

This document arises from the Practitioners Guide issued by NALC. They make the point that it is the responsibility of the council to ensure that all risks are covered and that this is not a definitive list. The review of risk is the responsibility of the council, NOT the clerk or RFO.

The full document has been reviewed and agreed at the meeting of 10.05.2016 and should be reviewed before May 2017.

09.05.2017 reviewed and agreed no changes necessary.

09.07.19 reviewed and agreed no changes necessary.

08.09.20 reviewed and agreed no changes necessary.

13/07/22 reviewed and agreed no changes necessary.

11/07/23 reviewed and agreed no changes necessary.

09/07/24 reviewed and agreed no changes necessary.

15/07/25 reviewed and agreed no changes necessary.

Areas where there may be scope to use insurance to help manage risk

Risk identification

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

- ✓ The protection of physical assets owned by the council – buildings, furniture, equipment, etc (loss or damage).
- ✓ 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).
- ✓ The risk of consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party (consequential loss).
- ✓ Loss of cash through theft or dishonesty (fidelity guarantee).
- ✓ Legal liability as a consequence of asset ownership (public liability).

Internal controls

A council's internal controls may include the following.

- ✓ An up to date register of assets and investments.
- ✓ Appropriate maintenance arrangements for physical assets.
- ✓ Annual review of risk and the adequacy of cover.
- ✓ Ensuring the robustness of insurance providers.

Internal audit assurance

Internal audit testing may include the following.

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

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Areas where there may be scope to work with others to help manage risk

Risk identification

The limited nature of internal resources in most local councils means that councils wishing to provide services often buy them in from specialist external bodies.

- ✓ Maintenance for vulnerable buildings, amenities or equipment.
- ✓ Banking arrangements, including borrowing or lending.
- ✓ Professional services (planning, architects, accountancy, design, etc).

Internal controls

A council's internal controls may include the following.

- ✓ Standing orders and financial regulations dealing with the award of contracts for services or the purchase of capital equipment.
- ✓ Regular reporting on performance by suppliers/providers/contractors.
- ✓ Annual review of contracts.
- ✓ Clear statements of management responsibility for each service.
- ✓ Regular scrutiny of performance against targets.
- ✓ Adoption of and adherence to codes of practice for procurement and investment.
- ✓ Arrangements to detect and deter fraud and/or corruption.
- ✓ Regular bank reconciliation, independently reviewed.

Internal audit assurance

Internal audit testing may include the following.

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

Areas where there may be a need to self-manage risk

Risk identification

There are a number of activities that create business risks but do not fall easily into either of the above categories for a number of reasons, principally because they are either difficult to quantify or considered inefficient to have provided externally or just uninsurable.

- ✓ Keeping proper financial records in accordance with statutory requirements.
- ✓ Ensuring all business activities are within legal powers applicable to local councils.
- ✓ Ensuring that all requirements are met under employment law and regulations.
- ✓ Ensuring all requirements are met under HM Revenue and Customs Notices and regulations (Income Tax, National Insurance and VAT).
- ✓ Ensuring the adequacy of the annual precept within sound budgeting arrangements.

Internal controls

- ✓ Ensuring the proper use of funds granted to local community bodies under specific powers or under section 137.
- ✓ Proper, timely and accurate reporting of council business in the minutes.
- ✓ Responding to electors wishing to exercise their rights of inspection.
- ✓ Meeting the laid down timetables when responding to consultation invitation.
- ✓ Proper document control.
- ✓ Register of Members' Interests and Gifts and Hospitality in place, complete, accurate and up to date.

A council's internal controls may include the following.

- ✓ Regular scrutiny of financial records and proper arrangements for the approval of expenditure.
- ✓ Recording in the minutes the precise powers under which expenditure is being approved.
- ✓ Regular returns to HM Revenue and Customs; contracts of employment for all staff, annually reviewed by the Council, systems of updating records for any changes in relevant legislation.
- ✓ Regular returns of VAT; training the responsible officer in matters of VAT and other taxation issues as necessary.
- ✓ Regular budget monitoring statements.
- ✓ Minutes properly numbered and paginated with a master copy kept in safekeeping.

Internal controls

- ✓ Documented procedures to deal with enquiries from the public.
- ✓ Documented procedures to deal with responses to consultation requests.
- ✓ Documented procedures for document receipt, circulation, response, handling and filing.
- ✓ Procedures in place for recording and monitoring Members' interests and

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Gifts and Hospitality received.

- ✓ Adoption of codes of conduct for members.

Internal Audit Assurance

Internal audit testing may include the following.

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

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