
Agenda Item: Effectiveness of Internal Control: Corporate & Financial Risk Assessment 2025/26

Meeting Date: Monday 30 March 2026.

Contact Officer: Responsible Financial Officer (RFO)

Should Members have any queries about this report advance notice would be appreciated, in writing, by 12 noon on the day of the meeting to allow for a full response at the meeting.

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).

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 for approval. This incorporates some non-material amendments following review.

There are other legislative requirements in relation to the management of specific risks, for example 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.

Current Situation

Managing risk is what we do continually. The important thing is to identify risks and plan how these risks can be mitigated but recognising that it is not possible to remove the risk altogether.

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.

The Corporate Risk Register comprises nine sections:

1. Financial administration.
2. Banking and investments.
3. Expenditure.
4. Grants.
5. Income.
6. Insurance.
7. Payroll.
8. Internal audit.
9. Strategic risks.

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.

Where responsibilities are specified:

- The Deputy Town Clerk has authority to act in the absence of the Town Clerk/ Chief Executive in their absence.
- The Town Clerk/ Chief Executive as Proper Officer may act in the absence of the RFO.

The “acting powers” will be used at the discretion of the officer concerned taking into account factors such as urgency and how long the officer is expected to be absent.

The risk register is attached for Members to review.

The Council has effective controls in place and officers continually review risks during the year and update practices and procedures where appropriate. However, there are a number of actions identified to strengthen controls. The controls which require further action are marked with “*” in the rating column.

Future Corporate Risk Assessment

The Council has usually considered its corporate risk assessment at the end of the financial year to which it relates. Your officers consider that it would be more appropriate to consider the risk assessments earlier in the year to which they relate and therefore recommend that the Corporate Risk Assessment for 2026/27 be considered at the meeting due to take place on 28 September 2026; this would allow for most actions identified to be taken in the same financial year. It is intended that this timing should continue for future years.

Your officers will also be reviewing the format and scope of the Corporate Risk Assessment. A few years ago the Council used a proprietary sector-specific software package to produce these risk assessments. This is no longer available but the Council does have the old software and copies of previous risk assessments and so your officers will be looking at this with a view to incorporating some of the elements of the previous assessments back in to the process – for instance including the legal powers in relation to various services, noting that the Council has the power of general competence, which is one of first resort. Your officers will also be considering the risk assessments published by similar larger councils and potentially incorporating good practice from elsewhere.

Impact Assessments

The Town Council has a duty to consider the effects of its decisions, functions and activities on equality, biodiversity, and crime & disorder. Consideration should also be given to effects on the environment, given the Council's Climate Emergency declaration in 2019.

- a) Equality – no implications directly resulting from this report.
- b) Biodiversity - no implications directly resulting from this report.
- c) Crime & Disorder - no implications directly resulting from this report.
- d) Environment & Climate Emergency - no implications directly resulting from this report.

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

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. 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.

The Corporate and Financial Risk Register is held by the RFO and updated with input from other officers as appropriate.

Risk of loss is mitigated by having adequate insurance in place. Note that councils are required to have employers' liability insurance in place under the Employer's Liability (Compulsory Insurance) Act 1969; this is the only insurance which the Council is legally obliged to have. 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 an appropriate provider who is active in the local council sector.

Social Value

Social value is the positive change the Council creates in the local community within which it operates. Having an effective risk management policy, strategy and delivery is a prerequisite of delivering social value.

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 2025-26.
2. Recommend to the Town Council the adoption of the Risk Management Policy (as amended).
3. Note the section headed “Future Corporate Risk Assessment” and recommend to the Town Council that in future the Corporate Risk Assessment should be considered at the September meeting of this Committee.