

## **East Portlemouth Parish Council**

### **Risk and Internal Control Management Policy**

[This policy follows the guidance in 'Practitioners Guide 2025' issued by the Smaller Authorities Proper Practices Panel on governance and accountability for smaller authorities in England; <https://www.saaa.co.uk/wp-content/uploads/2025/04/Practitioners-guide-2025.pdf>].

#### **Introduction**

The Annual Governance Statement made by the Council includes this assertion:

"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."

To warrant a positive response to this assertion, 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.

#### **Guidance**

In order to warrant a positive response to this assertion, an authority must have appropriate arrangements in place. As a minimum, an authority must identify and assess risks and address those identified risks by mitigating or managing them.

Appropriate arrangements will vary and need to be proportionate to the size and nature of the operations of an authority.

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.

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).

## East Portlemouth Parish Council: Risk identification, assessment and management

Risk area	Risk identified	Level of risk (H/M/L)	Management of risk	Action required IA = Internal Auditor Reviews undertaken annually unless otherwise stated	Review date
<b>Section one: Areas where there may be scope to use insurance to help manage risk</b>					
Property owned by the Council	Loss or damage	M	An up-to-date register of assets	Review by Council and by IA Insurance held with Zurich, policy no. YLL2720278713, all risks, limit of indemnity £15,700	
Damage to third party property or individuals	Public liability	M	Property maintenance and insurance cover	Insurance held with Zurich, limit of indemnity £10,000,000; renewal date of 6 <sup>th</sup> June, reviewed by Council and 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	M	Annual review of risk and the adequacy of cover	Business interruption insurance held with Zurich, reviewed annually by Council and by IA	
Loss of cash through theft or dishonesty	Fidelity guarantee	L	No Petty Cash held.	Insurance held with Zurich, £25,000 guaranteed; internal controls checked by Council and IA.	
Legal liability as a consequence of asset ownership	Public liability	M	Property inspection/maintenance and insurance cover	See above for insurance all risks; inspection regime annual	

<b>Section two: Working with others to help manage risk</b>					
The provision of services being carried out under agency/partnership agreements with principal authorities	Loss or damage, fraud or corruption	L	Standing orders and financial regulations dealing with the award of contracts.	Reviewed by Council and by IA; all partner risks assessed.	
Banking arrangements, including borrowing or lending	Fraud or corruption	L	Financial regulations	IA review	

Professional services (architects, accountancy, design, etc.)	Loss or damage, fraud or corruption	L	Standing orders and Financial regs deal with the awarding of contracts	IA reviewed, others based on best available advice (DALC) reviewed	
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Section three: Self-managed risk					
Proper financial records	Not in accordance with statutory requirements	L	Financial regulations	Review by Cllrs and by IA	
Business activities	Ultra vires	L	Financial regulations - ensuring that they are within the legal powers of Councils	regular reference to legislation and guidance, IA review	
Borrowing	Non-compliance with restrictions	L	Financial regulations	IA review and Council check	
Employment law and Inland Revenue regulations	Non-compliance with legislation/regulations	L	Financial regulations – ensuring that requirements are met	IA review and advice taken as needed	
VAT	Non-compliance with legislation/regulations	L	Financial regulations – ensuring that requirements are met under HMRC regulations	IA review and advice taken as needed	
Annual precept	Inadequate budgeting arrangements	L	Financial regulations	IA review and budget published on website	
Monitoring of performance		L	Financial regulations	Councillors review budget and policies	
Grants	Improper use of funds granted to local community bodies under specific powers	L	Financial regulations	All grants approved and supporting information, minuted and reviewed by IA	

Council minutes	Lack of proper, timely, accurate reporting of Council business in the minutes	L	Standing Orders	Posted on website for public to see IA review	
Rights of inspection	Non-compliance with statutory regulation	L	Standing Orders	Website / policies updated with AGAR documentation annually	
Document control	Lack of proper systems	L	Standing Orders & financial regulations	Policies approved and published on website	
Register of Members' Interests and gifts and hospitality	Non-compliance with statutory regulation	L	New councillor declaration.	IA and District Council review register in place, complete, accurate and up-to-date	
Compliance with Transparency Code	Non-compliance with statutory regulation	L	PC Transparency Code	Website / policies updated with AGAR documentation annually	

Document drafted June 2025

This document was adopted by the Council at its meeting held on 8<sup>th</sup> October 2025