

MILDENHALL HIGH TOWN COUNCIL

The Pavilion. Recreation Way. Mildenhall. Bury St. Edmunds. Suffolk. IP28 7HG



FINANCIAL RISK MANAGEMENT ASSESSMENT AND STATEMENT OF INTERNAL CONTROLS

Members are ultimately responsible for risk management because risks threaten the achievement of policy objectives. As a minimum, members should:

Take steps to identify key risks facing the Council;

1. Evaluate the potential consequences to the Council if an event identified as a risk takes place, and
2. Decide upon appropriate measures to avoid, reduce or control the risk or its consequences.

1. AREAS WHERE INSURANCE IS USED TO HELP MANAGE RISK

1.1 Risk Identification

Insurance cover for certain types of inherent risks:

- i. Employers liability for employee's current indemnity level **£12,000,000**
- ii. The protection of physical assets owned by the Council – buildings, furniture, equipment, etc (loss or damage) on an All Risk basis
- iii. 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) **Public Liability current indemnity level £15,000,000**
- iv. Loss of cash through theft or dishonesty: **Fidelity Guarantee £2,000,000 and policy money scale**
- v. Legal liability as a consequence of asset ownership **Public Liability (asset ownership) Included in (iii) above**
- vi. Personal Accident for employees, members and volunteers **Personal Accident Scale**
- vii. The protection of the Council against litigation (libel and slander, legal expenses) **Libel & Slander £250,000**

1.2 Internal Controls

- i. An up to date register of assets and investments **Computer updated for acquisitions and disposals on occurrence.**
- ii. Regular maintenance arrangements for physical assets In house daily/weekly/monthly recorded inspections in place. **External inspections and maintenance fire equipment and gas equipment. External inspection children's playground.**
- iii. Annual review of risk and the adequacy of cover **Ongoing/continuous review of insurance cover by the Town Manager**
- iv. Ensuring the robustness of insurance providers **Major player (part of Zurich Financial Services), main local government specialist, financially sound per UK annual report/accounts.**

1.3 Internal Audit Assurance

- i. Review of internal controls in place and their documentation
- ii. Review of management arrangements regarding insurance cover
- iii. Testing of specific internal controls and reporting findings to management. **Qualified independent internal auditor currently Trevor Brown Internal Audit Services who specialises in Local Councils.**

2. AREAS INVOLVING OTHERS TO MANAGE RISK

2.1 Risk Identification

- i. Professional Services (architects, legal, surveyors) **Specialist professional firms used as and when required.**

2.2 Internal Controls

- i. Standing orders and financial regulations dealing with the award of contracts for services or the purchase of capital equipment **Adopted March 2020 and June 2020 respectively and reviewed annually.**
- ii. Regular reporting on performance by suppliers/providers/contractors **Ongoing review and reporting to Committees.**
- iii. Regular review of contracts **Ongoing review and prior to expiry.**
- iv. Clear statements of management responsibility for each service: **Ongoing review**
- v. Regular scrutiny of performance against targets **Financial Comparisons – monthly for RFO; quarterly for members.**
- vi. Adoption of and adherence to codes of practice for procurement and investment **Governed by Financial Regulations adopted 2020 and reviewed annually.**

vii. Arrangements to detect and deter fraud and/or corruption **Financial Regulations, Policies/Procedures adopted 2020, and reviewed annually, supplemented by RFO checks.**

viii. Regular bank reconciliation independently reviewed **Produced monthly by the Senior Administrator and checked each month by the RFO, nominated councillors to check duplicate sealed bank statements at any time.**

ix. Compliance with Data Protection Regulations May 2018 **Adoption of GDPR Action Plan April 2018, ongoing review.**

2.3 Internal Audit Assurance

Internal audit testing:

i. Review of internal controls in place and their documentation

ii. Review of minutes to ensure legal powers are available and the basis of the powers recorded and correctly applied

iii. Review and testing of arrangements to prevent and detect fraud and corruption

iv. Review of adequacy of insurance cover provided by suppliers

v. Testing of specific internal controls and reporting findings to management. **Qualified independent internal auditor currently Trevor Brown Internal Audit Services specialist in Local Councils.**

vi. Data Protection legislation implications May 2018 **Town Council Action Plan in place to facilitate implementation.**

3. AREAS WHERE RISK IS SELF MANAGED

3.1 Risk Identification

i. Keeping proper financial records in accordance with statutory requirements **Set up to accord with the Accounts & Audit (England) Regulations 2011**

ii. Ensuring all business activities are within legal powers applicable to Local Councils **RFO, Senior Administrator and Council's authorisation of payments all play a key part.**

iii. Complying with restrictions on borrowing

iv. Ensuring that all requirements are met under employment law and Inland Revenue regulations **RFO, Senior Administrator and Council's authorisation.**

v. Ensuring all requirements are met under Customs & Excise regulations (especially VAT) **RFO and Senior Administrator.**

vi. Ensuring the adequacy of the annual precept within sound budgeting arrangements **Initially prepared by RFO and Senior Administrator; each Committee then reviews and agrees its budget; Establishment & Policy Committee scrutinises; Council makes final decision.**

vii. Monitoring of performance against agreed standards under partnership agreements
Ongoing review of individual agreements.

viii. Proper, timely and accurate reporting of Council business in the minutes **Minutes produced within a few days of a meeting for approval at the next meeting.**

ix. Responding to electors wishing to exercise their rights of inspection **Relevant documents readily available during the statutory notice of audit period and under the Freedom of Information Act 2000, and Publication Scheme.**

x. Meeting the laid down timetables when responding to consultation invitation

xi. **Consultations are considered by individual Councillors and/or a group of Councillors depending on the size, complexity and time frame of the consultation.**

xii. Meeting the requirements or Quality Parish status or other accreditation **Aim to meet the requirements when formally laid down.**

xiii. Proper document control **Deeds in locked safe, financial stationery, registers and files numbered.**

xiv. Register of members' interests and gifts and hospitality complete, accurate and reviewed annually, including a statement that the information held remains the same.

3.2 Internal Controls

Council Policies and Procedures:

- i. Regular scrutiny of financial records and proper arrangements for the approval of expenditure **RFO and Council authorisation**
- ii. Recording in the minutes the precise powers under which expenditure is being approved
- iii. Regular returns to the Inland Revenue; contracts of employment for all staff, systems of updating records for any changes in relevant legislation **Monthly and year end returned to the Inland Revenue; records updated to reflect changes in legislation Quarterly returns of VAT; RFO and Senior Administrator kept up to date by notifications from Inland Revenue and Customs/Excise.**
- v. Regular budget monitoring statements **Monthly for RFO; quarterly for members.**
- vi. Regular systems of performance management undertaken.
- vii. Procedures for dealing with and monitoring grants or loans made or received **Acknowledgements for monies obtained and follow up reports.**
- viii. Minutes properly numbered and paginated with a master copy kept in safekeeping **Minutes numbered, paginated and official copy kept in locked safe.**
- ix. Documented procedures to deal with responses to consultation requests **Considered by Committees.**

- x. Documented procedures for document receipt, circulation, response, handling and filing
- xi. Procedures in place for recording and monitoring members' interest **Item included on each Committee Agenda to draw attention to declaration of interests**
- xii. Adoption of codes of conduct for members and employees **Suffolk Local Code of Conduct for Members in accordance with S26 to 37 of the Localism Act 2011**

3.3 Internal Audit Assurance

- i. Review of internal controls in place and their documentation
- ii. Review of minutes to ensure legal powers in place, recorded and correctly applied
- iii. Testing of income and expenditure from minutes to cashbook, from bank statements to cashbook, from minutes to statements etc. including petty cash transactions
- iv. Review and testing of arrangements to prevent and detect fraud and corruption
- v. Testing of disclosures
- vi. Testing of specific internal controls and reporting finds to management **Qualified independent internal auditor currently Trevor Brown Internal Audit Services (specialist in local councils)**