



Molescroft
Parish Council

MOLESCROFT PARISH COUNCIL

**FINANCIAL RISK MANAGEMENT
POLICY (v.5)**

January 2019

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1. Purpose

The purpose of this policy is to provide an appropriate and robust framework by which the Molescroft Parish Council (MPC) can identify, control, manage and mitigate organizational risks including financial risks. This policy should be read in conjunction with the Financial Regulations (revised January 2019). Both of which provide a detailed and specific approach to issues of corporate governance.

2.0 Responsibility

The Local Councils Government and Accountability Guidance state that Councillors are ultimately responsible for financial risk management because risk can threaten the achievement of policy objectives. It recommends that 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,
- decide upon appropriate measures to avoid, reduce or control the risk or its consequences.

3.0 Insurance

3.1 A key contribution to effective risk management is enabled through the use of appropriate insurances. Currently the Council has insurance provided by two companies, namely i) QBE (Blufin Insurance Brokers) and ii) Zurich Insurance.

3.2 QBE Insurance is regulated by the Financial Services Authority and for purposes of due diligence is considered to be a sound and reputable provider. Zurich Municipal is a long established and well recognised FSA Regulated Insurer. Both policies are subject to review and renewal in February and June respectively.

3.3 The Council currently has identified the following areas where insurance is provided to help manage risk namely:

3.4 *Premises (Molescroft Pavilion)*

In brief the cover comprises: -

Buildings

Contents

Loss of rent

Capital additions

Denial of access

Disease, Infestation and Defective Sanitation

Public Utilities

Subsidence
Employers liability
Property owner's liability*
Legal expenses

3.5 *Other premises insurances*

Bus Shelters
Pavilion Shed
Contents of Pavilion Shed
Other ground surfaces

* This does not include equipment stored at the Pavilion by hirers, they are advised of the need to make ensure their equipment/materials is adequately covered.

3.6 **Levels of Insurance Cover & Policy Values**

Employer's liability cover of £10,000,000
Public liability cover of £10,000,000
Property owner's liability cover of £2,000,000
Loss of rent cover of £72,827
Fidelity Guarantee cover up to £250,000
Legal liability as a result of libel or slander of £250,000
Loss of money in transit or in the residence of councillor or employee cover of £5000 if stored in a safe or strong room). Cover of £250 if stored in receptacle other than safe or strong room.
Insurance cover is reviewed annually in accordance with Standing Order section 2 jx.

3.7 **Register of Assets and Investments.**

A register of assets is compiled and reviewed annually and is integral to the effective management of Council assets both in relation to asset retention, maintenance, procurement and disposal. The asset register is presented to Council annually alongside end of year accounts as a statement of implied 'capital value' to the Council.

3.8 **Maintenance of physical assets.**

Physical assets are subject to internal and external inspection as required and where necessary. The Activities and Pavilion Manager and other delegated staff routinely reviews the state and repair of council assets and the wider council estate. Any repairs required are carried out on a responsive basis to prevent further damage occurring or possible injury to users/employees.

4.0 **Review of internal controls**

Internal controls are reviewed as necessary by the Clerk and Internal Auditor (currently Dutton Moore Accountants). Recommendations from the Clerk and Internal Auditor are submitted to Council. Internal audit is carried out annually by the Councils Accountants

(Dutton Moore). The annual Audit and Governance Review statement (AGAR) is submitted annually to the external auditor for scrutiny and publication, thereby enabling transparency in Council accounting practices.

5. BANKING ARRANGEMENTS; CHEQUES and CREDIT CARD USE

- 5.1 The Council's banking arrangements shall be made by the Clerk and approved by the Council and in accordance with the agreed mandate approach, agreed and current at any one time. For avoidance of doubt, within the terms of these financial regulations this is a SIMPLE MANDATE enabling financial transactions (cheque payments) to be authorized by one named signatory and or the Clerk where electronic transfers are required.
- 5.2 A schedule of payments required, forming part of the agenda for the Council meeting, shall be prepared by the Clerk and together with the relevant invoices, be presented to the Council at each meeting. If the schedule is in order it shall be authorised by a resolution of the Council and minuted as such, signed by the Chairman and Clerk. This will form the official decision record.
- 5.3 All payments in accordance with the agreed schedule will be made by electronic bank transfer where possible and/or cheque. Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 shall be signed by one authorized signatory, namely a Council member. Electronic payments will be transacted by the Clerk as part of the online account management.
- 5.4 A summary of all payments irrespective of method in any monthly accounting period will be subsequently presented to Council the following month and form part of the payments update to Council. This will be further supported by relevant copies of bank statements showing transaction history for the same period. The payments made schedule will be reviewed and signed as correct by the Chairman and Clerk.
- 5.4 Cheque counterfoils are to be completed with the details and amount of payment.
- 5.5 All invoices/payment details are to have cheque number recorded
- 5.6 The Clerk will reconcile the Council's bank statements monthly, on receipt of the bank statements.
- 5.7 Where available, the use of a corporate credit card facility in the name of Molescroft Parish Council will require one authorised signatory and/or appropriate use (for example online and telephone purchases) by the Clerk within the agreed financial tolerances defined at 3.2 and 3.3. All credit balances will be cleared in accordance with 5.2 above and will be subject to comparable scrutiny as detailed 5.3 and 5.4.
- 5.8 Pavilion bookings are entered into a diary by the Activities and Pavilion Manager and a table of payments and amounts collated from the diary is presented to the Clerk on a monthly basis by the Activities and Pavilion Manager along with all payments. The Clerk is required to sign a copy of the payments table to confirm monies received and returns a copy to the Activities and Pavilion Manager.
- 5.9 The Clerk is required to pay the income into the Councils current account no later than

ten (10) working days after receipt. Where exceptional circumstance prevails (for example at times of debility and or public holidays) banking must be completed as soon as practicable and within the same accounting period.

6.0 Procurement of Professional services and Contractors.

- 6.1 The Council endeavors to ensure that wherever possible it has the opportunity to select a provider of any professional service it requires, including approved contractors. Any professionals whose services it uses are well established, qualified and often selected on recommendation. In general, the Council has a mature list of contractors who have proved their reliability and workmanship.
- 6.2. Contractors are responsible for providing appropriate insurances whilst working at and carrying out services on Council premises.

7.0 Arrangements to detect and deter fraud and/or corruption.

- 7.1 Invoices are subject to scrutiny by the Clerk and the Council before authorisation for payment is made. A payments schedule and schedule of petty cash payments is presented with the invoices at each Parish Council meeting and is signed by the Chairman and Clerk as correct. A copy of the payment schedule is filed with all financial information, and presented for Audit at the end of the financial year.
- 7.2 Bank statements are provided electronically and can be accessed via the online banking facility. Bank balances are reviewed weekly to enable effective financial and budget management and are confirmed monthly to the Parish Council by the Clerk.
- 7.3 The Clerk checks the bookings diary kept by the Activities and Pavilion Manager and periodically carries out a desk top audit comparing payments against declared income.
- 7.4 At the end of each financial year the Clerk delivers all the financial information for the financial year to the accountant (currently Dutton Moore) who carry out the internal audit and complete the forms required by District Audit.

8.0 Ultra Vires

Within the scope of the role and technical expertise, the Clerk undertakes to ensure that the Council does not act unlawfully when a decision is taken. The precise powers under which expenditure is approved is only recorded in the minutes against decisions taken for s.137 payments in accordance with Accounts and Audit Regulations 1996 and s.214 and Schedule 26 of the Local Government Act 1972.

9.0 Testing of Arrangements

The use of Standing Orders, internal controls and scrutiny by Council are all methods, which contribute to prevent and deter fraud and corruption.

10.0 Self-management of risk

10.1 Financial records are kept in accordance with current statutory requirements and current guidance contained within the Joint Panel on Accountability and Governance practice notes.

10.2 Ensuring all business activities are within legal powers applicable to Parish Councils.

11.0 Level of reserves

The Council holds reserves equivalent to 40% of the annual precept to allow for unplanned budget expenditure. Any expenditure from this amount is to be repaid within 4 years to return the level of reserves to 40% of the precept. A Reserves Policy (Appendix A) is contained within the Financial Regulations (January 2019).

12.1 Payroll and PAYE

12.1 To ensure that HM Revenue & Customs requirements are met Dutton Moore accountants (IT Forward) carry out all calculations and pension uploads. Payroll calculations and costs form part of the budget setting process.

12.2 The Clerk is responsible for ensuring payment of PAYE employer payment to HM Revenue & Customs by the due date.

12.3 Any pay increases to employees are linked to those awarded to principal authorities

13.0 VAT Refunds

13.1 The Clerk is required to calculate and claim VAT payments annually. All projected VAT receipts are to be included in budget setting discussions and decisions regarding income streams to year end.

14.0 Budgeting arrangements.

14.1 The annual budget and precept calculations are identified in the Financial Regulations to ensure proper funding arrangements.

14.2 Ensuring the proper use of funds granted to local community bodies under specific powers or Section 137.

14.3 Any grant approved by the Parish Council are recorded. Section 137 grants are listed

separately in the minutes and the annual accounts

14.4 Grant applications are considered by the Council for approval. Section 137 grants are listed separately in the minutes and annual accounts.

15.0 Liability to Public/Duty of Care

15.1 In the event of any criminal damage measures are taken as soon as practicable to repair the property/equipment or take it out of use. Crime reports are obtained for damage to Parish Council property by contacting Humberside Police.

15.2 The Playing Field can be hired for organised sporting events. All hires are responsible for providing their own equipment.

15.3 Users are advised that need to provide their own public liability insurance cover if necessary.

16.0 Minutes

16.1 The Clerk and Councillors are responsible for proper, timely and accurate reporting of Council business in the minutes.

16.2 Council minutes are prepared by the Clerk. Draft minutes are sent out as soon as possible to Councillors normally one week after the meeting for any comments. Draft minutes are then distributed to Councillors one week prior to the Parish Council meeting. The minutes from the previous Parish Council meeting are signed as a true record by the Chairman at the following meeting.

17.0 Right of inspection

The rights of inspection to electors is adhered to in accordance with current legislation. In accordance with the Freedom of Information Act and General Data Protection Regulations (GDPR 2018). All relevant documents are available on demand by post and in addition, meeting agendas and minutes, once approved, are published on the Councils website.

18.0 Proper document control

Paperwork and documents conveyed electronically are retained in accordance with national guidelines and relevant documents are available for viewing on request.

19.0 Register of Councillors interests

19.1 The Councillors register of interests is held by the Clerk and a copy is held by the Monitoring Officer at East Riding of Yorkshire Council. In accordance with the Localism Act 2011 copies of the register are published on the Council website where practicable.

19.2 It is Councillors responsibility to inform the Clerk of any changes and update information required to the register of interests to ensure compliance with the Localism Act 2011.

20.0 Adoption of Codes of Conduct for members

The Council adopted the revised Code of Members Conduct in June 2012, updated and re-adopted September 2012.

21.0 Gifts and Hospitality

Procedures are in place for recording and monitoring gifts and hospitality received. A log of gifts and gratuities is held by the Clerk.

22.0 Information Security.

22.1 All necessary procedures and documents are computerised and all relevant areas of the Clerk's computer are backed-up weekly to an external hard drive. Full policy requirements are contained within the councils Information Management Policy.

22.2 It is the responsibility of Councillors and employees to identify any additional areas of risk, which are not covered in this document. These may present an additional corporate business and or financial risk to the Parish Council and should be flagged to enable proactive management.

23.0 Other internal controls to help prevent loss.

23.1 Repairs required to all assets are carried out on a responsive basis.

23.2 The Activities and Pavilion Manager undertakes weekly (recorded) inspections of the playing field and play equipment quarterly inspections are carried out by a suitable contractor.

23.3 The notice boards are checked a minimum of once every two months by the Clerk and Pavilion staff.

23.4 Bus shelters inspected annually by the Clerk

23.5 The Activities and Pavilion Manager carries out a test of the fire alarm weekly, recorded in a Fire Test log book.

23.6 Smoke alarms tested weekly by the Activities and Pavilion Manager

- 23.7 Emergency lighting checked weekly by the Activities and Pavilion Manager
- 23.8 Contractors provide specialist checking of gas and electrical services, security lighting, fire alarm, fire extinguishers and air conditioning annually.
- 28.0 External controls**
- 28.1 Gas equipment is serviced and checked annually. Any repairs identified are carried out at the time of inspection. A Landlord safety certificate issued and displayed at the Pavilion.
- 28.2 PAT testing of electrical equipment used at the Pavilion is carried out annually. Any equipment failing the test is removed from use and replaced.
- 28.3 Periodic electrical installation inspection carried out at five (5) yearly intervals. Any work identified as code 2 work is programmed for repairs as money becomes available.
- 28.4 Emergency lighting service tested annually, any repairs required are carried out at time of inspection.
- 28.5 Fire detection & Fire alarm inspected and tested at a minimum period of every 6 months by a specialist contractor, any repairs required carried out at time of inspection.
- 28.6 Air conditioning is serviced annually.
- 28.7 Pavilion security alarm is tested and inspected annually by a security company
- 28.8 CCTV cameras cover the play equipment, playing field and Pavilion.

Review Date

Policy Review Date & Author: E Williams, Clerk to the Council, 30th January 2019.

Scheduled review: January 2021 to align with linked policy review (Financial Regulations v5) unless required sooner due to legislative and or process change.