

St Ives Town Council
Risk Strategy and
Assessment of Financial and
Non-Financial Internal Audit Controls
September Review 2022



Document Control

Adoption date : June 2020
Last Reviewed: September 2021
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1.0 Document Approvers

St Ives Town Council	10.12.21
Finance & General Purposes Committee	30.09.21
Town Clerk	18.09.21
Finance & General Purposes Committee	18.11.21
Full Council	09.12.21
Town Clerk and Senior Managers	22.09.22
Finance & General Purposes Committee	29.09.22
Full Council	13.10.22

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

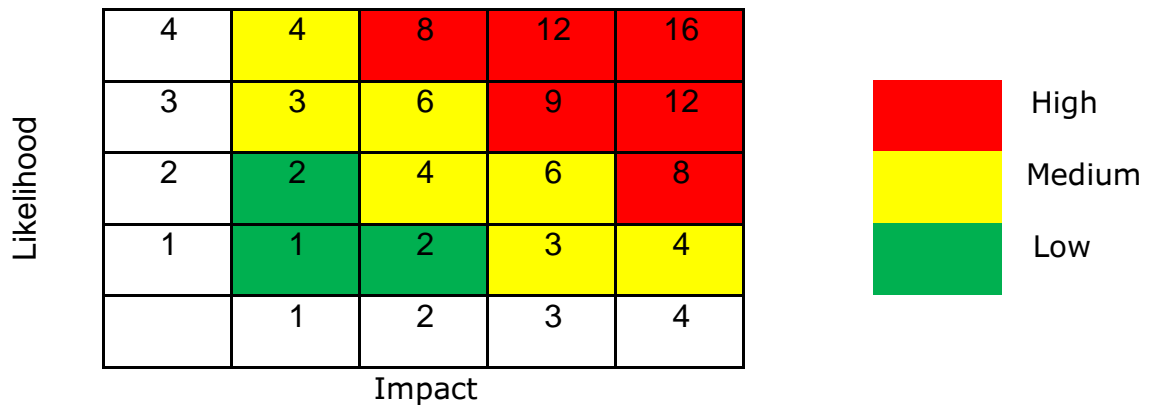
Likelihood

		Probability	Possible Indicators
4	Almost Certain	> 90%	Frequent occurrence
3	Likely	> 60%	Regular occurrence
2	Possible	> 10%	Occasional occurrence
1	Unlikely	< 10%	Has never occurred

Impact

		Risk Threat
4	Major	Financial Impact >£200,000 Fatality/disabling injuries to public or staff / adverse national media attention / external intervention / total service disruption / extensive legal action against the Council
3	Serious	Financial Impact > £100,000 Adverse local media attention / extensive public complaints / adverse comments by regulators or auditors / significant service disruption / failure to deliver projects or targets / service disruptions / injuries to public or staff / legal action against the Council
2	Significant	Financial Impact > £50,000 Adverse service users complaints / service disruption / minor injuries and near misses to staff and public
1	Minor	Financial impact less than £5,000 / isolated complaints / minor service disruption

Risk Matrix



The key risks for the Council are assessed for impact and likelihood (using the criteria listed above); so that risks are identified as low, medium or high.

Controls are then identified in order to mitigate the risk. It is anticipated that the risk will be reviewed annually unless there is a change in intelligence. The table also assigns responsibility to the Town Clerk, members of the management team and the appropriate committee.

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 ad hoc 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</p> <p>Daily inspection of the Guildhall and library are carried out Playground equipment is checked and maintained independently by CORMAC on a weekly basis.</p>	SEP 2022	<ul style="list-style-type: none"> Procedures in place for the regular inspection of properties Insurance cover has been reviewed and updated to respond to changes in the Council's service delivery due to new projects and assets being introduced. First registration of all property and land assets is underway but not complete due to backlogs. Need to get quotes for 	Town Clerk/RFO Relevant Managers and Committees
	Maintenance for vulnerable buildings, amenities or equipment	3	2	M	<p>All premises are maintained within the approved budget.</p> <p>Level of maintenance resources is kept under review Maintenance is undertaken in-house where possible and external contractors used as required.</p> <p>Contracts for toilet cleaning, street weeding and play grounds have been reviewed.</p>	Sept 2022	<ul style="list-style-type: none"> A proactive planned maintenance programme has been developed and will be considered this Autumn. Capital programmes are planned to address some long term investment needs in some properties. 	Buildings and Amenities Manager/Town Clerk Relevant Committees

Ref	Risk	Impact	Likelihood	Level	Controls	Review Date	Action required	Responsible
	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	May 2023	<ul style="list-style-type: none"> • Ensure sufficient resources are in budget to maintain intruder alarms • The contracts require re-tender to ensure VFM • Complete installation of new CCTV system at the skate park and Trewyn Gardens and Depot 	Managers / Relevant Committees
	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. Terms and conditions for hall hire and meetings with market organisers take place annually.	May 2023	<ul style="list-style-type: none"> • Wedding T&Cs need review 	Town Clerk Buildings and Amenities Manager Relevant Committees

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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' authorisation. 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 2022	<ul style="list-style-type: none"> Regularly review statement of internal controls Regularly review procedures for on-line payments and anti fraud measures 	RFO Relevant Committees
	Consequential loss of income	4	3	H	Insurance cover for business interruption Migration to cloud-based computing will provide more comprehensive back up. Flexible and homeworking policies and infrastructure in place Organisation fully staffed, procedures being systematised and more cross site working COVID is an uninsurable risk	April 2023	Need to quantify losses of income from Guildhall Development Programme	Town Clerk/ RFO Relevant Committees
	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 Stock take system in place for bar and cashing up	April 2023	<ul style="list-style-type: none"> Review procedures for ordering goods New procedures required for other stock contract 	RFO / Office Manager

Ref	Risk	Impact	Likelihood	Level	Controls	Review Date	Action required	Responsible
	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 Financial regulations up to date and reviewed annually Monthly internal audits in place	Aug 2022	<ul style="list-style-type: none"> Comply with any internal audit recommendations Ensure monthly audits take place and are re-scheduled if missed 	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 Opt to tax in place for Guildhall to optimise VAT recovery	Sept 2022	<ul style="list-style-type: none"> Review operation of on-line VAT submission and write procedure notes 	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 and finance officer are in post Regular income review meetings are being embedded into team and managers meetings	Sept 2022	<ul style="list-style-type: none"> Develop 3 year budget Robust and regular budget and income reviews to respond to the cost of living and utilities price rises Review structure of reserves to improve budgetary control. 	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 2022	<ul style="list-style-type: none"> Borrowing reports brought to F&GP. 	Town Clerk/ RFO F&GP

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	Ensuring robustness of insurance providers	3	1	M	Limited market for local council insurers . 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	Mar 2023	<ul style="list-style-type: none"> Review market and pricing for 2023 	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	Aug 2022		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 2022	<ul style="list-style-type: none"> Close monitoring regime, due to external economic factors and robust review of budgets for 2023-24 Complete valuations and rent reviews in a timely way Develop marketing activity and retail plans for the LIS Robust review of scale of charges Regular structured income meetings 	Town Clerk/ RFO Relevant Committees

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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 Post EU compliance reviewed and standing orders / regulations revised and adopted. Thresholds revised to reflect poor market interest	Sept 2022	<ul style="list-style-type: none"> Establish local procurement frameworks to drive down cost and attract additional suppliers Carry out more early dialogue to establish market interest 	Town Clerk, Property and Amenity Manager, RFO Relevant Committees
	Professional services and contractors – tender price inflation and market failure	2	4	H	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. Standard T&Cs in place Frameworks and preferred contractor lists are being put place Standing orders / financial regs being reviewed	Sept 2022	<ul style="list-style-type: none"> Subscribe to credit checking Develop systems of early competitive dialogue Review and promote local frameworks Continue to develop the skills of staff to do work in house Explore new partnerships with other Towns and Local Councils 	Town Clerk, RFO Relevant Committees

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LIABILITY

	Risk of damage to third party property or individuals/Legal liability	3	2	M	Public Liability Insurance £10 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 2022	<ul style="list-style-type: none"> Review procedures for responding to claims and recording reported checks for toilets Ensure all events have management plans Develop contractual arrangements for NYE 	Town Clerk, Buildings Manager Relevant Committees
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Employer Liability

	Compliance with Employment Law	3	2	M	Staff and members are advised by HR specialist 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 Policies for disciplinary and grievance procedures have been revised to ensure they are fit for purpose Adequate insurance in place	Sept 2022	<p>Training programme on employer requirements and law needs updating</p> <p>Procedures for managing and reporting incidents at work and staff sickness being reviewed.</p> <p>Roles and responsibilities of managers being reviewed as part of the new Grievance and Disciplinary processes</p>	Town Clerk, Staffing Committee
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	Health and Safety Compliance	4	2	M	<p>Policies and procedures are well documented and kept up to date</p> <p>Regular Staff training programme in place</p> <p>Risk assessment templates are in place</p> <p>Management responsibilities are clearly defined</p> <p>Subscriptions to COSHH and reporting systems in place</p> <p>Regular FRAs completed for all sites</p> <p>Detailed RA completed for events and the concert hall and weddings</p>	Sept 2022	<ul style="list-style-type: none"> Centralise inspection records for properties Regular review risk assessment templates to ensure they cover all activities Introduce programme of H&S review as part of integration with the Staffing Committee 	Managers and Staffing Committee
	Safety of Staff and visitors	2	2	L	<p>GDPR compliant Visitors book and CCTV cover.</p> <p>Regular risk assessments</p> <p>Use of zone areas on the intruder alarms to separate out areas of activity in concert hall and offices</p> <p>Lone working policy in place.</p> <p>Key risks assessed for staff through appraisal system</p> <p>Safeguarding policy in place with DBS checks carried out</p> <p>New system of challenge for contractors and visitors on site in place</p> <p>New vexatious customers policy in place</p>	Sept 2022	<ul style="list-style-type: none"> Ensure all staff dealing with contractors check RAMS and insurance Training for frontline staff on dealing with difficult customers and potentially violent persons 	Town Clerk, Building and Maintenance Manager/ Office Manager Relevant Committees

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STAFFING

	Staff cover	2	3	M	<p>Organisational restructure means teams are fully staffed</p> <p>Teams are multi-skilled to cover staff absences</p> <p>Procedures and policies in place to cover home working</p> <p>Remote, lone and flexible working policies</p> <p>Reception teams shared across sites</p> <p>Managers operate a rota and align absences so there is always one manager on site</p> <p>All staff have access to shared drives and TC email address</p> <p>Maintenance teams are all trained and multi-skilled</p>	Sept 2022	<ul style="list-style-type: none"> • Complete written procedures • Expand volunteering opportunities • Review out of hours cover arrangements 	Town Clerk, Staffing Committee
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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	Restructure ensures organisation has adequate level of staff resources. Introduction of new middle tier of senior officers in development roles 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 Contracts review – extension of notice periods and probationary periods are standard. New system of monthly early performance reviews for new staff with six months’ probation.	Sept 2022	<ul style="list-style-type: none"> • Complete annual appraisals and new training and development programme • Greater involvement of senior staff in committees • Develop greater delegated decision making between Clerk and Managers 	Town Clerk, Staffing Committee

Ref	Risk	Impact	Likelihood	Level	Controls	Review Date	Action required	Responsible
	Limits to organisational capacity / doing too much	4	3	H	Corporate plan introduced setting out priorities Committee work programmes to manage expectations Use of outsourcing and contractors to increase capacity Address resources in committee reports for decision making		<ul style="list-style-type: none"> Review working groups and subsume into place shaping board Propose board is established to share projects with key partners Be willing to close projects and delay implementation 	Town Clerk / Council
LEGITIMACY OF DECISION MAKING								
	Decisions are lawful and within legal powers	3	1	M	Clerk clarifies legal position of any new proposal and seeks legal advice where necessary. Resolutions cite power where necessary Standing orders are adhered to and reviewed annually General Power of Competency has been maintained and re-stated annually A scheme of delegation is in place and reviewed annually Arrangements for emergency delegation, if necessary Delegated decisions are published and ratified Professional body memberships are maintained	Sept 2022	<p>Ensure that budgets are adequate for legal advice to be obtained for all new ventures</p> <p>Review report template so that resource and legal implications of all decisions are clear</p>	Town Clerk / Council

Ref	Risk	Impact	Likelihood	Level	Controls	Review Date	Action required	Responsible
	Recruitment and retention of Town Councillors	4	3	H	Active recruitment campaign for vacancies Robust co-option policy Active existing Councillors to champion role Positive working environment for Councillors		<ul style="list-style-type: none"> Review meeting arrangements and level of commitments Identify new ways to recruit a broader range of Councillors Consider paying an allowance 	Town Council / Clerk
	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 2022	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 adopted 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 2022	Ensure annual meetings for charitable trusts are held and annual returns submitted	Town Clerk/RFO

Ref	Risk	Impact	Likelihood	Level	Controls	Review Date	Action required	Responsible
	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, but needs review Procedures comply with Information Commissioner's office All documents are stored on the central server and a document control policy is in place. A cloud based system is being implemented All staff contracts are appropriate and up to date	Sept 2022	Review policy documents and document control and update Update document retention policy Ensure all land and buildings are registered	Town Clerk, RFO
	Data Security	4	4	H	A model publication scheme is in place A NALC model procedure for processing FOI / GDPR requests is followed Privacy statements are in place Document retention and staff records are reviewed and destroyed as necessary All documents are saved on the server No staff or members use personal email addresses All computers are password protected and kept in secure conditions Personnel, payroll and property records are kept in locked storage Security software for IT systems are subject to regular review and all updates are rolled out	Sept 2022	<ul style="list-style-type: none"> Review publication scheme annually Review all FOI / GDPR procedures 	Town Clerk, Office Manager