Risk Management Policy 2021-22

Felixstowe Town Council is committed to identifying and managing risks, using the following procedures, and to ensuring that risks are maintained at an acceptable level. Any action that is felt necessary will be taken by Felixstowe Town Council.

The Clerk (who is also the Responsible Financial Officer) will review risks on a regular basis, including any newly identified risks, and will report to Council. The review will include identification of any unacceptable levels of risk.

The 2018 practitioner's guide to Governance and Accountability for Small Authorities – a makes the following observations regarding risk management:

(5.87) Risk is an uncertain event or condition that, if it occurs, will have an effect on the achievement of an authority's objectives. Risk management is the process whereby authorities methodically address the risks associated with what they do and the services which they provide. The focus of risk management is to identify what can go wrong and take proportionate steps to avoid this or successfully manage the consequences. Good risk management allows stakeholders to have increased confidence in the authority's corporate governance arrangements and its ability to deliver its priorities.

It goes on to make the point that the Council generally and Members individually are responsible for risk management because risk threatens the achievement of policy objectives.

Members should, therefore:

(a) Take steps to identify key risks facing the Council
(b) Evaluate the potential consequences to the Council if an event identified as a risk takes place
(c) Decide upon appropriate measures to avoid, reduce or control the risk or its consequences.
(d) Record any conclusions or decisions reached.

To identify the risks facing a council, the Guidance recommends beginning by grouping the three main types of decisions that have to be taken into the following areas:

(1) Areas where there may be scope to use insurance to help manage risk
(2) Areas where there may be scope to work with others to help manage risk
(3) Areas where there may be need to self-managed risk.

AREAS WHERE THERE MAY BE SCOPE TO USE INSURANCE TO HELP MANAGE RISK

1 RISK IDENTIFICATION

Insurance cover for risk is the most common approach to certain types of inherent risk:

(a) Protection of physical assets: *All physical assets are insured*.
(b) Public Liability: *The Council has a Public Liability Insurance of £15,000,000. It has also personal accident liability cover for employees, members and volunteers under the above policy*.
(c) Employers Liability: *The Council has an Employers Liability Insurance of £10,000,000*
(d) Loss of cash: Insured to the sum of £ 5,000
(e) Fidelity guarantee: Insured to the sum of £ 2,000,000
(f) Libel and Slander: Insured to the sum of £ 500,000
(h) Office equipment: Insured to the value of £ 63,221
(i) Personal accident: Insured to standard contingencies

2 INTERNAL CONTROLS

(a) Maintain an up-to-date register of Assets and Investments:
The Asset Register is reviewed annually by the Clerk and Council Members receive a regularly updated list.

(b) Regular maintenance for physical assets:
Physical assets owned by the Council, including its land and buildings are monitored by and the Council's Assets & Services Committee, maintained by Council staff and/or contracted third parties as appropriate.

(c) Annual Review of risk and the adequacy and robustness of insurance cover:
The Clerk reviews the insurance cover annually, and updates cover as required. Council carries out an annual review of the adequacy of its insurance arrangements.

3 INTERNAL AUDIT ASSURANCE

(a) Review of internal controls in place and their documentation:
Internal controls are reviewed as necessary by the Clerk, and the Independent Internal Auditor. All Audit Reports and recommendations are submitted to Council. Council reviews the effectiveness of its audit arrangements on an annual basis.

AREAS WHERE THERE MAY BE SCOPE TO WORK WITH OTHERS TO HELP MANAGE RISK

1 RISK IDENTIFICATION

(a) Security for vulnerable buildings, amenities or equipment:
The Council's office and equipment is insured and Council equipment secure.

(b) Banking Services:
Reviewed not less than every 4 years by Council. Council processes payments electronically where possible and the Town Clerk and Deputy Town Clerk are delegated the authority to effect such payments, subject to Council's authorised signatories confirming the accuracy of these payments by countersigning all relevant invoices and payment schedules. All cheques require two Councillor signatures. Council reviews all payments. Authority delegated to Clerk to transfer between accounts. Regular reports (income/expenditure/budget and bank reconciliation) made to Finance & Governance Committee.

(c) Professional services, contractors etc.:
The Council endeavours to ensure that wherever possible it has the opportunity to select (from several) providers of any professional service it requires.

2 INTERNAL CONTROLS

(a) Standing Orders and Financial Regulations dealing with the award of contracts for services or purchases:
The Council has Standing Orders and Financial Regulations that govern the awarding of contracts/purchases. These are reviewed and approved by Council annually.

(b) Arrangements to detect and deter fraud and/or corruption:
Invoices are subjected to scrutiny by both the Clerk and the cheque signatories. Variation in salary payments is fully justified before payment. Expenses are only approved after submission of fully detailed claim form.

(c) Regular bank reconciliations, independently reviewed: *Bank statements are received monthly and are reconciled by the Deputy Town Clerk and checked by the Clerk. Council appoints a Member to undertake a quarterly bank reconciliation.*

3 INTERNAL AUDIT ASSURANCE

(a) Review of internal controls in place and their documentation:
Recommendations from the Clerk, Finance & Governance Committee and Internal Auditor are submitted to Council.

(b) Review of minutes to ensure legal powers are available and the basis of the powers recorded and correctly applied:
Where appropriate, legal powers bestowed on the Council will be recorded in the minutes against decisions taken. The minutes of meetings are also reviewed during the internal audit process.

(c) Review of arrangements to prevent and detect fraud and corruption:
The use of Standing Orders, Finance Regulations, internal controls and consideration by Council are all methods which contribute to prevent and deter fraud and corruption.

AREAS WHERE THERE MAY BE A NEED TO SELF-MANAGE RISK

1 RISK IDENTIFICATION

(a) Keeping proper financial records in accordance with statutory regulations:
Financial records are kept in accordance with the statutory requirements and are reviewed as part of the Audit process

(b) Ensuring all business activities are within legal powers applicable to Parish Councils:
See Section 3 Internal Audit Assurance (b) above

(c) Complying with restrictions on borrowing: *There is currently no borrowing.*

(d) Ensuring that all requirements are met under employment law and Inland Revenue regulations:
Inland Revenue calculations are made by the Payroll Software system and are subject to the audit process. Salary forecasts are undertaken as part of the budget setting process.

(e) Ensuring all requirements are met under Customs and Excise regulations:
All such requirements are met by the Clerk and the Internal Audit process

(f) Ensuring the adequacy of the annual precept within sound budgeting arrangements:
The budget is reviewed and approved by Council annually.

(g) Ensuring the proper use of funds granted to local community bodies made in accordance with the General Power of Competence (Localism Act 2011 Part 1, Chapter 1, ss 1-8) as brought in to force by SI 965 The Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012: Grant applications are considered by Council within the parameters of its own Grants Policy
Grant applications are considered by Council within the parameters of the grants policy.

(h) Proper, timely and accurate reporting of the Council business in the minutes:
Council minutes are distributed to Members in advance of the subsequent meeting and verified as a correct record as one of the first items of business of that meeting and signed at the meeting. Failure to do so is recorded. Any Council Committee and Working Party Minutes/Notes are presented to full Council for information.

(i) Responding to electors wishing to exercise their rights of inspection:
The Council has adopted the ICO's model publication scheme under the Freedom of Information Act 2000 and all necessary information is publicly available online or by request.

(j) Register of Members' Interests and Gifts and Hospitality in place, complete, accurate and up to date:
The Members' Register of Interest is held by the Monitoring Officer at Suffolk Coastal District Council with a link to this via the Town Council's own website. It is the responsibility of Members to notify the Clerk or Monitoring Officer of

any gifts or hospitality in accordance with the Suffolk Local Code of Conduct or any changes to their interests. The registers are reviewed annually.

2 INTERNAL CONTROLS

(a) Regular scrutiny of financial records and proper arrangements for the approval of Expenditure:
Payment schedules are submitted to each full Council meeting for scrutiny.

(b) Recording in the budget and minutes the precise powers under which expenditure is being approved: *See Section 3 Internal Audit Assurance (b.)*

(c) Regular returns to the Inland Revenue; contracts of employment and job descriptions for all staff; systems of updating records for any changes in relevant legislation reviewed by Council:
Inland Revenue Returns are completed and submitted by the Clerk. Salaries are calculated by the Payroll Software System and are subject to internal audit. Staffing issues are referred to the Personnel Committee for recommendation to Council. The Council has adopted personnel procedures.

(d) Regular returns of VAT:
The Clerk is responsible for completion and submission of VAT returns and these are submitted at least quarterly.

(e) Developing system of performance measurement:
In accordance with legislation, staff appraisal for the Town Clerk will be undertaken annually by the Personnel Committee.

(f) Minutes properly numbered with a master copy kept in safekeeping:
All minutes are correctly numbered. These are loose leaf and signed. Original copies are kept in the safe in the Clerk's office. They are also kept as computer files which are backed up locally and remotely. Minutes are also available from the Council's website.

(g) Documented procedures to deal with enquiries from the public:
Calls, letters and e-mails are dealt with as soon as practicable with an aim to respond within 5 working days, unless referred to Council. In such cases, acknowledgement of the enquiry is made.

(h) Documented procedures for document receipt, circulation, response, handling and filing:
The Clerk receives all mail. Mail for action by administration is dealt with accordingly and filed when actions are completed. All mail is date stamped upon receipt.

(i) Adoption of Codes of Conduct for members:
The Council has adopted the Suffolk Local Code of Conduct. A copy is displayed on the Council's website and each Member has been given a copy.

3 INTERNAL AUDIT ASSURANCE

(a) Review of internal controls in place and their documentation:
Internal controls are reviewed as necessary by the Clerk, Chairman and Internal Auditor. Recommendations are submitted to Council.

(b) Review of minutes to ensure legal powers in place, recorded and correctly applied: *See Section 3 Internal Audit Assurance (b.)*

(c) Computer data safety:
All necessary procedures and documents which are computerised are continually backed up to cloud storage.

Policy Approved: Annual Council 5 May 2021
Review Body: Finance & Governance Committee recommendation to Council
Review Period: Annually
Next Review: F&G (March 2022) / Annual Council (May 2022)

FELIXSTOWE TOWN COUNCIL

Financial Risk Register

INCOME

Topic	Risk Identified	H/M/L	Management of Risk	Staff action	Internal Audit Checks (Every)
Precept	Not submitted	L	Full TC Minute – RFO follow up	Diary	24
	Not paid by District Council	L	Check & Report to Finance Committee	Diary	24
	Adequacy of precept	H	Monthly review of budget to actual	Diary	12
Charges – Cemetery	Grave allocation	M	Burial Register update	Insure	12
	Invoices to Funeral Directors	M	Ongoing checks		12
	Memorial Fees	M	Proper invoicing	Number issued	12
	Cash handling	L	Check to numbered receipts	Reconciliation	12
	Cash banking	L	Cash and cheques through bank book	Reconciliation	12
Charges – Allotments	Rental invoices	L	Register to invoice	Reconciliation	24
	Cash handling	L	Check to numbered receipts	Reconciliation	24
	Cash banking	L	Ensure cash and cheques promptly banked through bank book	Reconciliation	24
Felixstowe in Flower	Floral display invoices	L	Register to invoice	Reconciliation	12
	Cash handling	L	Check to numbered receipts	Reconciliation	
	Cash banking	L	Ensure cash and cheques promptly banked through bank book	Reconciliation	
Charges – Hirings (Town Hall and Walton Community Hall)	Rental invoices	L	Diary register to invoice	Reconciliation	12
	Cash handling	L	Check to numbered receipts	Reconciliation	12
	Cash banking	L	Ensure cash and cheques promptly banked through bank book	Reconciliation	12
Grants – District	Claims procedure	L	Clerk/RFO check		12
	Receipt of grant when due	M	Check and report to Finance Committee		
Investment Income	Receipt when due	L		Diary	12
	Investment Policy	L	Draft and review policy annually	Diary	24
	Surplus funds	L	Review policy annually	Diary	24

EXPENDITURE

Topic	Risk Identified	H/M/L	Management of Risk	Staff action	Internal Audit Checks (Every)
Salaries	Wrong salary paid	M	Check to contract	Member /RFO verify	12
	Wrong hours paid	M	Check to timesheet/contract	Member /RFO verify	12
	Wrong rate pay	M	Check to contract	Member /RFO verify	12
	False employee	L	Check to PAYE Records and lists	Member /RFO verify	12
	Wrong deductions – NI, Income Tax	M	Check to PAYE Calculations	Member /RFO verify	12
Direct Costs and overhead expenses	Goods not supplied to TC	M	Order system	Approval check	12
	Invoice incorrectly calculated	L	Check arithmetic	Approval check	12
	Cheque payable is excessive	M	Signatory initials stub & invoice	Member /RFO verify	6
	Cheque payable to wrong party	M	Signatory initials stub & invoice	Member /RFO verify	6
	Stock loss	M	Check and control	Reconcile to stock	6
Grants and Support	Power to pay	M	Minute Power	Member verify	12
	Agreement of Council to pay	L	Minute	Member verify	12
	Conditions agreed	L	Use reasonable condition	RFO check	12
	Cheque and invoice	M	Signatory initials stub & invoice	Member verify	12
	Follow up verification	M	RFO check and consider budget	RFO verify	12
Election Costs	Invoice at agreed rate	L	RFO check and consider budget	RFO verify	Whenever
VAT irrecoverable	VAT analysis	M	All items in cash book lists	RFO verify	12
	Charged on sales	M	Consider quarterly	RFO verify	12
	Charged on purchases	L	Consider all items per cash book lists	RFO verify	12
	Partial exemption applies?	M	Consider quarterly	RFO verify	12
	Claimed within time limits	M	Agree returns submitted	RFO verify	12
Reserves – General	Adequacy	L	Consider at Budget setting	RFO/Member view	12
Reserves – Earmarked	Adequacy	L	Consider at Budget and Final a/cs	RFO/Member view	12
	Earmarked or Contingent liability	L	Consider at Budget and Final a/cs	RFO/Member view	12

EXPENDITURE

Topic	Risk Identified	H/M/L	Management of Risk	Staff action	Internal Audit Checks (Every)
Assets	Loss, damage etc	M	Annual inspection, update insurance and asset register	Inspect and insure	12
	Risk or damage to third party property or individuals	M	Review adequacy of Public Liability Insurance annually	Diary	12
Staff	Loss of key personnel (Clerk)	M	Hours, health, stress, training management	Personnel Committee	12
		L	Long term sickness, early departure	Personnel Committee	12
	Fraud by staff	L	Fidelity Guarantee value	Council	12
Loss	Consequential loss due to critical damage or third party performance	L	Insurance cover review adequacy	Diary	12
Cash	Loss through theft or dishonesty	L	Insurance cover review ensure adequacy of Fidelity guarantee insurance	Diary	12
Maintenance	Poor performance of assets or amenities loss of income or performance	M	Annual maintenance inspection	Diary	12
Borrowing/lending	Adequacy of finances to be able to repay loans	M	Financial review and cash flow forecasting monthly	Diary	12
Legal Powers	Illegal activity or payment	M	RFO/Clerk	Diary	12
Financial Records	Inadequate records	L	RFO/Clerk check quarterly and regular internal audit	Diary	12
Minutes	Accurate and legal	L	Review at following meeting	Diary	12
Members interests	Conflict of interest	M	Update declarations of interest register	Diary	12