

# Tongwynlais Community Council

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## Tongwynlais Community Council – Annual Risk Assessment 2019/20

### 1. RISK MANAGEMENT

Risk Management is a systematic approach to minimising the Council's exposure to risk. A risk management system includes various policies, procedures and practices that work in unison to identify, analyse, evaluate, address and monitor risk. Risk management information is used along with other corporate information, such as feasibility, to arrive at a risk management decision. Transferring risk to another party, lessening the negative affect of risk and avoiding risk altogether are considered risk management strategies. Examples of risk management practices include purchasing insurance, installing play equipment etc.

### 2. IMPACT AND PROBABILITY

**Probability** - A risk is an event that "may" occur. The probability of it occurring can range anywhere from just above 0% to just below 100%. (Note: It can't be exactly 100%, because then it would be a certainty, not a risk. And it can't be exactly 0%, or it wouldn't be a risk.)

**Impact** - A risk, by its very nature, always has a negative impact. However, the size of the impact varies in terms of cost and impact on health, human life, or some other critical factor.

The Probability and Impact in the table below are shown as High (H), Medium (M) and Low (L).

The table contains five headings:

- Assets
- Internal Control
- Finance
- Compliance with Legislation
- Council

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| IDENTIFIED RISK   | POTENTIAL CONSEQUENCE OF RISK   | ASSESSMENT OF IMPACT (H/M/L) | LIKELIHOOD OF PROBABILITY (H/M/L) | CONTROLS TO MANAGE RISK   |
|---|---|------------------------------|-----------------------------------|---|
| <b>ASSETS</b>   |   |                              |                                   |   |
| Maintain an up-to-date register of Assets and any Investments                 | Assets not properly reflected in Balance Sheet                                      | H                            | L                                 | A complete and up to date fixed asset register  |
| Loss or damage of assets owned by the Council                                 | Unable to use assets/expenses of replacement  | M                            | L                                 | Adequate insurance of assets/liabilities etc.   |
| Legal liability arising from asset ownership/providing services to the public | Risk of litigation should individual become injured or third party property damaged | M                            | L                                 | Public liability insurance  |
| Loss of cash through theft or dishonesty                                      | Damage to Council reputation  | M                            | L                                 | Money banked promptly/Internal financial controls/budgetary controls/ monthly Bank statements and transactions reported to Council at each meeting/regular bank reconciliations   |
| Loss of Council Records   | Loss through theft, fire and damage/Damage to Council reputation                    | M                            | M                                 | Important papers have online and electronic copies<br>IT files are backed up regularly onto external hard drive   |
| <b>INTERNAL CONTROLS</b>  |   |                              |                                   |   |
| Business Continuity   | Council/Clerk not being able to carry on business                                   | M                            | L                                 | The Council will nearly have a complete requirement of Councillors and so if even more than one Councillor is not able to continue, there would be the required quorum.<br>The Clerk has good links with other Clerks and records are kept up to date, so would be possible to get a Clerk to cover any longterm absence. |
| Financial Procedures  | Work not completed on time  | M                            | M                                 | Sound Financial Procedures and Policies are in place.   |

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|---|--|------------------------------|-----------------------------------|--|
| <b>FINANCE</b>  |  |                              |                                   |  |
| Annual Return   | Not submitted within time limit  | M                            | L                                 | Accounting procedures more than adequate   |
| Risk of precept or other funds being inadequate or unpaid               | Council may not be able to meet its objectives due to lack of funds  | M                            | L                                 | Setting budget in support of the precept and monitoring throughout the year  |
| Reserves  | Adequacy   | L                            | L                                 | Current reserves more than adequate. Considered as part of quarterly budget control and annual precept setting.                            |
| Poor management of funds  | Bank charges/loss of interest.   | L                            | L                                 | Budgetary control/Bank statement and monthly control   |
| Expenditure being incurred which is not within legal powers available   | Ultra Vires expenditure – illegal transaction/local electorate challenge/external audit investigation/public interest report | M                            | L                                 | Compliance with Legislation, Monthly reporting to Council, detailed minutes, Internal & External Audit. Clerks hours and salary monitored. |
| VAT requirements not being met  | Entitlement to reclaim VAT for a period being lost   | L                            | L                                 | VAT is recorded separately in cashbook, ongoing VAT returns are made once threshold met.   |
| <b>COMPLIANCE WITH LEGISLATION</b>                                      |  |                              |                                   |  |
| GDPR  | Non- Compliance. Fines   | L                            | L                                 | New policies approved. Clerk has had training and uses SLCC and OVW for updates and information.   |
| Budget  | Not set  | L                            | L                                 | Adequate Procedures in place, Budget set annually and monitored throughout year.   |
| Employment Law requirements   | Risk of legal action from an employee  | H                            | L                                 | Employee has a Contract of Employment  |
| Legal Powers  | Illegal activity   | L                            | L                                 | Adequate processes which include Standing Orders etc.  |
| Risk of a Complaint from an elector if a contract is not fairly awarded | External auditor investigation leading to increased audit fees/public interest report/damage to Council etc.                 | M                            | L                                 | Standing Orders and financial regulations in place dealing with the award of contracts that are reviewed annually at AGM                   |

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|                                     |  |                                     |  |   |
|-------------------------------------|--|-------------------------------------|--|---|
| Annual Risk Assessment              | Identification of potential risks facing the Council                       | M                                   | M  | Up to date Risk Assessment in place, reviewed annually at AGM   |
| Health & Safety Legislation         | Non-compliance   | M                                   | M  | Adequate procedures in place and fully documented   |
| <b>IDENTIFIED RISK</b>              | <b>POTENTIAL CONSEQUENCE OF RISK</b>                                       | <b>ASSESSMENT OF IMPACT (H/M/L)</b> | <b>LIKELIHOOD OF PROBABILITY (H/M/L)</b> | <b>CONTROLS TO MANAGE RISK</b>  |
| <b>COUNCIL</b>                      |  |                                     |  |   |
| Minutes/Agendas/Statutory Documents | Non-compliance/Accuracy/Legality   | L                                   | L  | Fully documented minutes, reviewed by Council and approved at monthly meetings. Compliance with regulations re agendas, statutory documents   |
| Members Interests                   | Conflict of Interest<br>Register of Members Interests                      | L                                   | L  | Existing procedures adequate – kept up to date on an ongoing basis, published electronically.   |
| Member Training                     | Lack of knowledge could lead to poor decision making                       | M                                   | M  | Training considered on an ongoing basis   |
| Welsh language policy               | Statutory requirements in respect of Welsh language not properly addressed | L                                   | M  | Policy reviewed annually at AGM   |
| Code of Conduct                     | Members do not adhere to The Code of Conduct                               | L                                   | L  | Code of conduct adopted and implemented. Codes given to all councillors. Clerk advises Councillors where necessary. All new Councillors are provided with copy and sign to say will adhere. |