

BERRIEW COMMUNITY COUNCIL / CYNGOR CYMUNED ABERRIW

REVIEW OF INTERNAL CONTROLS / RISK MANAGEMENT REPORT 2017/18

For consideration: Annual assessment of the risks the Community Council is exposed to and identify actions it considers necessary to minimise those risks.

Area	Key Risks Identified	Evaluate potential consequences	Internal Control (Appropriate measure to avoid, reduce or cancel the risk of its consequence)	Risk with Internal Control in Place
Assets	1. Protection of physical assets owned by the council e.g. Public conveniences, Bus shelter, litter bins etc.	Immediate financial loss High Risk	<ul style="list-style-type: none"> ▪ Hold and annually review register of assets, and asset valuations ▪ Carry out annual maintenance survey of assets held ▪ Annually review the adequacy of the insurance cover held - Property Damage Insurance & Building/Contents (existing cover £120K/£33K) ▪ Ensure robustness of insurance provider 	Considered Medium Risk with Controls in Place
Finance	2. Banking arrangements / Administration	Immediate financial loss/Fraud High Risk	<ul style="list-style-type: none"> ▪ Banking arrangements carried out in accordance with the Council's Financial Regulations adopted April 2017 ▪ Requirement to report all payments to Council for approval ▪ Cheques are written before signing, with full supporting documents present ▪ Signatures of two Councillors (authorised) plus the Clerks signature required on each cheque and cheque stub ▪ Daily limit on Business Internet Banking of £250 ▪ Bank reconciliation carried out on the receipt of each statement ▪ Financial Trading position reported 	Considered <i>Medium Risk</i> with controls in place

			quarterly including bank reconciliation supported by bank statements, and approved by Council	
Finance	3. Loss of cash through theft or dishonesty	Immediate financial loss High Risk	<ul style="list-style-type: none"> ▪ Annually review the adequacy of the Fidelity guarantee Insurance cover – to be in line with formula: Total year-end balance plus 1st precept instalment. ▪ Ensure robustness of insurance provider ▪ Signatures of two Councillors (authorised) plus the Clerks signature is required on each cheque and cheque stub ▪ Cheques to be written before signing, with full supporting documents present ▪ Daily limit on Internet Banking of £250 	Considered <i>Medium Risk</i> with controls in place
Finance	4. Ensuring that all requirements are met under Customs and Excise regulations i.e. VAT	Financial implications / Acting illegally High Risk	<ul style="list-style-type: none"> ▪ Annual VAT return to be completed and annually verified by Internal Audit 	Considered <i>Medium Risk</i> with controls in place
Finance	5. Ensuring the adequacy of the annual precept within sound budgeting arrangements	Financial implication/Annual Precept not the result of proper detailed consideration High Risk	<ul style="list-style-type: none"> ▪ Detailed budget report presented to Council for consideration in December/January meeting ▪ Quarterly Trading accounts produced monitoring income/expenditure against budget heads, and approved by Council ▪ Continue to ensure all expenditure is within legal powers 	Considered <i>Medium Risk</i> with controls in place
Finance	6. Contractors – Ensure Value for money	Financial implication High Risk	<ul style="list-style-type: none"> ▪ Quotations are obtained from contractors 	Considered <i>Low Risk</i> with controls in place

Legal Liability	7. The risk of damage to third party property or individuals as a consequence of the council providing services or amenities to the public	Immediate financial loss High Risk	<ul style="list-style-type: none"> ▪ Hold and annually review asset register ▪ Carry out annual maintenance survey of assets held ▪ Annually review the adequacy of the insurance cover held (Public liability) ▪ Ensure robustness of insurance provider 	Considered <i>Medium Risk</i> with controls in place
Legal Liability	8. Legal liability as a consequence of asset ownership	Immediate financial loss/ Risk or damage to third party property or individuals High Risk	<ul style="list-style-type: none"> ▪ Hold and annually review asset register ▪ Annual inspection of assets ▪ Annually review the adequacy of the insurance cover held (Public liability) ▪ Ensure robustness of insurance provider ▪ Ensure statutory requirements are met – Fixed electrical testing; Legionella testing; Asbestos and Fire Risk Assessments 	Considered <i>Medium Risk</i> with controls in place
Legal Liability	9. Ensuring that all business activities and payments are within the legal powers applicable to local councils	Acting illegally High Risk	<ul style="list-style-type: none"> ▪ Recording in the minutes the precise powers under which expenditure is being approved ▪ Advance authority be given for all work being undertaken with the exception of the day-to-day routine administration ▪ Educating members as to their legal powers 	Considered <i>Medium Risk</i> with controls in place
Legal Liability	10. Responding to electors wishing to exercise their right of inspection	Acting illegally / Adverse impact on the Council's reputation	<ul style="list-style-type: none"> ▪ Publication Scheme produced under the Freedom of Information Act 2000 (Revised April 2017) 	Considered <i>Low Risk</i> with controls in place
Legal Liability	11. Proper, timely and accurate reporting of council business in the minutes	Acting illegally/ Adverse impact on the Council's reputation	<ul style="list-style-type: none"> ▪ Minutes properly numbered and paginated with a master copy held by the Clerk ▪ Minutes signed and dated by Chair on approval at following meeting 	Considered <i>Low Risk</i> with controls in place

		High Risk	<ul style="list-style-type: none"> Minutes published on Noticeboard, Berriew Newsletter, website and Facebook 	
Legal Liability	12. Ensure statutory compliance for the completion, approval and submission of accounts and other financial returns	Non-Compliance with statutory deadlines High Risk	<ul style="list-style-type: none"> Ensure members are aware of submission dates Continue to ensure that all accounts and returns are completed and submitted by the deadlines 	Considered <i>Medium Risk</i> with controls in place
Legal Liability	13. Ensure compliance with Internal Audit requirements	Non-Compliance with audit requirements High Risk	<ul style="list-style-type: none"> Appoint internal auditor, outline the terms of engagement and obtain confirmation of acceptance of role and assurance of independence and competence 	Considered <i>Medium Risk</i> with controls in place
Employer Liability	14. Ensuring that all requirements are met under employment law and Inland Revenue regulations	Acting illegally High Risk	<ul style="list-style-type: none"> "Contract of employment" to be held for all staff, and annually reviewed by the council" Salary payments to be checked against minutes and PAYE calculations to be verified by Internal Audit annually Compliance with the Pensions Regulator under the Pensions Act 2008 Back up data on Basic Paye Tools on a monthly basis to avoid loss of data Guidance from HMRC / SLCC 	Considered <i>Medium Risk</i> with controls in place
Councillors Propriety	15. Register of Members' interests and gifts and hospitality in place, complete, accurate and up to date	Acting illegally/ Adverse impact on the Council's reputation High Risk	<ul style="list-style-type: none"> Procedures in place for recording Member's Declarations of Interest as interest arises and monitoring any gifts and hospitality received Adoption of Code of Conduct for Members 	Considered <i>Medium Risk</i> with controls in place