



OTTERY ST MARY TOWN COUNCIL

RISK MANAGEMENT POLICY AND RISK ASSESSMENT

Reviewed May 2018

REVIEWED AND APPROVED AT THE 1st MARCH 2021 FULL COUNCIL MEETING

Next Review Date: May 2023

OTTERY ST MARY TOWN COUNCIL

RISK MANAGEMENT POLICY

Ottery St Mary Town Council ('the 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 the Council.

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

"Governance and Accountability for Local Councils: A Practitioners' Guide (England) March 2014 as amended by the Governance and Accountability for Smaller Authorities in England March 2017", further amended by the Governance and Accountability for Smaller Authorities in England March 2018" and further amended by the Governance and Accountability for Smaller Authorities in England March 2019 makes the following observations regarding risk management.

1. Risk Management is the process whereby local councils methodically address the risks associated with what they do and the services which they provide. The focus of good risk management is to identify what can go wrong and take proportionate steps to avoid this or successfully manage the consequences.
2. 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, strengthen their own corporate governance arrangements, thereby improving their stewardship of public funds and providing positive and continuing assurance to taxpayers.

It goes on to make the point that Members are ultimately responsible for risk management because risks threaten the achievement of policy objectives. As a minimum, at least once each year member should: -

- a. take steps to identify and update their record of 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 and
- d. record any conclusions or decisions reached.

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

- (i) Areas where there may be scope to use insurance to help manage risk
- (ii) Areas where there may be scope to work with others to help manage risk
- (ii) Areas where local councils may self-manage risk.

SECTION 1

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

1A RISK IDENTIFICATION

a Protection of physical assets e.g. buildings, furniture, equipment (loss or damage)

All physical assets are insured with Came & Co Insurance under Policy: RGBDX6962034

b Risk of damage to third party property or individuals as a result of the Council providing services or amenities to the public (public liability)

The Council has a Public Liability Insurance of £10,000,000. It also has personal accident liability cover for employees, members and volunteers under the above policy.

c Risk of consequential loss of income or the need to provide essential services following critical damage, loss or non-performance by a third party (consequential loss)

Included in insurance policy cover

d Loss of cash through theft or dishonesty (fidelity guarantee)

The Council has Fidelity Guarantee cover up to £150,000 for employees.

e Legal liability as a consequence of asset ownership (public liability)

See (b) above

1B INTERNAL CONTROLS

a Maintain an up-to- date register of Assets and investments

An Asset Register is compiled annually by The CEO/RFO and presented to the Council with the Annual Accounts each year

b Regular maintenance arrangements for physical assets

The CEO/RFO undertakes regular inspections of The Old Convent. . The Cemetery contractor advises the Council of any Cemetery issues (as he attends the Cemetery regularly) and the Chair of the Allotments Management Cttee advises the Council of any allotment issues. The other assets namely the Museum, Silver Band Room, the Library, the Tennis Courts, the Station and Strawberry Lane are inspected on a reactive basis. Maintenance of buildings, sites and equipment is undertaken on a responsive basis, in addition to budgeted Capital Projects for major refurbishment. It is intended that the responsibility for the Council's Property Portfolio will be transferred over to NPS South West shortly, to ensure that the properties are being inspected regularly and maintained in a satisfactory condition and meet all statutory legislation including that relating to H&S

c Annual Review of risk and the adequacy of insurance cover

The CEO/RFO) reviews the insurance cover annually, makes recommendations to the Council and updates cover as required

d Ensuring robustness of insurance providers

The Council currently uses Came & Co (currently tied in until 30th April 2023) which is considered to be a robust provider. Other providers will be considered at the next renewal.

1C *INTERNAL AUDIT ASSURANCE*

a Review of internal controls in place and their documentation

Internal controls are reviewed as necessary by the CEO/RFO and Internal Auditor. Recommendations from the CEO/RFO and Internal Auditor are submitted to Council

b Review of management arrangements regarding insurance cover

This forms part of the Finance Committee review at time of annual renewal.

c Testing of specific internal controls and reporting findings to management

This is undertaken as part of the audit process. Reports are presented to the Finance Committee and minuted accordingly

SECTION 2

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

2A RISK IDENTIFICATION

a Security for vulnerable buildings, amenities or equipment

Devon and Cornwall Police share the Council's public building. The CEO/RFO/Deputy/CEO/RFO ensures the Council Office and building is secure on exit and upstairs tenants are instructed to do so likewise. Security lighting is installed around the building.

b Maintenance for buildings, amenities or equipment

All premises are maintained within an approved budget unless the Reserves Budget has to be used for emergency measures. In-house maintenance is undertaken where possible and contractors used as needed, with quotations received in advance of all works. It is intended that the responsibility for the Council's Property Portfolio will be transferred over to NPS South West shortly, to ensure that the properties are being inspected regularly and maintained in a satisfactory condition and meet all statutory legislation including that relating to H&S Regular grounds maintenance of the Cemetery, recreational and other green areas in the Parish is carried out. Contracts are in place with Shaun Davey (Cemetery) and Idverde (all other areas) to carry out this work

c The provision of services being carried out under agency/partnership agreements with principal authority

The Council acts as an agent for East Devon District Council and members of the public can visit the Office at The Old Convent between 10am and 1pm Monday to Friday for the purposes of viewing Planning Applications etc. The Council is paid a fixed annual fee for this service

d Banking arrangements including borrowing or lending

Reviewed annually by the Finance Committee. All cheques are signed by two mandated members. The Council operates on-line banking. The CEO/RFO sets up the payments on the system which are then authorised by a mandated member. The CEO/RFO also has authority to transfer monies on-line between the Council's bank accounts. The Full Council reviews all schedules of payments at the monthly meetings. The Council operates an imprest petty cash system. The Council has one loan through the Public Works Loan Board. The CEO/RFO has authority to use a debit and credit card, which cards are fixed at maximum amounts.

e Ad-hoc provision of amenities/facilities for local community groups

The Council has approved the use of its Meeting Room/Council Chamber in The Old Convent for local organisations, both on a charge and, occasionally, on a free-of-charge basis at the discretion of the CEO/RFO

f Council Functions

The Council is the burial authority for the Cemetery at Higher Ridgeway, Ottery St Mary. Grounds maintenance is supplied by an insured supplier. Undertakers and Memorial Masons are provided with council regulations which are subject to regular review

g 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. The Council now has an Approved Contractors List (the contractors insurance and professional qualifications having been checked and found to be satisfactory) . Any additional contractors required will be selected in accordance with the provisions laid down in the Council's Financial Regulations.

2B INTERNAL CONTROLS

a Standing Orders and financial regulations dealing with the award of contracts for services or the purchase of capital equipment

The Council has Standing Orders and Financial Regulations that govern the awarding of contracts. New Standing Orders were adopted on 8th May 2018. Subsequently an amendment was carried out on 3rd September 2018. Following the issue of New Model Regulations, new Financial Regulations were adopted on 6th January 2020. In addition a Due Diligence Policy was introduced in 2017 with regards to the awarding of contracts

b Regular reporting on performance by contractors/suppliers

Property reports and ground maintenance reports are delivered to the Council by the Chair of the Property and Land Committee and/or the CEO/RFO

c Annual Review of contracts

Contracts are reviewed by the CEO/RFO and subsequently by the Council as part of its budget process

d Clear statements of management responsibility for each service

Under Standing Orders the Council's Committees have delegated powers given by the Council

e Regular scrutiny of performance against targets

See (b) and (d)

f Adoption of and adherence to codes of practice for procurement and investment

An Investment Strategy was reviewed by the Finance Committee and approved by Council in January 2015 and is reviewed and amended (as necessary) annually

g Arrangements to detect and deter fraud and/or corruption.

Invoices are subjected to scrutiny by both the CEO/RFO and the Council at its Full Council Meetings.

h Regular bank reconciliation, independently reviewed

Bank statements are received monthly and are checked by the CEO/RFO Reconciliation is undertaken and recorded on bank statements, copies of which are presented to the Councillor with special responsibility for Finance who then presents a Report at each full Council meeting.

2C INTERNAL AUDIT ASSURANCE

a Review of internal controls in place and their documentation

Internal controls are reviewed as necessary by the CEO/RFO and Internal Auditor. Recommendations from the CEO/RFO and Internal Auditor are submitted to Council through its Finance Committee.

b Review of minutes to ensure legal powers are available and the basis of the powers recorded and correctly applied

The CEO/RFO advises the Council to ensure that it does not act 'Ultra Vires' (outside of its powers) when a decision is taken. 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 and testing of arrangements to prevent and detect fraud and corruption

The use of Standing Orders, the Financial Regulations, internal controls and consideration by Council are all methods that contribute to prevent and deter fraud and corruption

d Review of adequacy of insurance cover provided by suppliers

Any contractors working for the Council are asked for proof of insurance cover

e Testing of specific internal controls and report findings to management

This is undertaken as part of the audit process. Reports are presented to the Finance Committee and minuted accordingly

SECTION 3

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

3A RISK IDENTIFICATION

a **Keeping proper financial records in accordance with statutory requirements**

Financial records kept in accordance with the statutory requirements fall within the responsibility of the Finance Committee and are reviewed as part of the Audit process

b **Ensuring all business activities are within legal powers applicable to parish councils**

See Section 2 Internal Audit Assurance (b)

c **Complying with restrictions on borrowing**

The Council has one loan through the Public Works Loan Board, taken out to purchase The Old Convent for Council Offices. The correct procedure was undertaken to secure this loan, through the Devon Association of Parish Councils.

d **Ensuring that all requirements are met under employment law and regulations**

The Human Resources Management Committee is responsible for reviewing staff contracts and other matters to do with staffing which it reports to Full Council.

Salary forecasts are undertaken as part of the budget setting process and incremental increases are approved by the Council. Independent legal advice is taken as necessary

e **Ensuring all requirements are met under HM Revenue and Customs Notices and regulations (Income Tax, National Insurance and VAT)**

The CEO/RFO meets all such requirements together with the Council's Accountant and the Internal Audit process

f **Ensuring the adequacy of the annual precept within sound budgeting arrangements**

The Councillor with special responsibility for Finance, together with the Mayor and CEO/RFO prepares a draft budget proposal. This is put to the Finance Committee for final recommendations and approved by full Council in accordance with the Council's budget setting procedure

g **Monitoring of performance against agreed standards under partnership agreements**

See Section 2 Internal Controls (b) and (d)

h **Ensuring the proper use of funds granted to local community bodies under the General Power of Competence**

Grant applications are considered by the Finance Committee.

i **Proper, timely and accurate reporting of the Council business in the minutes**

Council minutes are prepared by the CEO/RFO or Deputy CEO/RFO. They are distributed to members in advance of the subsequent meeting, verified as a correct record and signed at the meeting. Actions and recommendations from committee minutes are adopted at the next council meeting. Committee minutes are approved and signed as a correct record at the next Committee meeting

j **Responding to electors wishing to exercise their rights of inspection**

The rights of inspection by electors are adhered to in accordance with current legislation. In accordance with the Freedom of Information Act 2000, all relevant documents are available on request (during office hours) or by post and in addition, meeting schedules and minutes plus Policies are available on the council's website. These are reviewed periodically.

k Meeting the laid down timetables when responding to consultation invitations

Every effort is made to meet specified timetables when responding to consultation invitations

l. Meeting the requirements for the Local Council Award or other accreditation

The Council has now attained Quality Status

m. Proper document control

Paperwork is retained in accordance with national guidelines and is available for viewing during office hours.

n Register of members' interests and gifts and hospitality in place, complete, accurate and up to date

The members' general notice of registerable interests is held by East Devon District Council (EDDC) and a copy is held by the CEO/RFO. They are published on the Council's website. To the best of the CEO/RFO's knowledge these are accurate and up-to-date. It is the responsibility of members to notify the CEO/RFO of changes to be sent to EDDC.

3B INTERNAL CONTROLS

a Regular scrutiny of financial records and proper arrangements for the approval of expenditure

Comprehensive measures are in place for the internal and external approval of expenditure

b Recording in the minutes the precise powers under which expenditure is being approved

See Section 2 Internal Audit Assurance (b)

c Regular returns to HM Revenue and Customs; contracts of employment for all staff, annually reviewed by the Council, systems of updating records for any changes in relevant legislation

Returns are duly completed by the Council's Accountant together with the CEO/RFO on an annual basis. Salaries are calculated by the Accountant who has been provided with the necessary information by the CEO/RFO and checked during internal audit. Staffing issues are referred to the Human Resources Management Committee

d Regular returns of VAT; training the responsible officer in matters of VAT and other taxation issues as necessary

The Council's Accountant prepares the VAT returns quarterly using the accounts recorded by the CEO/RFO. The Council checks that the CEO/RFO receives adequate training in all financial matters that relate to council business

e. Regular budget monitoring statements

The Councillor with special responsibility for Finance gives a report at the monthly Full Council Meetings using information supplied by the CEO/RFO

f. Developing systems of performance measurement

The CEO/RFO's appraisal is undertaken annually, by the HR Management Committee. The CEO/RFO undertakes the annual appraisals of her staff. The appraisals are reported to the Council

g. Procedures for dealing with and monitoring grants, or loans, made or received

See Section 3. Risk Identification (h). There is one outstanding loan from the Public Works Loan Board.

h. Minutes properly numbered and paginated with a master copy kept in safekeeping

All Council and Committee minutes are correctly numbered and page numbered. These are loose leaf. Further copies are retained in the Council Offices.

i. Documented procedures to deal with enquiries from the public

Calls and letters are dealt with as soon as practicable unless referred to council or committee. In such cases, acknowledgement of enquiry is made

j. Documented procedures to deal with responses to consultation requests

Consultation requests are referred to committee. They may be further delegated to a working group. The course of action taken is minuted. Copies of responses are available to all members on request

k. Monitoring arrangements by the Council regarding accreditation

The CEO/RFO is CILCA qualified and the Council has now attained `Quality` status

l. Documented procedures for document receipt, circulation, response, handling and filing

The CEO/RFO/Deputy CEO/RFO receives and delegates all mail. All relevant mail is listed with council or a committee for consideration or for information. Mail for action by administration staff is dealt with accordingly and filed when actions are completed

m. Procedures in place for recording and monitoring members' interest and gifts and hospitality received

See Section 3. Risk Identification (n)

n. Adoption of Codes of Conduct for members and employees

The Council adopted the East Devon District Council model Code of Conduct on 2nd July 2013. Employees Code of Conduct is in accordance with their individual contracts of employment. At present there is no other statutory code for employees

3C

*INTERNAL AUDIT ASSURANCE***a Review of internal controls in place and their documentation**

Internal controls are reviewed as necessary by the CEO/RFO and Internal Auditor. Recommendations from the CEO/RFO and Internal Auditor are submitted to Council

b Review of minutes to ensure legal powers in place, recorded and correctly applied

See Section 2 Internal Audit Assurance (b)

c Testing of income and expenditure from minutes to VT accounts package, from bank statements to VT accounts package from minutes to statements etc., including petty cash transactions

The testing of these procedures forms part of the internal controls currently in place. The system is also tested during the audit process

d Review and testing of arrangements to prevent and detect fraud and corruption

See Table 3. Internal Audit Assurances (c)

e Testing of specific internal controls and reporting findings to management

Where appropriate, the results of such testing as part of the internal controls will be reported to the appropriate committee or council. Similar reporting to Council will be made as part of the internal audit