

**CYNGOR TREF Y DRENEWYDD A LLANLLWCHAERN
NEWTOWN AND LLANLLWCHAIRN TOWN COUNCIL**

ANNUAL RISK ASSESSMENT FOR YEAR ENDING 31ST MARCH 2020

INTRODUCTION

This risk assessment is part of the financial, administrative, and risk control of the Council and has legal basis in:

- Public Audit (Wales) Act 2004
- Accounts and Audit (Wales) Regulations issued from time to time under the Act.

It must be reviewed and adopted by council annually for any particular financial year and is normally dealt at the Annual Meeting. It will accompany the good governance (including Statement of Assurance) and financial records (including Statement of Accounts) through the annual internal and external audit.

RISK ASSESSMENT MANAGEMENT

In general, risk can be reduced in two ways:

- Reducing probability of a risk becoming an incident
- Reducing the consequences if it does so.

In turn, these can be managed in three ways:

- Work with others, to manage probability and impact
- Self-managed, to reduce probability and impact
- Taking out adequate insurance. This does not prevent an incident but does help deal with the consequences.

The risk assessment is set out below in tabular/ check-sheet style, adapted from a template provided by the external auditor, indicating type of risk, risk items, risk level, and how the council manages the risk. Super-imposed on that is a calculation of risk level derived by multiple of (probability x impact) as follows:

Probability L/M/H	Probability Score	Impact L/M/H	Impact Score	Risk L/M/H	Risk Score
L	1	L	1	L	1
L	1	M	2	L	2
M	2	L	1	L	2
L	1	H	3	M	3
M	2	M	2	M	4
H	3	L	1	M	3
M	2	H	3	H	6
H	3	M	2	H	6
H	3	H	3	H	9

THE RISK ASSESSMENT – CHECKSHEET AND ACTIONS (RFO = Responsible Finance Officer)						
Topic	Risk Identified	Probability	Impact	Risk	Management of Risk	Council/ Councillors/ Staff Action
Finance and Assets						
Precept Income	Request Not submitted	L	H	M	Council ¹ – Resolve and minute prior to deadline	Diary and meeting
	Not paid over by County Council	L	H	M	Town Clerk ² / RFO – Confirm receipt; report to council	Diary and meetings
	Adequacy of precept and budget	L	H	M	Council/Town Clerk/ RFO – Annual budget setting procedure and reporting of budget, actual to date, and anticipated outcome. Town Clerk/ RFO – Monthly monitoring and report to council	Diary and meetings
Other Income	Cash handling	L	L	L	Town Clerk/ RFO – Cash handling is avoided, but where necessary use of control documentation (inc receipts to payers); separation and labelling until banked; report to council. Members – Spot checks and report to council	Verify and meetings
	Inadequate cash and cheque banking	L	L	L	Town Clerk/ RFO – Bank promptly; check statements; reconcile to control documentation. Members – Spot checks and report to council	Verify and meetings
	Other Misc. income not received	L	L	L	Banking promptly; check statements; reconcile to control documentation; report to Council. Members – Spot checks and report to council	Documents and meetings
VAT reclaim income	Analysis not made	L	M	L	Town Clerk/ RFO – entry in accounts book	verify
	Claim not made	L	M	L	Town Clerk/ RFO – claim at end of financial year; report to council	Diary and Meeting
	Claim not made	L	M	L	Town Clerk/ RFO – process as required; report to Council	Diary and meetings

¹ All references to Council: Council may delegate to Committees, Committees may delegate to Subcommittees or any may delegate to Staff as lawfully appropriate

² All references to Town Clerk: Town Clerk may delegate to other staff as lawfully appropriate.

Grants and borrowing income	Not received when due	L	M	L	Town Clerk/RFO – check as required; report to Council	Diary and meetings
Investment Income	Not received when due	L	L	L	Town Clerk/ RFO – check as required; report to Council	Diary and meetings
	Poor suitability of investment and banking risk	L	H	M	Council – review and resolve and minute Annual Investment Strategy for the next year	Diary and meeting
Salary, Tax, Pensions expenditure	Salary not paid or wrong salary/ hours/ rate paid	L	M	L	Council – resolve and minute payment; check national rates to contract; report to council	Diary and meetings
	Tax not paid or wrong tax paid	L	M	L	Council – resolve and minute payments to HMRC Town Clerk/ RFO – monitor and report to council	Diary and meetings
	Pensions not paid or wrong pension paid	L	M	L	Council – resolve and minute payments to Pensions Fund Town Clerk/ RFO – monitor and report to council	Diary and meetings
Allowances expenditure	Incorrect payment of allowances	L	L	L	Council – Mayor’s Allowance reviewed, resolve and minute annually Council – Members’ Allowances reviewed, resolve and minute annually Town Clerk/ RFO – monitor and report to council	Diary and meeting
Direct Costs and overhead expenditure	Goods not supplied to Council	L	M	L	Town Clerk – Follow up all orders	verify
	Invoice incorrectly calculated or recorded	L	M	L	Town Clerk/ RFO – Check arithmetic on invoices and reconcile to bank statements	verify
	Cheque payable is excessive or to wrong party	L	H	M	Members/Town Clerk/ RFO – Signatory initials Stub & Cheque; bank mandate	verify
Grants & support expenditure	No power to pay or no evidence of agreement of Council to pay	L	H	M	Council/Town Clerk/ RFO – resolve and minute payment	Diary and meetings
	Conditions not met	L	M	L	Council/Town Clerk/ RFO – Agree and document any reasonable conditions	verify

Election costs expenditure	Not invoiced at agreed rate	L	M	L	Town Clerk/ RFO – check and consider budget	verify
Reserves – General	Inadequacy of liquid reserves	L	H	M	Council – consider and review at Budget setting	Diary and meeting
Reserves – Earmarked	Inadequacy of reserves	L	M	L	Town Clerk/ RFO – report to council monthly	Diary and meetings
Assets – playground and equipment	Loss or damage	M	M	M	Inspector – visual checks; annual safety inspection and remedial work Town Clerk – update insurance and asset registers	Diary and verify
	Risk or damage to third party property or individuals	M	M	M	Town Clerk – review adequacy of Public Liability Insurance Maintenance to safe and proper standards	Diary and verify Council funding
	Inability to maintain to appropriate standard	L	M	L	Council – adequate funding	Council funding
Assets – land	Loss or damage	L	H	M	Town Clerk – periodic visual checks Town Clerk – update insurance and asset registers; safe keeping of Title	Diary and verify
	Risk or damage to third party property or individuals	M	M	M	Town Clerk – review adequacy of Public Liability Insurance Maintenance to safe and proper standards	Diary and verify Council funding
	Inability to maintain to appropriate standard	L	M	L	Council – adequate funding Committee – Service level agreements with contractors	Council funding Committee monitor
Assets – buildings & structures	Loss or damage	L	H	M	Town Clerk – visual check Town Clerk – update insurance and asset registers	Diary and verify Council funding
	Risk or damage to third party property or individuals	M	M	M	Town Clerk – review adequacy of Public Liability Insurance Maintenance to safe and proper standards	Diary and verify Council funding

	Inability to maintain to appropriate standard	L	M	L	Council – adequate funding	Council funding
Assets – plant	Loss or damage	L	H	M	Town Clerk – visual check Town Clerk – update insurance and asset registers	Diary and verify Council funding
	Risk or damage to third party property or individuals	M	M	M	Town Clerk/ RFO – review adequacy of Public Liability Insurance Maintenance to safe and proper standards	Diary and verify Council funding
	Inability to maintain to appropriate standard	L	M	L	Council – adequate funding	Council funding
Assets – records and documents	Loss or damage	L	H	M	Town Clerk – visual check Town Clerk – update insurance and asset registers	Diary and verify Council funding
Assets – Register	Not up to date	M	M	M	Town Clerk/ RFO to maintain register	Annual update - diary
Cash Flow	Inadequate liquidity	L	H	M	Town Clerk/ RFO – Auto (monthly) and manual (ad hoc) transfers between reserve and current account Town Clerk/ RFO – Monthly reporting of rolling cashflow statement for the year Town Clerk/ RFO – Reporting of and accounting of ring fences fund balances Town Clerk/ RFO/Council – Monthly reporting and monitoring of cash balances	Verify, diary and meetings
Audit	Failure to meet audit timetable and requirements	L	H	M	Town Clerk/ RFO/Council – Internal Audit annually Town Clerk/ RFO/Council – External Audit annually; approval and minute of accounts by council Members – periodic spot checks	Diary and meetings

Insurance	Inadequacy of insurance cover and employers and public liability	L	H	M	Council – review at annual meeting Town Clerk/ RFO – check and recommend	Check and recommend
Financial Regulations	Inadequacy of financial regulations	L	H	M	Council – review at annual meeting Town Clerk/ RFO – check and recommend	Check and recommend
Staff	Fraud or Loss of cash through theft or dishonesty by staff	L	H	M	Council – Fidelity Guarantee value appropriately set and reviewed annually with insurance	Diary and meeting Council funding
Loss	Consequential loss due to critical damage or third party performance	L	H	M	Council – Review adequacy of Insurance cover annually Council/ Town Clerk – adequate third-party contracts and contract management	Diary Council funding
Legal, Administrative and Record Keeping						
Legal Powers	Illegal activity or payment	L	H	M	Councillors/ Town Clerk – Training for Councillors and Town Clerk as to the legal powers	Diary Council funding
	Administrative arrangements in accordance with statute	L	H	M	Town Clerk – Training for Councillors and Town Clerk as to the legal powers	Diary Council funding

	Decision Making without authority	L	H	M	Town Clerk – Training for Councillors and Town Clerk as to the legal powers and procedure Scheme of Delegation and Terms of Reference in place	Diary Council funding Council Approval
Members' Interests and Code of Conduct	Conflict of interest	L	H	M	Councillors – sign up to Code of Conduct; declarations of interest to be documented/ minuted and any conflict addressed as appropriate; training when required Town Clerk – ensure Councillors are supported with documentation	Diary Council funding
Standing Orders	Inadequacy of standing orders	L	H	M	Council – review at annual meeting Town Clerk/ RFO – check and recommend	Check and recommend
Records – general	Theft or loss through intrusion or fire	L	H	M	Council – provision of adequate filing facilities and insurance	verify Council funding
	Non-compliance with legal requirements for public access to records	L	H	M	Council/Town Clerk – training; provision of adequate web-site and public notices	verify Council funding
Minutes	Accurate and legal	L	H	M	Councillors – Review at following meeting Town Clerk – training	Diary Council funding
Financial Records and control	Inadequate processes and documents control	L	H	M	Town Clerk – Training for Town Clerk; regular checks Councillors – spot checks Auditor – annual internal and external audit	Diary Council funding
Computer Records and Website or Social Media	Loss or corruption of electronic records through technology failure	L	H	M	Town Clerk – records are copied to separate backup medium; up to date computer facilities are budgeted and acquired	verify Council – funding
	Theft, loss or corruption through internet intrusion	L	H	M	Town Clerk – maintain up to date data security protection; up to date computer facilities are budgeted and acquired	verify Council funding

Document control	Inadequate processes and documents control	M	M	M	Town Clerk – All outgoing correspondence copied to Chairman, and to any Member with a pertinent interest; Documents filed promptly after meetings, or kept open if issue is still under review	verify
Consultation Processes and records	Inadequate process for dealing with consultation by other bodies	L	M	L	Town Clerk – all consultations and deadlines for response reported to monthly Council	Diary
Protection of third parties	Damage to 3 rd party individuals or property or breach of data protection, as consequence of council actions, negligence, ownership, services or amenities	L	H	M	Council/Town Clerk – Public liability insurance cover of a substantial nature, reviewed annually at renewal Council/Town Clerk – arrangements for regular visual checks by Steward and annual RoSPA playground inspection followed by remedial work	Diary Council Funding
	Data Protection not meeting GDPR and DPA 2018 legal requirements	L	H	M	Council/ Town Clerk – all receive training and implement robust Data Protection Policies	Undertake Council approval Council funding
	Data Protection breach	L	H	M	Council/ Councillors/ Staff – all receive training and follow approved policy	Undertake
Records – data protection	Data Protection not meeting GDPR and DPA 2018 legal requirements	L	H	M	Council/ Town Clerk – all receive training and implement robust Data Protection Policies	Undertake Council approval Council funding
	Data Protection breach	L	H	M	Council/ Councillors/ Staff – all receive training and follow approved policy	Undertake
Health and Safety						
Protection staff, councillors, volunteers or third parties	Damage, loss, injury or fatality to persons	L	H	M	Council/Town Clerk – Employers and Public liability insurance cover of a substantial nature, reviewed annually at renewal Councillors/ Staff – receive training Council – review and approve of health and Safety Policy	Diary Council funding Council approval

					Town Clerk – commission and retain health and safety consultant and undertake appropriate Risk Assessments	
	Insufficient expertise	M	H	H	Commission professional H&S services	Diary Council funding Council approval
Staffing and Volunteers						
Business Resilience and Continuity	Loss of key personnel	L	H	M	Councillors/ Town Clerk – Hours health, stress, training, long term sick, early departure are all monitored and managed as appropriate; Town Clerk is provided with support and modern contractual and employment conditions Town Clerk – recommend appropriate staffing capacity and capability	Diary Council funding Council approval
Welfare	Loss of key personnel	L	H	M	Councillors/ Town Clerk – Hours health, stress, training, long term sick, early departure are all monitored and managed as appropriate; Town Clerk is provided with support and modern contractual and employment conditions Town Clerk – recommend appropriate staffing capacity and capability	Diary Council funding Council approval

RESOLUTION AND ADOPTION

The risk management procedures as documented above were reviewed, approved and adopted by resolution by Council on: 24 June 2019

Signed Chair/ Mayor:

Signed Town Clerk: *E J Humphreys*