

## POLICY, GOVERNANCE & FINANCE COMMITTEE

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**Date:** Monday, 27 March 2023

**Title:** Effectiveness of Internal Control: Corporate & Financial Risk Assessment 2022/23

**Contact Officer:** Responsible Financial Officer (RFO) – Nigel Warner

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### Background

The Accounts and Audit Regulations 2015 section 3 requires that the council “has a sound system of internal control which...includes effective arrangements for the management of risk.” The Council is required to undertake an annual review of its internal controls for risk management (financial and non-financial). This is a requirement for passing the annual audit inspection.

The Council’s corporate and financial risk assessment covers all of the Council’s functions and the risks to public money relating to council property, activities and employees.

The Council has a formal Risk Management Policy which is kept under review, and a copy is attached at Appendix A. Some relatively minor amendments are proposed and tracked.

There are other legislative requirements in relation to the management of specific risks. An example is health and safety risks. It should be noted that Operational Risk Assessments and Method Statements are carried out by the Council’s Officers and staff for the various activities and events – and the Corporate Risk Assessment should not be confused with these. Management of risk is not just concerned with health and safety and making sure we have sufficient insurance cover. It identifies and assesses all risks the Council faces.

**The purpose of the Corporate Risk Assessment is to ensure that the Council is complying with legislation and statute, good practice and Council procedures.**

### Risk Assessment

Managing risk is what we do continually. The important thing is to identify risks and plan how these risks can be mitigated but not necessarily removing the risk completely.

It is acknowledged that some risks will always exist and by carrying out these Risk Assessments the Council is demonstrating that it is working to control and manage its risks.

Your officers use a sector specific software package to undertake its corporate and financial risk assessment. Each risk is scored by selecting a value of the likelihood (the likelihood of this happening with the controls the council has in place\_ and impact (estimated impact of this risk on this area to the Council with the controls the Council has in place). The system multiplies the likelihood score against the impact score to arrive at a risk value for each item.

The resultant Action Plan form this years' Corporate Risk Assessment. This was undertaken by the RFO in consultation with the Town Clerk and is attached for Members to review.

### **Environmental impact**

Having declared a Climate Change Emergency at its Council meeting on 26 June 2019 – with this in mind Councillors should have due regard to the environmental impact of any decisions they make with regard to its facilities and services it operates.

### **Risk**

In decision making Councillors should give consideration to any risks to the Council and any action it can take to limit or negate its liability.

**As mentioned above the purpose of the Corporate Risk Assessment is to ensure that the Council is complying with legislation and statute, good practice and Council procedures.**

It is a statutory requirement defined in the Accounts & Audit Regulations 2015.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

Day to day operational risks are managed by managers and the Strategic Risk Register is held by the Town Clerk and updated with input from the Senior Management Team on a regular basis.

Note that councils are required to have employers' liability insurance in place under the Employer's Liability (Compulsory Insurance ) Act 1969. The Local Government Act 1972 (ss.111 and 140[1]) also allow councils to put in place other insurances against loss and in this regard the Council maintains a comprehensive insurance policy with Zurich Municipal.

### **Financial implications**

There are no financial implications arising directly from this report however as a result of the risk assessment some risks may require financial commitment to alleviate the risk – Officers will try to meet these costs from existing budgets, however if not possible these will be considered as part of the next budget setting cycle later in the year.

## **Recommendations**

Members are invited to:

1. Note this report and recommend to the Town Council that it approve the Corporate Risk Assessment for the financial year 2022-23.
2. Recommend to the Town Council the adoption of the Risk Management Policy (as amended).