working party to consider risks) and/or a full risk register.

Risks are uncertain events or conditions (not just financial) that if they occur, will affect the authority's ability to achieve its objectives. The authority generally, and members individually are responsible for risk management.

Typical categories of risks include:

- financial – loss of money;
- security – fraud, theft, embezzlement;
- property – damage to property;
- legal – breaking the law or being sued;
- IT – failure of IT systems or misuse or data loss; and
- reputational – actions taken could harm the authority's public reputation.

Risks are unavoidable, but they need to be managed either by mitigation or controls such that they are tolerated, treated, transferred or terminated.

Insurance is a significant way of managing and reducing risks relating to property, cash and legal liability (amongst other things).

The chart below was recommended by the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide

		Priority of risk management			
Likelihood of	Highly Likely (score 3)	Medium (3 x 1)	High (3 x 2)	Very High (3 x 3)	
	Possible	Low	Medium	High	

occurrence	(score 2)	(2 x 1)	(2 x 2)	(2 x 3)
	Unlikely (score 1)	Very low (1 x 1)	Low (1 x 2)	Medium (1 x 3)
		Negligible (score 1)	Moderate (score 2)	Severe (score 3)
		Impact		