
APPENDIX C: RISK MANAGEMENT AND CONTROL OF RESOURCES

1 RISK MANAGEMENT

Key Controls

1.1 The key controls for risk management are:

- (a) procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the authority.
- (b) a monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis.
- (c) Group Managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management.
- (d) provisions are maintained for losses/claims that may arise and fall to be met by the Council.
- (e) procedures are in place to investigate insurance claims within required timescales.
- (f) acceptable levels of risk are determined and insured against where appropriate.
- (g) the Council has arrangements in place to ensure business continuity in the event of disaster that results in significant loss or damage to its resources.

Responsibilities of the Section 151 Officer

- 1.2 To prepare and promote the authority's risk management protocol.
- 1.3 To develop risk management controls in conjunction with Group Managers.
- 1.4 To include all appropriate employees of the authority in a suitable fidelity guarantee insurance.
- 1.5 To effect corporate insurance cover.

Responsibilities of Group Managers and Strategic Managers

- 1.6 To notify the Section 151 Officer immediately of any loss, liability or damage that may lead to a claim against the authority, together with any information or explanation required by the Section 151 Officer or the authority's insurers.
- 1.7 To take responsibility for risk management, having regard to advice from the Section 151 Officer and other specialist Officers (e.g. crime prevention, fire prevention, health and safety).

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- 1.8 To ensure that there are regular reviews of risk within their services.
 - 1.9 To notify the Section 151 Officer promptly of all new risks, properties or vehicles that require insurance and of any alternations affecting existing insurances.
 - 1.10 To consult the Section 151 Officer and the Monitoring Officer on the terms of any indemnity that the authority is requested to give.
 - 1.11 To ensure that employees, or anyone covered by the authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

2 INTERNAL CONTROLS

Key Controls

- 2.1 The key controls and control objectives for internal control systems are:
 - (a) key controls should be reviewed on a regular basis.
 - (b) managerial control systems, including defining policies, setting objective and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities.
 - (c) financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
 - (d) an effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the Public Sector Internal Audit Standards and with any other statutory obligations and Regulations.

Responsibilities of the Section 151 Officer

- 2.2 To assist the Council to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and Regulations.
- 2.3 The following principles are to be observed in the allocation of accounting duties:
 - (a) the duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them.

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- (b) Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

Responsibilities of Group Managers and Strategic

- 2.4 To review existing controls in the light of changes affecting the Council and to implement new ones in line with guidance issued from the Section 151 Officer or his/her representative. Group Managers and Strategic Managers shall also be responsible for proposing to the Section 151 Officer the removal of controls that are unnecessary or not cost or risk effective - for example, because of duplication.
- 2.5 To ensure staff have a clear understanding of the consequences of lack of control.

3 AUDIT REQUIREMENTS

The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations, more specifically require that a “relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

The Council has adopted the CIPFA Code of Practice for Internal Audit in the United Kingdom and it recognises the responsibility of internal audit in relation to the role and objectives set out in the code of practice.

Key Controls

- 3.1 The key controls for internal audit are:
- (a) that it is independent in its planning and operation.
 - (b) the Officer charged with the responsibility of delivering an effective internal audit function has direct access to both the Head of Paid Service and the Section 151 Officer, all levels of management and directly to elected Members and sufficient resources to maintain an adequate and effective internal audit.
 - (c) the Internal Audit Section complies with the Public Sector Internal Audit Standards.
- 3.2 The Council’s accounts are scrutinised by external auditors, who must be satisfied that the Statement of Accounts ‘presents a true and fair view’ of the financial position of the Council and its income and expenditure for the year in question complies with the legal requirements.

Responsibilities of the Section 151 Officer

Internal Audit

- 3.3 To approve, in consultation with the Chief Executive, the strategic and annual audit plans which take account of the characteristics and relative risks of the activities involved.
- 3.4 To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.
- 3.5 To ensure that a continuous internal audit is carried out of the accounting and financial operations of the Council.
- 3.6 To ensure that Internal Audit has authority to:
 - (a) enter at all reasonable times on any Council premises or land.
 - (b) have access to all records, documents and correspondence relating to any financial transactions of the Council.
 - (c) require and receive such explanations as are necessary concerning any matter under examination, and
 - (d) require any employee of the Council to produce cash, stores or any other Council property under his/her control.
- 3.7 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed with Internal Audit prior to implementation.

External Audit

- 3.8 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purpose of their work.
- 3.9 To ensure there is efficient liaison between external and internal audit.
- 3.10 To work with the external auditor and advise the full Council, Cabinet Executive and Group Managers on their responsibilities in relation to external audit.

Responsibilities of Group Managers and Strategic Managers

- 3.11 To ensure that Internal Auditors are given access to all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.

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- 3.12 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
 - 3.13 To consider and respond promptly to recommendations in audit reports issued by both the internal and external auditors.
 - 3.14 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.
 - 3.15 To notify the Section 151 Officer immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources. Pending investigation and reporting, Group Managers, including the Strategic Managers should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
 - 3.16 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed with Internal Audit prior to implementation.
 - 3.17 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents, and assets which the external auditors consider necessary for the purposes of their work.
 - 3.18 To ensure that all records and systems are up to date and available for inspection.

4 PREVENTING FRAUD AND CORRUPTION

- 4.1 Fraud and corruption can undermine the aims of the Council and damage its reputation. In carrying out its functions and services the Council is committed to the prevention, deterrence, detection and investigation of fraud and corruption. The Council's adopted Anti-Fraud and Corruption Policy is available on the intranet and each employee has a leaflet on what to do if they suspect fraud or corruption.
- 4.2 The Council's expectation of propriety and accountability is that Members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 4.3 The Council expects that individuals and organisations (eg suppliers, contractors, service providers) with whom it comes into contact will act towards the authority with integrity and without thought or actions involving fraud and corruption.

Key Controls

- 4.4 The key controls regarding the prevention of financial irregularities are that:
- (a) the Council has an effective anti-fraud and anti-corruption policy and maintains a culture that will not tolerate fraud or corruption.
 - (b) all Members and staff act with integrity and lead by example.
 - (c) Senior Managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Council or who are corrupt.
 - (d) high standards of conduct are promoted amongst Members by the Standards Committee.
 - (e) the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded.
 - (f) whistle blowing procedures are in place and operate effectively.
 - (g) legislation including the Public Interest Disclosure Act 1998 is adhered to.

Responsibilities of the Section 151 Officer

- 4.5 To develop and maintain an anti-fraud and anti-corruption policy.
- 4.6 To maintain adequate and effective internal control arrangements.
- 4.7 To ensure that all suspected irregularities are reported to Internal Audit.
- 4.8 To ensure that where sufficient evidence exists to believe that a criminal offence may have been committed, the police are called in to determine with the Crown Prosecution Service whether any prosecution will take place.

Responsibilities of Group Managers and Strategic

- 4.9 To ensure that all suspected irregularities are reported to Internal Audit.
- 4.10 To instigate the Council's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- 4.11 To ensure that where financial impropriety is discovered, the Section 151 Officer is informed.
- 4.12 To ensure that interests are required to be registered and are recorded in the central register maintained by the Monitoring Officer.

5 ASSETS – INVENTORY

Key Controls

- 5.1 That the Council's assets, in the form of property, vehicles, equipment, furniture and other items are safeguarded and used efficiently in service

delivery, and that there are arrangements for the security of both assets and information required for service operations. That an up-to-date asset register is maintained as a prerequisite for proper fixed asset accounting and sound asset management.

- 5.2 Assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the Council, and best price is obtained, bearing in mind other factors, such as environmental issues. For items of significant value, disposal should be by competitive tender or public auction.
- 5.3 Procedures protect staff involved in the disposal from accusation of personal gain.

Responsibilities of the Section 151 Officer

- 5.4 To ensure that an asset register is maintained in accordance with good practice for all fixed assets with a value in excess of £2,000. The function of the asset register is to provide the Council with information about fixed assets so that they are:
- safeguarded
 - used efficiently and effectively
 - adequately maintained

Responsibilities of the Director

- 5.5 To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Section 151 Officer.
- 5.6 To maintain a property database for all property, plant, machinery and moveable assets.
- 5.7 To ensure proper security of all buildings and other assets under his/her control.
- 5.8 To ensure that any use of property by a service other than for direct service delivery is supported by documentation identifying terms, responsibilities and duration of use.

Responsibilities of Group Managers and Strategic Managers

- 5.9 To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery above £50 in value.
- 5.10 To carry out an annual check against the inventory and on changes of responsible personnel. A compliance check against the inventory shall also

be carried out by the Internal Audit Section at least once in each financial year.

- 5.11 To ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Group Manager, SMPPA or ASM in consultation with the Section 151 Officer, has been established as appropriate.
- 5.12 To ensure that property is not removed or used for other than Council purposes without the specific approval of the responsible member of Senior Management. Items identified as being surplus to requirements shall be reported in writing to the Section 151 Officer who shall, in conjunction with Internal Audit approve the action to be taken.
- 5.13 The Democratic Services, Scrutiny and Governance Manager shall maintain a register of all properties owned by the Council and also retain and keep secure all relating title deeds.

6 ASSETS – SECURITY

Key Controls

- 6.1 The key controls for the security of resources such as land, buildings, fixed plant and machinery, equipment, software and information are:
- (a) resources are used only for the purposes of the Council and are properly accounted for.
 - (b) resources are available for use when required.
 - (c) resources no longer required are disposed of in accordance with the law and the procedures of the Council so as to maximise benefits.
 - (d) an asset register is maintained for the Council, assets are recorded when they are acquired by the Council and this record is updated as changes occur with respect to the location and condition of the asset.
 - (e) all staff are aware of their responsibilities with regard to safeguarding the Council's assets and information, including the requirements of the Data Protection Act and software copyright legislation.
 - (f) all staff are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's computer and internet security policies.

Responsibilities of the Section 151 Officer

- 6.2 To develop and disseminate good practice.

Responsibilities of Group Managers and Strategic Managers

- 6.3 To ensure that controls are in place to ensure that staff do not carry out private work in Council time and that staff are aware of an employer's rights with regard to intellectual property.
- 6.4 Group Managers, including the Strategic Managers shall be responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc. under his/her control. He/she shall consult the Section 151 Officer as appropriate in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 6.5 Keys to safes and similar receptacles shall be securely kept in a place or manner approved by Group Managers (including Strategic Managers) and any loss shall be reported to the Section 151 Officer immediately.
- 6.6 No information of a private nature (except information necessary to carry out the work of the Council) shall be incorporated into the computer records without the specific authority of the Council. No information whatsoever shall be supplied from the computer records to any private individual or organisation except as specifically authorised by the Council.
- 6.7 Notwithstanding the above, the Council shall at all times comply with the requirements of the Data Protection Act 1998 and as amended from time to time. The Democratic Services, Scrutiny & Governance Manager shall be the designated "Data Protection Officer".
- 6.8 The Corporate Services Group Manager shall be responsible for maintaining proper security and privacy in respect of information held in the computer installation or for its use.
- 6.9 No article, equipment or plant owned by the Council shall be loaned, or hired, nor work done or service rendered (other than in the exercise of the Council's functions) for the benefit of any private individual or organisations without the prior approval of a Director.

7 TREASURY MANAGEMENT – CODE OF PRACTICE

Key Controls

- 7.1 That the Council's borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and with the Council's Treasury Policy Statement.
- 7.2 The Council has adopted the Code for Treasury Management in Local Authorities produced by the Chartered Institute of Public Finance and

Accountancy, which includes the following clauses:-

- This Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice.
- Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:
 - a treasury management policy statement, stating the policies and objectives of its treasury management activities
 - suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- The content of the policy statement and TMPs will follow the recommendations contained in the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key recommendations.
- The Cabinet Executive will receive reports on its treasury management policies, practices and activities. The Council will receive, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its TMPs.
- The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Cabinet Executive and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the organisation's policy statement and TMPs and, as a CIPFA Member, CIPFA's Standard of Professional Practice on Treasury Management.

8 INVESTMENTS AND BORROWING

Responsibilities of the Section 151 Officer

- 8.1 To ensure that all investments of money are made in the name of the Council or in the name of nominees approved by the full Council.
- 8.2 To ensure that all securities that are the property of the Council or its nominees and the title deeds of all property in the Council's ownership are held in the custody of the Democratic Services, Scrutiny & Governance Manager.
- 8.3 To effect all borrowings in the name of the Council.
- 8.4 To act as the Council's registrar of stocks, bonds and mortgages and to maintain records of all borrowing of money by the Council.

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- 8.5 To be responsible for the negotiating of investments and report to the Cabinet Executive accordingly.
- 8.6 To ensure that no investment, other than short term deposits, are sold or realised except after the recommendations of the Cabinet Executive have been considered by the Council. Short term deposits refer to monies deposited for periods not exceeding 364 days and the Section 151 Officer shall have authority to realise such deposits as and when necessary.
- 8.7 To negotiate and accept the amounts received to meet the borrowing requirements of the Council within the statutory and voluntary limitations placed on the Council. Information relating to borrowing transactions shall be presented to the Cabinet Executive at appropriate intervals.
- 8.8 To report short term borrowing and investment transactions to the Cabinet Executive on a regular basis (at least four times a year).
- 8.9 To ensure that funds held by the Council's external fund managers are managed in accordance with the terms of the Agreement between the Council and the Fund Managers.

9 BANKING, PETTY CASH AND POSTAGES

Responsibilities of the Section 151 Officer

- 9.1 To operate accounts with financial institutions as are considered necessary - opening or closing any account shall require the recommendation of the Section 151 Officer to the Cabinet Executive - See Annexe A.
- 9.2 To provide employees of the Council with cash or bank imprest accounts to meet minor expenditure on behalf of the Council and to prescribe rules for operating these accounts. Minor items of expenditure should not exceed the prescribed amount.
- 9.3 To determine the petty cash limit and to maintain a record of all transactions and petty cash advances made, and periodically to review the arrangements for the safe custody and control of these advances.
- 9.4 To reimburse imprest holders as often as necessary to restore the imprests, but normally not more than monthly - See Annexe B.
- 9.5 To make appropriate arrangements for dealing with the Council's postal requirements - See Annexe C.

10 ESTABLISHMENT

Key Controls

- 10.1 The key controls for staffing are:
- (a) an appropriate staffing strategy and policy exists, in which staffing requirements and budget allocation are matched
 - (b) procedures are in place for forecasting staffing requirements and cost;
 - (c) controls are implemented to ensure that staff time is used efficiently and to the benefit of the authority
 - (d) checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy

Responsibilities of the Section 151 Officer

- 10.2 To produce an annual establishment budget in consultation with the HR Strategic Manager.
- 10.3 To act as an advisor to Group Managers on financial issues relating to the establishment.

Responsibilities of the Director

- 10.4 To ensure that the staffing budget is an accurate forecast of staffing levels.
- 10.5 To ensure that the overall staffing budget is not exceeded and that it is managed to enable the agreed level of service to be provided.
- 10.6 To ensure that the Section 151 Officer is immediately informed if the staffing budget of a service is likely to be materially over or underspent.

Responsibilities of Group Managers and Strategic Managers

- 10.7 To ensure establishment costs are allocated to an appropriate revenue budget head.
- 10.8 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary/agency staff.
- 10.9 To inform the Section 151 Officer if their establishment budget is likely to be materially over or underspent.

ANNEXE A TO APPENDIX C**BANKING ARRANGEMENTS AND CHEQUES**

- (a) The Council shall determine, on the recommendation of the Cabinet Executive, at which financial institution the Council's accounts shall be kept.
- (b) The Section 151 Officer shall be responsible for the operation and supervision of bank/building society accounts, the arrangements for ordering, custody and use of cheques and the safe custody of information passed to and from the bank/building society by means of computer transmission.
- (c) The Section 151 Officer shall arrange for such bank/building society accounts to be kept as may be necessary from time to time, and will determine the appropriate method of payment from such accounts.
- (d) All cheques up to the value of £1,500 may contain a computer generated signature or be signed by the Section 151 Officer or other member of his/her staff as he/she may authorise. All cheques in excess of £1,500 shall be signed by an authorised signatory. All cheques in excess of £25,000 shall be signed by two authorised signatories. A list of authorised cheque signatories shall be approved by the Section 151 Officer and monitored by the Internal Audit Section.
- (e) All cheque payments shall be crossed (except in the case of the Petty Cash Account) such crossing to be cancelled only in specific cases upon the Section 151 Officer's instructions.
- (f) The Chief Executive shall be responsible for arrangements for the supervision of the Chairman's Allowance Account.

ANNEXE B TO APPENDIX C**PETTY CASH**

- (a) The Section 151 Officer shall maintain a Petty Cash Account. The account shall be reimbursed as required.
- (b) The account shall not exceed the sum of £1,000 or such higher figure as may be determined by the Section 151 Officer from time to time. No single payment from this account shall exceed £100.

ANNEXE C TO APPENDIX C**POSTAGES**

- (a) Except in an emergency and in the specific exception referred to below all postal packets, other than official registered envelopes, sent out by any Officer of the Council shall be franked with the correct charge by means of a postal franking machine in accordance with the Regulations relating to such machines. The Section 151 Officer shall ensure that such records as are necessary are kept:
- to record all operations on the machine, and
 - to ensure that the cost of all postages is allocated over the relevant accounts
- (b) The balance of postal units in the postal franking machine shall at no time exceed £3,000.
- (c) The Officer responsible for the custody of this machine shall be the Section 151 Officer.
- (d) The procedures shall be as laid down by the Section 151 Officer.