West Hill Parish Council Risk Management Policy + Risk Assessment - Financial Management

West Hill Parish Council is committed to identifying and managing risk, using the following procedures, and to ensuring that risks are maintained at an acceptable level.

Each year, when completing the Annual Governance Statement, the Council must consider:

- Assertion 5 — Risk management: We carried out an assessment of the risks facing this smaller authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.

The Joint Panel on Accountability and Governance (JPAG) March 2023 provides guidance on the proper governance practices of smaller authorities. It makes the following observations regarding risk:

- In order to warrant a positive response to assertion- Risk Management, 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.
- As a minimum, an authority must identify and assess risks, and address those identified risks by mitigating or managing them. Appropriate arrangements vary and should be proportionate to the size and nature of the operations of the authority
- 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).

Probability 1 to 5, 1 being least probable   Impact 1 to 5, 1 being least severe

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The guide recommends grouping the three main types of decisions that have to be taken into three areas:

i. Areas where there may be scope to use insurance to help manage risk
ii. Areas where there may be scope to work with others to help manage
iii. Areas where local councils may self-manage risk.

The Parish Clerk/Responsible Financial Officer and/or Finance Working Group will review risks on a regular basis, including any newly identified risks and will report to the Council. The review will include identification of any unacceptable level of risk.

West Hill Parish Council will continue to monitor the adequacy of its internal controls and mitigation measures and to take action to improves where appropriate.

Annually, the Parish Council, appoints an Internal Auditor. The scope of the audit includes the review the governance and internal control systems operated by the council. The Internal Auditor's findings and report are presented to the Council for information and action, as appropriate.

Review Period: The West Hill Parish Council Risk Management Policy + Risk Assessment will be reviewed at least every six months (at the Annual (May) and November WHPC meetings) or earlier as required.

RISK MATRIX

IMPACT

PROBABILITY		Insignificant 1	Minor 2	Significant 3	Major 4	Severe 5
Almost Certain	5	Medium 5	High 10	Very High 15	Extreme 20	Extreme 25
Likely	4	Medium 4	Medium 8	High 12	Very High 16	Extreme 20
Moderate	3	Low 3	Medium 6	Medium 9	High 12	Very High 15
Unlikely	2	Very Low 2	Low 4	Medium 6	Medium 8	High 10
Rare	1	Very Low 1	Very Low 2	Low 3	Medium 4	Medium 5

Probability

Rare	1	Once in a blue moon - almost never
Unlikely	2	Once every 10 years
Moderate	3	Once every 5 years
Likely	4	Twice a year
Almost Certain	5	Extremely likely, frequent

Impact

Insignificant	1	Negligible impact, no injury, financial impact less than £25
Minor	2	Annoying but not disruptive, no injury, financial impact £25 - £100
Significant	3	Injury narrowly avoided, disruption to plans, financial impact £100 - £1000
Major	4	Minor injury, reputational damage, financial impact £1000 - £5000
Severe	5	Death, major injury eg broken limb, legal action, criminal liability, , financial impact greater than £5000

Probability 1 to 5, 1 being least probable   Impact 1 to 5, 1 being least severe

West Hill Parish Council — Financial Risk Management Record

Risk Area	Risk identified	Level of Risk		Management of Risk	Action Required
		Probability	Impact		
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	2	3	WHPC maintains an up to date record of all owned and leased property which is published on the website and checks regularly for condition or loss either through regular use e.g. office equipment or through planned periodic inspections e.g. Playpark Equipment.	Review by council periodically and at least annually. Reviewed annually by IA Asset Register Published on website
Damage to third party property or individuals	Public liability	2	3	Public Liability Insurance reviewed as required and at least annually.	Insurance renews annually in May. Reviewed by IA
Consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party	Public liability	2	4	Public Liability Insurance reviewed as required and at least annually.	Value of insurance £10m held. Reviewed annually by WHPC. Reviewed annually by IA
Loss of cash through theft or dishonesty	Fidelity guarantee	1	4	WHPC has very few, if any, cash transactions. All banking transactions are on-line and are conducted in accordance with the approved Financial Regulations which are reviewed as required and at least annually.	Level £150,000. Internal controls checked by council at least annually at Annual Meeting. Reviewed by IA.
Legal liability as a consequence of asset ownership	Public liability	2	4	Public Liability Insurance reviewed as required and at least annually	Value of insurance £10m held. Reviewed annually by council and IA.

Section 2: Working with others to help manage risk

Security for vulnerable buildings, amenities or equipment		1	3	Buidlings: Not applicable. WHPC maintains an up to date record of all owned and leased property which is published on the website and checks regularly for condition or loss either through regular use e.g. office equipment or through planned periodic inspections e.g. Playpark Equipment.	Checked by regular use or planned periodic inspections. Suitability of inspection regime checked through IA process.

Probability 1 to 5, 1 being least probable   Impact 1 to 5, 1 being least severe

Risk Area	Risk identified	Level of Risk		Management of Risk	Action Required
		Probability	Impact		
Banking arrangement including borrowing or lending	Detect and deter fraud or corruption	1	4	WHPC has very few, if any, cash transactions. All banking transactions are on-line and are conducted in accordance with the approved Financial Regulations which are reviewed as required and at least annually. Borrowing/Lending - not applicable @ Feb 2025.	Revised Financial Regulations In line with latest NALC recommendations approved on 4th Feb2025. IA review.
Vehicle or equipment lease or hire	Loss or damage to equipment or injury or damage to user or third party.	1	3	Use only reputable companies for vehicle or equipment hire and check that WHPC Public Liability Insurance policy covers use of leased equipment.	Establish and maintain a preferred list of reputable suppliers
Professional services (architects, accountancy, design, etc.)	Financial loss or reputational damage due to quality of service provided.	2	4	Deal only with reputable companies for professional services. Standing orders and Financial Regulations define the process for awarding contracts. Annual contract with solicitors for routine work provides lower costs and better availability for legal support.	

Section 3: Self-managed risk

Business activities (if applicable)	Council may attempt to undertake activities outside its powers.	1	4	All new activities must be approved at a meeting of the Council and confirmed to be within the Council's powers.	IA review and regular reference to legislation and guidance
Borrowing (if applicable)					
Employment law and Inland Revenue regulations	Risk of being in breach of relevant legislation.	1	3	WHPC HR and Finance policies and protocols developed using NALC model documents . HMRC tools used.	IA review annually
VAT	Risk of not meeting requirements under HMRC regulations	2	3	Finance WG review all financial transactions and report to the Council for approval of accounting records at each meeting. The Parish Council is not registered for VAT.	IA review annually.
Annual precept	Risk of insufficient income to cover budget commitments.	1	5	Finance WG develop an annual budget and assess the precept required to meet the budget commitments allowing for use of reserves if required. Final budget and precept must be approved by Council. Budget is published on the Council Website to provide transparency.	IA review and budget published on WHPC website.

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Risk Area	Risk identified	Level of Risk		Management of Risk	Action Required
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Monitoring of performance	Risk of failing to achieve targets and or progress of work and projects as set by Council.	2	4	Financial performance checked monthly by Finance WG and at every Council meeting. An Action Tracker listing all agreed actions to be carried out by the Council is checked for progress at every Council meeting.	Council reviews financial position and forecast quarterly.
Grants	Risk of improper use of funds granted to local community bodies under specific powers, s137	2	3	All grants must be approved by the Council at a Council meeting and be in accordance with the Grants Policy published on the website. Grant recipients are invited to attend the annual village meeting to report on how the grant funding has been used.	All grants based on approved form and supporting information, minuted Reviewed annually by IA.1
Council minutes	Majntaining proper, timely and accurate reporting of council business in the minutes	1	1	Minutes of every Council meeting must be agreed as a complete and accurate record at the following meeting. The minute are published on the Council website to provide transparency. All Council minutes, since establishment in 2017, available on WHPC website.	Posted on website and noticeboards for public to see. Meeting papers published on website with agenda where appropriate.
Financial Records	Maintaining accurate and legal financial records	1	4	Finance WG review all financial transactions and report to the Council for approval of accounting records at each meeting. Records held as per legislation.	
Rights of inspection	Complying with legal requirements to provide right of access for inspection of records.	1	1	Many documents and records are published on the Council Website. Annually, when the AGAR return completed, notice of public rights is published reminding the public of their right to inspect records in greater detail.	
Document control	Complying with legal requirements and good business practice to manage documents effectively and efficiently.	1	2	Document control procedures are established and managed by the Parish Clerk.	GDPR and Privacy Policies approved and published on website.
Register of Members' Interests and Gifts and Hospitality	Complying with legal requirements and council policies to prevent corrupt or	2	4	A register of members interests is maintained and published. A policy on gifts and hospitality is published on the Council Website and a register is maintained of all	IA and district council review web links Checked.

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	improper abuse of the Council's powers or Councilors' positions.			reported instances. Councillors are reminded to keep the register of interests up do date.	
Loss of key staff	Council employs one member of staff. Unable to function without Clerk.	3	4	HR policies in place and supportive, respectful working relationships promoted. Regular reviews.	HR Policies reviewed annually. Locum Clerk appointed if required.
Councillor vacancies	Inquoracy	4	3	Scheme of delegation in place for essential functions such as payments. District Council can take action to appoint a District Councillor to the Council if inquorate ie membership falls below 3	Seek to fill Councillor vacancies.

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Version History: ADOPTED

WHPC Meeting 6th May 2025 Min 25/188

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