

St Ives Town Council
Risk Strategy and
Assessment of Financial and
Non-Financial Internal Audit Controls



Document Control

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1.0 Document Approvers

St Ives Town Council	10.12.21
Finance & general Purposes Committee	30.09.21
Town Clerk	22.09.21
Town Clerk	11.11.21
Finance & General Purposes Committee	18.11.21

2.0 Document Review Plans

This document will be reviewed and updated as necessary

- Following an annual review
- Following any legislative changes which impact upon on these controls
- Following changes in guidance made by the National Association of Local Councils or other relevant bodies

3.0 Publication scheme

This document is available on the Council's website and is available as hard copy

St IVES TOWN COUNCIL

Risk Management Framework

1.0 INTRODUCTION

'Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements.'

2.0 REGULATORY FRAMEWORK

The Guidance on Governance and Accountability for Local Councils in England (published by the Joint Practitioners' Advisory Group) makes the following observations regarding risk management:

- Risk management is not just about financial management: it is about ensuring the achievement of objectives set by the council to deliver high quality public services; and
- The local council audit approach seeks to encourage local councils to address these issues by placing emphasis on the need to keep under review and, if need be, to strengthen their own corporate governance arrangements, thereby improving their stewardship of public funds and providing positive and continuing assurance to taxpayers

Under the Accounts and Audit Regulations 2011 (SI 2011/817) there is a requirement to establish and maintain a systematic strategy, framework and process for managing risk.

3.0 THE COUNCIL'S RISK MANAGEMENT FRAMEWORK

The Council's approach to the management of risk has the following elements:

- The adoption of an overarching risk management strategy, subject to regular review.
- A statement about the system of internal control and the management of risk is included as part of the Annual Statement of Accounts.
- Risks and their control are assessed dynamically using an agreed standard methodology
- Identified risks, together with appropriate controls for their management and mitigation are reflected in this annual risk assessment document.

4.0 Types of Risk

Risks can be classified into various types but it is important to recognise that for all categories the direct financial losses may have less impact than the indirect costs such as disruption of normal working. The examples below are not exhaustive:

- **Strategic Risk** - long-term adverse impacts from poor decision-making or poor implementation. Risks damage to the reputation of the Council, loss of public confidence, in a worst case scenario Government Intervention.
- **Compliance Risk** - failure to comply with legislation, or laid down procedures or the lack of documentation to prove compliance. Risks exposure to prosecution, judicial review, employment tribunals, inability to enforce contracts.
- **Financial Risk** - fraud and corruption, waste, excess demand for services, bad debts. Risk of additional audit investigation, objection to accounts, reduced service delivery, dramatically increased Council tax levels/impact on Council reserves.
- **Operating Risk** - failure to deliver services effectively, malfunctioning equipment, hazards to service users, the general public or staff, damage to property. Risk of insurance claims, higher insurance premiums, lengthy recovery processes.

5.0 KEY RESPONSIBILITIES

St Ives Town Council is committed to identifying and managing risks, using the following procedures, and to ensuring that risks are maintained at an acceptable level. The Town Council will take any action that is deemed necessary.

The Council delegates the carrying out of its risks assessments to the Finance and General Purposes Committee under Local Government Act 1972 (S101). There is an expectation that a risk assessment is carried out annually and a review of the risk management strategy and policy and any necessary revisions to the Financial regulations.

The Town Clerk and Responsible Financial Officer review risks on a regular basis, including any newly identified risks, and will report on such matters to the Finance and General Purposes Committee. The review will include identification of any unacceptable levels of risk.

6.0 MANAGEMENT OF RISK

There are number of key steps in the management of risk

Risk Identification – Identifying and understanding the hazards and risks facing the Council is crucial if informed decisions are to be made about policies or service delivery methods. The risks associated with these decisions can then be effectively managed. All risks identified will be recorded in the Council's Risk Register within this assessment.

Risk Analysis – Once risks have been identified, they need to be systematically and accurately assessed using proven techniques. Analysis should make full use of any available data on the potential frequency of events and their consequences. If a risk is seen to be unacceptable, then steps need to be taken to control it or respond to it.

Risk Prioritisation - An assessment should be undertaken of the impact and likelihood of risks occurring, with impact and likelihood being scored on a scale from 1 to 5 with 1 being low and 5 high.

The scores for impact and likelihood are multiplied together. Risks scoring 10 and above will be subject to detailed consideration and preparation of a contingency/action plan to appropriately control the risk.

Risk Control – Risk control is the process of taking action to minimise the likelihood of the risk event occurring and/or reducing the severity of the consequences should it occur. Typically, risk control requires the identification and implementation of revised operating procedures, but in exceptional cases more drastic action will be required to reduce the risk to an acceptable level. (sharing, elimination, transfer)

7.0 METHODOLOGY FOR ASSESSING RISK

The Council is ultimately responsible for risk management because risks threaten the achievement of policy objectives. Therefore each year members should:

- i) take steps to identify and update their record of key risks facing the Council;
- ii) evaluate the potential consequences to the Council if an event identified as a risk takes place (in terms of likelihood and impact);
- iii) decide upon appropriate measures to avoid, reduce or control the risk or its consequences; and
- iv) record any conclusions or decisions reached.

Each risk will be assessed in terms of its likelihood and impact on the Council using the following recommended methodology.

Ref	Risk	Impact	Likelihood	Level	Controls	Review Date	Action required	Responsible
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ASSETS								
	Protection of physical assets	3	2	M	<p>The Asset Register updated annually, with any changes through additions and disposals updated on an adhoc basis. This is presented to Council annually with Annual Accounts.</p> <p>Regular inspection of properties under the Council's direct management. Maintenance of buildings, sites and equipment is undertaken on a planned and responsive basis. Weekly inspection of toilets is carried out Daily inspection of the Guildhall and library are carried out Playground equipment is checked and maintained independently by CORMAC on a weekly basis.</p> <p>Insurance cover reviewed annually, with any changes through additions and disposals updated on an adhoc basis. Currently insured with Zurich Municipal. Recommendations as necessary to Finance and General Purposes Committee to update cover.</p>	SEP 2021	<ul style="list-style-type: none"> • New procedures in place for the regular inspection of properties • Insurance cover needs reviewing to respond to changes in the Council's service delivery due to new projects and assets being introduced. • Complete first registration of all property and land assets 	Town Clerk/RFO Relevant Managers and Committees

Ref	Risk	Impact	Likelihood	Level	Controls	Review Date	Action required	Responsible
	Maintenance for vulnerable buildings, amenities or equipment	3	2	M	All premises are maintained within the approved budget. Level of maintenance resources is kept under review Maintenance is undertaken in-house where possible and external contractors used as required.	Sept 2021	<ul style="list-style-type: none"> • A proactive planned maintenance programme is under development but still needs to be completed • Review the contracts for toilet cleaning, street weeding and play grounds is due • Capital programmes are planned to address some long term investment needs in some properties. 	Buildings and Amenities Manager/Town Clerk Relevant Committees
	Security for vulnerable buildings, amenities or equipment	3	2	M	Appropriate security devices are fitted to all of the Council's buildings and linked as necessary, to a central control station. Intruder alarms are serviced and maintained regularly at the Guildhall, Library and Island Centre. The Council retain an external key holder. Codes are required to enter the premises . In the event of any breaches of security, appropriate measures are taken as soon as practicable to re-secure the property. CCTV monitors the Guildhall premises Regular inspection of community assets	Sept 2021	<ul style="list-style-type: none"> • Ensure sufficient resources are in budget to maintain intruder alarms • The contracts require re-tender to ensure VFM • Update training on the operation of the intruder alarm • Complete installation of new CCTV system at the skate park • Review security at chapels and huer's hut. 	Managers / Relevant Committees

Ref	Risk	Impact	Likelihood	Level	Controls	Review Date	Action required	Responsible
	Use of buildings and assets by third parties	3	2	M	All use, rental and hire of assets by third parties is subject to formal agreement Appropriate terms and conditions of hire and any legal / contractual arrangements relating to their use and protection are in place.	Sept 2021	<ul style="list-style-type: none"> Annually review terms and conditions for hall hire and meet with market organisers 	Town Clerk Buildings and Amenities Manager Relevant Committees
FINANCE								
	Banking arrangements	4	1	M	Banking arrangements are reviewed periodically by Finance and General Purposes Committee. All cheques and bank transfer payments require two Members' signatures. As part of the ensuring robust financial records are maintained, the RFO ensures the monthly reconciliation between the accounts of the Council and the bank statements and petty cash balances. The RFO produces a financial report detailing payments made, budget position and bank and cash reconciliations to the Finance and General Purposes Committees for the latest month-end, for each cycle of meetings.	Sept 2021	<ul style="list-style-type: none"> Regularly review statement of internal controls Produce procedure guides for on-line payments 	RFO Relevant Committees
	Consequential loss of income	4	3	H	Insurance cover for business interruption Computers backed up daily and weekly backups switched off site. Flexible and homeworking policies and infrastructure in place COVID is an uninsurable risk	Sept 2021	<ul style="list-style-type: none"> Review business interruption insurance as inadequate Review IT systems for homeworking and establish a business continuity plan 	Town Clerk/ RFO Relevant Committees

Ref	Risk	Impact	Likelihood	Level	Controls	Review Date	Action required	Responsible
	Loss of cash through theft or dishonesty	3	1	M	Fidelity Guarantee cover up to £1 million for employees and Members Procedures for handling cash	Sept 2021	<ul style="list-style-type: none"> Review procedures for handling cash and ordering goods New procedures required for operating the council's bar (stock take, cashing up) 	RFO
	Financial controls and records	4	2	M	Financial Regulations and set of internal controls in place. Two signatories on cheques and bank transfers Compliance with Internal and external audit arrangements	Sept 2021	<ul style="list-style-type: none"> Ensure internal controls and financial regulations are up to date Comply with any internal audit recommendations Recommence monthly audit 	RFO Relevant Committees
	Comply with HMRC Regulations	4	2	M	VAT payments and claims calculated by Finance Officer and checked by RFO. Regular review of business activities and annual partial exemption calculation completed Internal and external auditors to provide assurance.	Sept 2021	<ul style="list-style-type: none"> Review operation of on-line VAT submission and write procedure notes Implement VAT recommendations Consider opt to tax for the Guildhall 	RFO Relevant Committees
	Sound budgeting to Underpin annual precept	4	1	M	Annual process of committees completing review and recommendations to Finance & GP Committee to review all budgets in detail and recommend budget to Council. Expenditure against budget reported to Committee on a regular basis. A qualified RFO is in post	Sept 2021	<ul style="list-style-type: none"> Develop 3 year budget Robust and regular income reviews to respond to the pandemic 	Town Clerk/ RFO Relevant Committees
	Complying with borrowing restrictions	3	2	M	<ul style="list-style-type: none"> All procedures and approvals for new borrowing are followed All borrowing is subject to community consultation and a detailed vfm / business case and affordability assessment 	Sept 2021	<ul style="list-style-type: none"> Bring in monitoring arrangements for new borrowing agreed in 2021 	Town Clerk/ RFO F&GP

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	Ensuring robustness of insurance providers	3	1	M	Two main insurers for local councils – Zurich Municipal and AON. The Council currently use Zurich Municipal and are in contract until 2023. Regular checks are carried out to ensure that the company is sufficiently robust. An annual review is carried out with the Council’s providers	Sept 2021	<ul style="list-style-type: none"> Complete annual review meeting to consider level of cover. 	Town Clerk/ RFO Relevant Committees
	Clear delineation of responsibility for each service area	2	1	L	Under the Council’s Scheme of Delegation, each of the committees have delegated management responsibility for their own budget. Scheme of delegation is kept under regular review	Sept 2021		Town Clerk/ Council Relevant Committees
	Loss of Income, failure to achieve income targets	4	4	H	Regular review of business activities Continuous process of innovation to identify new revenue streams Regular reporting against income targets to committees Use of professional valuation advice on market competitiveness Risk assessments and business planning in place for new areas of activity	Sept 2021	<ul style="list-style-type: none"> Close monitoring regime, due to COVID Complete valuations and rent reviews in a timely way Develop business recovery and marketing activity plans for the LIS Evaluate the impact of the Guildhall programme and bar revenue 	Town Clerk/ RFO Relevant Committees
PROCUREMENT								
	Awarding of contracts for services and the purchase of capital equipment	3	2	M	The Council has policies in place for the procurement of goods and the awarding of contracts All relevant contracts are advertised publicly and through contracts finder	Sept 2021	<ul style="list-style-type: none"> Carry out a review to align with post EU compliance Explore local procurement frameworks to drive down cost and attract additional suppliers Carry out more market testing for some services eg IT and maintenance contracts 	Town Clerk, Property and Amenity Manager, RFO Relevant Committees

Ref	Risk	Impact	Likelihood	Level	Controls	Review Date	Action required	Responsible
	Professional services and contractors	2	2	M	The Council endeavours to ensure that wherever possible it has the opportunity to select from several providers of any professional services. All prospective contractors are required to provide references of other originations for which they have recently undertaken similar work.	Sept 2021	<ul style="list-style-type: none"> Subscribe to credit credit checking Review T&Cs and contract terms 	Town Clerk, RFO Relevant Committees
LIABILITY								
	Risk of damage to third party property or individuals/Legal liability	3	2	M	Public Liability Insurance £15 million – covering personal accident liability for employees and members. High risk areas - open spaces and toilets checked regularly. Risk assessments of individual events such as good Friday boating subject to separate assessments. All third party events have PLI checked and terms and conditions clarify responsibilities All contractors are required to provide RAMS for their work on Council services and property	Sept 2021	<ul style="list-style-type: none"> Review procedures for responding to claims and recording reported checks for toilets Ensure all events have management plans 	Town Clerk, Buildings Manager Relevant Committees
Employer Liability								
	Compliance with Employment Law	3	2	M	Staff and members are suitably advised by HR specialist Regular training programme on employer requirements and law All staff have clear terms and conditions and contracts of employment A regular cycle of appraisal and performance is carried out with competency, disciplinary and grievance processes Staffing policies are in place and are subject to regular review HR support is provided by a reputable local government specialist. A pay and grading structure is in place	Sept 2021	<ul style="list-style-type: none"> Review policies for disciplinary and competency to ensure they are fit for purpose 	Town Clerk, Staffing Committee

Ref	Risk	Impact	Likelihood	Level	Controls	Review Date	Action required	Responsible
	Health and Safety Compliance	4	2	M	Policies and procedures are well documented and kept up to date Regular Staff training programme and risk assessments are in place Management responsibilities are clearly defined Active Health and Safety working group All Government COVID guidelines are complied with	Sept 2021	<ul style="list-style-type: none"> • Complete annual review of H&S action plan and Implement recommendations • Centralise inspection records for properties • Regular review of COVID security 	Managers and H&S working group
	Safety of Staff and visitors	2	2	L	GDPR compliant Visitors book and CCTV cover. Regular risk assessments Use of zone areas on the intruder alarms to separate out areas of activity in concert hall and offices Lone working policy in place. Key risks assessed for staff through appraisal system Safeguarding policy in place with DBS checks COVID measures in place, including track and trace	Sept 2021	<ul style="list-style-type: none"> • Complete annual review of H&S action plan and Implement • Ensure all staff dealing with contractors check RAMS and insurance • Training for frontline staff on dealing with difficult customers and potentially violent persons • Review safety arrangements for the bar 	Town Clerk, Property Manager Relevant Committees
STAFFING								
	Staff cover	2	3	M	Ensure teams are multi-skilled to cover staff absences Ensure procedures cover the need to home working and self-isolation due to any COVID – 19 restrictions Ensure written procedures are in place Support remote and flexible working policies Share reception teams Active volunteering	Sept 2021	<ul style="list-style-type: none"> • Complete written procedures • Ensure all staff have shared drive access • Review volunteering • Prioritise additional training for maintenance staff to ensure they are multi skilled 	Town Clerk,

Ref	Risk	Impact	Likelihood	Level	Controls	Review Date	Action required	Responsible
	Retention of skills and knowledge: Loss of critical staff Limited capacity of critical staff	3	3	H	Regular arrangements for 121s and Management team meetings – a developing senior management team culture with shared decision making Succession planning arrangements for key staff Coaching and learning environment Proactive training programme and identification of skills gaps Clerk and RFO are professionally qualified The outsourcing of key services such as payroll , and the use of external legal advisors safeguard key activities to prevent service failure. IT protocols retain all staff mailboxes and ensure electronic records are retained	Sept 2021	<ul style="list-style-type: none"> • Staff appraisals for key services including finance, support services and LIS include a requirement to review and develop written procedures • A training and development programme will increase the skills and knowledge of the senior management team • Notice periods will be reviewed on the issue of all new staff contracts • Review of the staffing structure to strengthen services and manage change where staff are retiring • Greater involvement of senior staff in committees 	Town Clerk, Staffing Committee
LEGITIMACY OF DECISION MAKING								
	Decisions are lawful and within legal powers	3	1	M	Clerk clarifies legal position of any new proposal and seek legal advice where necessary. Resolutions to cite power where necessary Standing orders are adhered to and reviewed annually Maintain General Power of Competency and re-state annually A scheme of delegation is in place and reviewed annually Arrangements for emergency delegation, due to COVID Delegated decisions are published and ratified Professional body memberships are maintained	Sept 2021		Town Clerk Mayor

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	Proper and timely reporting via the Minutes	2	1	L	Council and committees meet on a regular 6 week cycle Contemporary minutes are recorded at each meeting. Minutes are distributed in a timely fashion and approved and signed at following meeting. Minutes are made available to the press and public. An update report tracks all minuted decisions	Sept 2021	Ensure reports are available via the website	Town Clerk, RFO
	Measures to Prevent Fraud and Corruption	4	1	M	The Cornwall Council model code of conduct is used A register of interests is maintained and amended throughout the year A gifts and hospitality register is maintained Declarations of interest are regularly recorded and reported Separate decision making arrangements are in place for charitable trusts Procedures are in place for awarding contracts Anti-bribery and corruption policy is in place	Sept 2021	Ensure annual meetings for charitable trusts are held and annual returns submitted	Town Clerk,
	Document Management and Control	4	4	H	Comprehensive filing system holding all relevant documents. Use of fireproof cabinet where relevant. Document Retention Policy in place Procedures comply with Information Commissioner's office All documents are stored on the central server and a document control policy is in place	Sept 2021	Review policy documents and document control and update Update document retention policy Ensure all land and buildings are registered	Town Clerk, RFO

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	Data Security	4	4	H	<p>A model publication scheme is in place</p> <p>A NALC model procedure for processing FOI / GDPR requests is followed</p> <p>Privacy statements are in place</p> <p>Document retention and staff records are reviewed and destroyed as necessary</p> <p>All documents are saved on the server</p> <p>No staff or members use personal email addresses</p> <p>All computers are password protected and kept in secure conditions</p> <p>Personnel, payroll and property records are kept in locked storage</p>	March 2020	<ul style="list-style-type: none"> Review publication scheme annually Review all FOI / GDPR procedures 	Town Clerk, RFO