

TORPOINT TOWN COUNCIL

BUSINESS RISK MANAGEMENT PLAN – APRIL 2021

Introduction

As an integral part of the current audit regulations for larger councils and in line with best practice is the production of a Business Risk Management Plan to strategically underpin the Council activities which is closely linked to the authorities accounts. The Business Risk Management Plan is the key component of the Council's annual assessment of risk and the Annual Governance Statement signed by this Council confirms that an assessment of risk is also undertaken and that appropriate internal controls have been implemented. The purpose of this plan is to identify financial, strategic and operational risks that could undermine the effective operation of the Council and therefore impinge on financial and legal issues that may have a detrimental effect on the organisation if ignored or not implemented. The Business Risk Management Plan will also compliment the Town Council Development plan, policies and best practice.

The Accounts and Audit Regulations 2015 is the principal document that governs this plan and applies to all relevant authorities as defined in Schedule 2 to the Local Audit and Accountability Act 2014. The plan also includes best practice within the Joint Panel of Accountability and Governance Practitioners' Guide (March 2020). The plan is comprehensive and covers most if not all risks that are likely to be encountered. The plan is a key component of Torpoint Town Council risk management and is included as a standard agenda item of the relevant Committee.

Methodology

Similar methods of risk assessment have been adopted by larger organisations especially charities for some considerable time and is referred to as SORP (Statement of Recommended Practice). The principles are applicable to local Councils and are used by Torpoint Town Council to evaluate the current systems and procedures in place and make recommendations for either review or implementation. In addition to SORP the Local Council's Governance and Accountability Guidance has also been reviewed as a standard of best practice. The systems are also comparable to the Total Quality Management (TQM) Excellence Model that is part of the EFQM (European Foundation of Quality Management). The Business Risk Management Plan and Town Council Development forms the core of Council development and strategy.

Strategy

The Town Council Development Plan is the strategic document that will underpin current and future Council activities. It will be complimentary to this document as it is reviewed annually in response to issues raised in the Business Risk Management Plan that analyses and questions the key Council operational functions and also the development strategy for the town. Business Risk Management must not be confused with the Development Plan – the Development Plan is the document that informs what the Council intends to do and how it is going to get there. The Council therefore needs to set a critical path of how and when the key milestones are to be reached. Each facet of the plan must be reviewed by the appropriate committee, unless a specific date is included within the plan to denote outturn or outcomes. The plan should also be considered in tandem with other policies of the Council and is included as a monthly agenda item by the appropriate and relevant Committee.

C Southworth Clerk & RFO April 2021

QUESTIONS/ISSUES	RISK/OBSERVATIONS	RISK	IMPACT	PLANNED ACTION	BY WHOM
Strategic Issues					
How are the Council's objectives to be translated into a Business Plan for the next three years?	Clear direction, objectives and focus	Yes	Lack of guidelines Poor decisions No direction No confidence in Council	<ul style="list-style-type: none"> Review and agree the 3-year development plan strategy annually. Review any changes in legislation and impact on Council activities. Liaise with Cornwall Council. Review localism, devolution and potential partnership arrangements. Application of due diligence and financial risk assessment. Review finances and any financial implications of existing and new projects Agree annual objectives and generate an annual Business Plan with a 3-year horizon. Allocate at least one meeting per annum to discuss proposals with all Councillors present. Implement a programme for any new Councillors to familiarise themselves with Council practices and procedures. Regular CPD for Councillors. Production of PID and Project Statements Set targets to implement any new arrangements. 	D & L Comm. /AMO Comm. Council, Town Clerk & RFO. On-going
	Financial Stability	Yes	Financial instability		
	Blueprint for new councillors	Yes	Poor decisions Disenfranchised Lack of interest Apathy/indecisiveness		
	Preparation and Planning to take into account changes in legislation	Yes	Financial Penalties Poor perception of the Council by public		
How is the Council going to achieve its objectives?	Regular review of objectives	Yes	Underachieve if unsustainable		
	Clear Statement to electorate	Yes	No confidence and misunderstandings		
	Engaging Key officers and Stakeholders	Yes	Disenfranchise and poor motivation		
	Setting Key milestones, objectives and outcomes	Yes	Targets slip Poor performance		
What would stop the Council achieving those aims	Change in Legislation Poor budget control Change of Council	Yes	Failure to achieve the plan		
Operation – Assets					
Are assets safeguarded against inappropriate use and fraud?	Procedures in place to prevent inappropriate use and fraud	Yes	Financial loss Loss of Confidence Illegal activities	<ul style="list-style-type: none"> Regular inventory and insurance reviews and implementation of JPAG recommendations Regular review of current assets Annual review of Financial Regulations 	AMO/F&P Committees, Town Clerk & RFO and Ops
Is ownership documented?	Asset Register	Yes	Financial Loss No insurance cover		

Are assets physically secure?	Security of assets	Yes	Possible criminal activity No insurance cover Financial loss	<ul style="list-style-type: none"> • Assets are security marked • Annual Asset Condition Survey • Procedures for purchase, storage and disposal of fixed assets. • Procedures for premises security • Production of Financial Risk Assessment 	Manager.
Operation – Liabilities					
Are all liabilities identified and recorded	Insurance is adequate and robust in all Council activities. Insurance levels reviewed in accordance with market and legal conditions.	Yes	Loss of income Invalid insurance cover Illegal activities	<ul style="list-style-type: none"> • Review of Asset Register and Insurance Schedule. • Insurance is adequate for council activities. • Regular Reports of Debtors/Creditors. • Regular report of overtime and casual hours. 	Council, Finance and Personnel Committee, Town Clerk & RFO.
Who can commit Council funds	Financial Regulations in place Delegation is made to appropriate Officer	Yes	Illegal decisions and activity Fraud Financial loss	<ul style="list-style-type: none"> • Annual review of Financial Regulations • Delegation to Committees or officers formally recorded. • Budgets are allocated and monitored • Individual members prohibited from incurring expenditure. • Purchase Orders raised by the Support Officer. 	Council, F&P, AMO & D&L Committees and Town Clerk & RFO
Is the Council complying with regulations in reporting and activities	Reporting procedures to statutory bodies are undertaken and maintained	Yes	Legal or Regulatory Censure Financial loss Fines Loss of confidence	<ul style="list-style-type: none"> • Council reviews procedures to ensure that reports to statutory bodies are in place. • Appropriate records kept • Annual Governance Statement and Financial Accounts undertaken, reported and submitted appropriately 	Asset Management and Operations Committee Town Clerk & RFO
Is liability for tax met?	Council's liability for tax	Yes	Fines Loss of Confidence	<ul style="list-style-type: none"> • Relevant CPD to be encouraged and supported. • Compliance with HMRC regulations • Information from Cornwall Council 	Finance & Personnel Committee and Town Clerk & RFO

Exposure to VAT reviewed	VAT is reclaimed on goods Council reviews level of VAT reclaims	Yes	VAT is being reclaimed The levels of claim are reviewed for compliance	<ul style="list-style-type: none"> VAT is identified in monthly reports VAT is identified in Trial Balance Sheet and Balance Sheet Returns submitted quarterly 	Town Clerk & RFO, Support Officer
Health and Safety					
Compliance with regulations and premises Risk to staff Risk to Public Environmental Issues	Compliance with legislation including Fire, Asbestos, Legionella, Radon and CDM regulations. Risk Assessment procedures CPD monitoring Processes Reporting procedures to the HSE in place	Yes	Financial loss Legal or Regulatory Censure Injury to staff, public, visitors and contractors Poor morale and absenteeism Criminal negligence	<ul style="list-style-type: none"> Health and Safety policy in place and annually reviewed Council reviews H & S procedures All contractors are appropriately qualified and procedures in place Reporting procedures with HSE Appropriate records kept CPD for Officers 	Council, Asset Management and Operations Committee, Town Clerk & RFO
Personnel Risks					
Loss of key personnel Effective remuneration policies Good, sound and safe working practices Personnel development policies Regular appraisals and training	Policies in place to retain and motivate key staff Non-discriminatory policies based on merit, performance and qualifications Working practices based on sound management and equal opportunities Staff are supported by the council by implementation of rigorous policies	Yes	High turnover, poor morale and absenteeism De-motivation with limited efficiency and effectiveness Legal implications and/or financial issues. Cronyism, favouritism and nepotism selection and advancement Monitoring Officer	<ul style="list-style-type: none"> Council must ensure that staff are motivated by implementing policies to support staff. Review of the Pay and Conditions Policy Review HR/other policies and procedures. Structures to be put in place to prevent cronyism, favouritism and nepotism. CPD for Councillors to prevent legislation transgression and to ensure best practice is implemented. Appraisal System in place Business Resilience & Sustainability Plan 	Finance and Personnel Committee and Town Clerk & RFO.
Data Protection					

Compliance with Data Protection Act Security of Data	Data is stored in compliance with the Act Access to Data Review of Record Management Freedom of Information	Yes	Legal and Financial penalties for non-compliance Loss of confidence	<ul style="list-style-type: none"> Review of Council Data Protection policy and management of information to ensure compliance. Review of the Freedom of Information Act (Model Publication Scheme) to ensure compliance. Review of implementation procedures and reporting procedures Correct implementation of the General Data Protection Regulations (GDPR) Appointment of the Data Protection Officer (DPO) CPD for the Town Clerk & RFO 	Asset Management / Operations Committee, Town Clerk & RFO (DPO) and Support Officer
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ORGANISATIONAL FRAMEWORK

	ACTION POINTS	BY WHOM
Loss of Key Staff	<ul style="list-style-type: none"> Policies, procedures and systems in place to retain and support key staff Succession planning and exit interviews – programme to act on any relevant issues. 	Finance and Personnel Committee and Town Clerk & RFO.
Have personnel clear roles and responsibilities? Are responsibilities sufficiently segregated? Does everyone in the organisation clearly understand his or her roles and responsibilities?	<ul style="list-style-type: none"> Job Descriptions are current and appropriate. Delegations clear and unambiguous. Roles and responsibilities are clear and unambiguous. Organisational structure has to be clearly defined with job descriptions and roles clear and concise. Line management structures to be reviewed to improve efficiency and effectiveness. Members' roles and accountabilities within the structure have to be clearly defined. 	Finance and Personnel Committee and Town Clerk & RFO.
Have all systems of control been clearly documented? Procedures to document shortfalls and take corrective action?	Systems and procedures need to be documented and in a similar vein any shortfalls need to be investigated and monitored. The current systems and procedures are investigated and monitored. The Council should consider a complaints system review and implementation of a procedure.	Finance & Personnel Committee and Town Clerk & RFO.

FINANCIAL CONTROLS

Fall in Cash Balances	<ul style="list-style-type: none"> Monthly financial information to review working capital and implement cash flow forecasts if appropriate Investment and Reserves policies in place 	Council, Finance & Personnel Committee and Town Clerk & RFO
Comprehensive Financial Regulations Good Accounting Records Regular Reconciliation's Review of internal controls and systems	<ul style="list-style-type: none"> Annual review of financial regulations and delegations. Monthly financial information and the bank to cash book reconciliation are undertaken and balanced monthly. Internal Audit systems and procedures reviewed. Standards of Competence for Internal Auditor Use of Xero accounting software 	Council, Finance and Personnel Committee, Town Clerk & RFO and Support Officer.
What strategic and operational business planning activities take place? What procedures exist to review and agree budgets? How are budgets delegated? How are budget plans agreed and disseminated?	<ul style="list-style-type: none"> The Council sets and agrees budgets at the annual precept deliberations. Procedures put in place to ensure those decisions are made with the fullest and maximum available information. PID/Business Cases/Project Statements are produced for projects. Robust budget setting process with the inclusion of development plans. General reserves and reserves are monitored in line with policy. The process is strengthened with greater delegation and additional operational input from other Committees. Delegation and ownership of cost centres. 	Council, Committees and RFO
How is financial and other related performance managed? What types of internal financial report are prepared and how are they issued? What use is made of the reports? How is the need for, and benefit of, particular report formats reviewed?	<ul style="list-style-type: none"> Production of monthly financial information for information at each monthly Council meeting clearly illustrating the budgets, actual and outstanding balances in each cost centre. The format includes percentage of actual to budget. Procedures to act on reports and appropriateness of format. Use of Xero accounting software. 	Council, all Committees, Town Clerk & RFO and Support Officer
CAPITAL PROJECTS		
ACTION POINTS		
What processes are in place to evaluate the need for, and benefits of, any potential capital projects?	<ul style="list-style-type: none"> Should be included in the Development Plans, linked with tangible fixed asset management Consider any proposed or introduced legislation. Production of PID, Business Case and/or Project Statement Review of allocated reserves 	All Committees, Town Clerk & RFO [monitoring]
What processes are in place to assist with deciding between conventional capital procurement and borrowing finances?	<ul style="list-style-type: none"> Reviews of allocated reserves and application within the development plan. Production of PID, Business Case and/or Project Statement 	All Committees and Town Clerk & RFO to monitor/moderate

<p>What mechanisms are used to prepare and then disseminate capital maintenance plans?</p>	<ul style="list-style-type: none"> • Council has to review capital maintenance programme and how the plan operates. • Incorporate within the Development Plans. • Production of PID, Business Case and/or Project Statement 	<p>All Committees, Town Clerk & RFO.</p>
<p>What project management disciplines exist?</p>	<ul style="list-style-type: none"> • Processes involving Project Management and CDM regulations have to be assessed in line with the project to ensure compliance. • Reviews with the H & S Policy to be undertaken concurrently • Production of PID, Business Case and Project Statement 	<p>Asset Management and Operations Committee, Town Clerk & RFO to monitor/moderate</p>
<p>How are capital investment projects controlled and monitored during the currency of the contract?</p>	<p>See above</p>	<p>See above</p>