

# **Peterston Super Ely Community Council**



## **FINANCIAL AND BUSINESS RISK MANAGEMENT POLICY**

Agreed and Adopted at Full Council Meeting on 14<sup>th</sup> July 2025 (Minute 25/081)

(To be reviewed at the Annual Meeting each year).

### **INTRODUCTION**

1. The recognition and management of risk is vital to ensure the proper management of the Council's assets and resources and efficient discharge of its duties and responsibilities to the community. Risk assessment is a continuous process which the Council needs to keep under review and ensure continuous monitoring.
2. The Practitioner's Guide on Governance and Accountability requires Councils to identify risks which it faces and put in place a scheme designed to create the necessary awareness and actions required to reduce the threat or possibility of an action or event that can impact on the interests of the Council and in turn the community it serves.
3. Risk management is not a process which seeks to avoid risk completely but it seeks to identify and assess risks on an individual basis by using a scoring methodology which identifies the severity of risk, the likelihood of it occurring and the impact if the risk was realised. Although each risk will have a different score rating, each of the risks will require an assessment of actions needed to minimise the risk.
4. The Plan which is appended to this policy identifies each of the risks that are considered to require attention as the impact of each on the Council would be of concern and in some cases could be extremely serious.
5. The Plan forms part of the internal control arrangements of the Council and will be used as part of the process of audit by the Council's Internal Auditor.

6. In most of the identified areas of risk the Council's insurance arrangements will apply such as in relation to public liability, employer liability, loss of money, fidelity guarantee, property damage, official's indemnity and loss or damage to equipment. The Council's insurers do however require the Council to adopt a process of risk management so that the exposure to insured risks are minimised.
7. An annual review of the plan in conjunction with the Council's insurance arrangements will be undertaken at the Annual Meeting of the Council.

## **ASSESSMENT CRITERIA**

### Rating and Classification of Risks

The rating and classification that is used in the Plan is as follows:

#### **a) Rating**

Potential Consequence Score: 1-5

Likelihood of Happening Score: 1-5

Severity Level Score: Potential Consequence x Likelihood

#### **b) Classification**

1-5 Low

6-10 Medium

11-15 High

16-25 Very High

## RISK MANAGEMENT PLAN

| Risk Item                                           | Risk Identified                                                   | Potential Consequence | Likelihood | Severity Score | Classification | Measures to be taken to reduce, minimise or control Risk                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------|-------------------------------------------------------------------|-----------------------|------------|----------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>INCOME</b>                                       |                                                                   |                       |            |                |                |                                                                                                                                                                                                                                                                                                                              |
| Precept                                             | Not submitted by Clerk                                            | 5                     | 1          | 5              | Low            | Established budget process in place with the Finance Committee considering the draft budget in October and Council approving the budget and precept in December of each year.<br><br>Clerk/RFO to notify the Unitary Authority of the precept in January each year.                                                          |
|                                                     | Inadequacy of the Precept                                         | 5                     | 1          | 5              | Low            | Financial Comparison reports to be presented to the Council every quarter, enabling it to assess income and expenditure against budget headings.<br><br>Bank reconciliation reports to be presented to the Council on a monthly basis as an additional method of Councillors' assessing the state of the Council's finances. |
| Rental Fees for Allotments                          | Rental fees are not received for every tenant in a timely fashion | 4                     | 1          | 4              | Low            | Clerk/RFO to invoice tenants in February as well as at intervals during the year when new tenants commence mid- term.                                                                                                                                                                                                        |
|                                                     | Tenants fail to meet conditions of tenancy agreements             | 3                     | 3          | 9              | Medium         | Warning letters to be issued to tenants who fail to comply with tenancy conditions and, where appropriate, termination letters to be issued by the Clerk/RFO.                                                                                                                                                                |
| Booking income from MUGA, allotments and Churchyard | Errors in invoicing and/or non-payment of booking charges         | 4                     | 2          | 8              | Medium         | Bookings system managed by Councillor and invoicing system managed by Clerk.                                                                                                                                                                                                                                                 |

| Risk Item          | Risk Identified                                                          | Potential Consequence | Likelihood | Severity Score | Classification | Measures to be taken to reduce, minimise or control Risk                                                                                                                                                                                                   |
|--------------------|--------------------------------------------------------------------------|-----------------------|------------|----------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                    | Booking charges not updated over time                                    | 3                     | 1          | 3              | Low            | Booking charges agreed by Council annually. Review to be conducted as part of budget setting process.                                                                                                                                                      |
| Loss of Money      | Loss due to fraudulent action by employees                               | 5                     | 1          | 5              | Low            | All payments authorised by two Councillors against invoices.<br><br>All expenditure approved by Council and accounts subject to internal audit and Council scrutiny.                                                                                       |
| Reserves General   | Inability to manage any unforeseen occurrences due to lack of cash flow. | 4                     | 1          | 4              | Low            | Council policy to maintain a non-earmarked reserve of between 3 and 12 month's annual budgeted sum.                                                                                                                                                        |
| Reserves Earmarked | Lack of availability of funding to meet planned commitments.             | 5                     | 1          | 5              | Low            | Annual budgeting process to designate earmarked funding requirement and allocated sums to be preserved through having an adequate level of un-earmarked reserves.                                                                                          |
| <b>EXPENDITURE</b> |                                                                          |                       |            |                |                |                                                                                                                                                                                                                                                            |
| Grounds Contract   | Failure of contractor to meet the requirements of the contract.          | 4                     | 2          | 8              | Medium         | A detailed specification to be drawn up and jointly signed with Contractor.<br><br>Quarterly inspections of Council sites to assess the adequacy of the performance of the Contractor and Clerk/RFO to take up matters with the Contractor as appropriate. |
| Legal Powers       | Council acting Beyond its powers e.g. ultra vires                        | 5                     | 1          | 5              | Low            | Ensure compliance with Standing Orders and Financial Regulations. These documents are reviewed annually based on best practice.<br><br>All decisions of the Council to be supported by the                                                                 |

| Risk Item               | Risk Identified                                          | Potential Consequence | Likelihood | Severity Score | Classification | Measures to be taken to reduce, minimise or control Risk                                                                                                                                                                                                         |
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|                         |                                                          |                       |            |                |                | <p>legal source of the power that is relevant.</p> <p>Advice of the Clerk/RFO to be available at all times.</p> <p>Clerk/RFO to obtain FILCA (Financial Introduction to Local Council Administration) training qualification once in position for 12 months.</p> |
| Salaries                | Wrong salary rate applied.                               | 5                     | 1          | 5              | Low            | <p>All wages and salary levels to be determined annually using NIC Salary Scales. Recommendations are then made to Full Council and recorded in the Minutes.</p> <p>Internal Auditor requested to check that correct rates being paid.</p>                       |
|                         | Errors in recording of hours. Wrong salary paid to Clerk | 5                     | 2          | 10             | Medium         | Clerk timesheet approved by Chair & Chair of Finance Committee in advance of payment. Salary then noted and amount recorded in the Full Council Minutes.                                                                                                         |
|                         | Income Tax and NI not deducted and/or not paid to HMRC   | 5                     | 1          | 5              | Low            | <p>Basic PAYE Tools (RTI) used to process salary and wages payments and Clerk/RFO to deduct Tax/NI and pay to HMRC by due dates.</p> <p>Finance Committee to monitor salary and wages payments in accordance with budget.</p>                                    |
| Reclaiming VAT payments | VAT not recovered from the HMRC                          | 4                     | 1          | 4              | Low            | <p>Clerk/RFO to make claim for reimbursement on a 6-monthly basis.</p> <p>Finance Committee to monitor receipt of VAT and Internal Auditor to check claims have been made as appropriate.</p>                                                                    |
|                         | Improper recording of input/output VAT                   | 5                     | 2          | 10             | Medium         | Clerk to attend VAT Training Course.                                                                                                                                                                                                                             |

| Risk Item              | Risk Identified                                                    | Potential Consequence | Likelihood | Severity Score | Classification | Measures to be taken to reduce, minimise or control Risk                                                                                                                                                                                                      |
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|                        |                                                                    |                       |            |                |                | Internal Auditor to check claims have been made as appropriate.                                                                                                                                                                                               |
|                        | Improper recording of non-business activities                      | 5                     | 2          | 10             | Medium         | Clerk to attend VAT Training Course.<br><br>Internal Auditor to check claims have been made as appropriate.                                                                                                                                                   |
| Payment of Grants      | Appropriate approved grant claims not submitted.                   | 4                     | 1          | 4              | Low            | Clerk/RFO to be responsible for processing grant Claims.<br><br>Finance Committee and the Internal Auditor to check that grant payments have been received.                                                                                                   |
| Councillors Allowances | Allowances not paid In accordance with The IRPW's scheme           | 4                     | 1          | 4              | Low            | Members agree payments in line with Annual Report of the Independent Remuneration Panel of Wales.<br><br>Members complete standard claim forms for allowed expenses. Clerk checks that any claims are supported with receipts.                                |
| <b>STAFF</b>           |                                                                    |                       |            |                |                |                                                                                                                                                                                                                                                               |
| Clerk's Availability   | Inadequate contract of employment                                  | 5                     | 1          | 5              | Low            | Council use OVW contract to ensure consistency with employment law and include job description.<br><br>Annual appraisals conducted to identify and issues of concern.                                                                                         |
|                        | Loss of Clerk through ill-health, resignation, retirement or death | 5                     | 2          | 10             | Medium         | In Clerk's prolonged absence the Council will nominate one of its members to cover the essential duties on a non-remunerated basis.<br><br>Access to SLCC's locum service or contact neighbouring Councils to see if another serving Clerk can provide cover. |

| Risk Item          | Risk Identified                                                                      | Potential Consequence | Likelihood | Severity Score | Classification | Measures to be taken to reduce, minimise or control Risk                                                                                                                                                                                                                                                                                      |
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| <b>ASSETS</b>      |                                                                                      |                       |            |                |                |                                                                                                                                                                                                                                                                                                                                               |
| General Assets     | Loss / damage to Council land and assets                                             | 5                     | 2          | 10             | Medium         | Ensure adequate coverage in insurance policy.                                                                                                                                                                                                                                                                                                 |
|                    | Risk / damage to third part property or individuals                                  | 4                     | 2          | 8              | Medium         | Ensure adequate coverage in insurance policy.                                                                                                                                                                                                                                                                                                 |
|                    | Inadequate Fixed Asset Register                                                      | 5                     | 1          | 5              | Low            | Fixed Asset register reviewed and updated on annual basis and insurance policy reviewed annually.                                                                                                                                                                                                                                             |
| Memorial Field     | Inappropriate use                                                                    | 3                     | 1          | 3              | Low            | Signpost in place to warn of penalties for inappropriate use.                                                                                                                                                                                                                                                                                 |
| Play Area and MUGA | Poor maintenance or unidentified damage to equipment could result in injury to users | 4                     | 2          | 8              | Medium         | <p>A Service Level agreement with Vale of Glamorgan Council, who organise quarterly inspections of MUGA and play area, is in operation. Regular inspection reports are supplied to the Clerk, highlighting and repair work needed.</p> <p>Play equipment is suitably insured.</p> <p>Regular inspection by the Risk Assessment Committee.</p> |
| Churchyard         | Inappropriate use                                                                    | 4                     | 2          | 8              | Medium         | Regular inspection by the Risk Assessment Committee and corrective action taken as appropriate.                                                                                                                                                                                                                                               |
| Condition of Trees | Damage caused by falling trees and roots causing damage to neighbouring              | 5                     | 3          | 15             | High           | <p>Public liability insurance in place.</p> <p>Regular inspection by the Risk Assessment Committee who make recommendations to relevant landowners.</p>                                                                                                                                                                                       |

| Risk Item                          | Risk Identified                                                                     | Potential Consequence | Likelihood | Severity Score | Classification | Measures to be taken to reduce, minimise or control Risk                                                                                                                                                                 |
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|                                    | properties.                                                                         |                       |            |                |                |                                                                                                                                                                                                                          |
| Public Events held on PSECC assets | Injury to volunteers and attendees                                                  | 5                     | 2          | 10             | Medium         | Working Parties established as appropriate to manage the event and prepare and apply a specific risk assessment plan covering matters such as use of hot water, access to the electricity generator, trailing wires etc. |
| <b>GOVERNANCE</b>                  |                                                                                     |                       |            |                |                |                                                                                                                                                                                                                          |
| Data Protection                    | Failure to comply with Data Protection Act 2018                                     | 5                     | 2          | 10             | Medium         | Ensure that all aspects of compliance are completed, that Data Protection principles are observed and data retention policy is implemented.                                                                              |
| Information Security               | Important Council Information held In hard copy and on computer is lost or damaged. | 5                     | 4          | 20             | Very High      | Important hard copy data is stored in home of Clerk.<br><br>Data held on computer is continually backed up using a service provided by Orbits IT Solutions.                                                              |
| Council Minutes                    | Failure to maintain accurate and legal Minutes                                      | 5                     | 1          | 5              | Low            | Minutes of Full Council are reviewed and signed at the next meeting.<br><br>Clerk produces draft Minutes and notes which are displayed on website in accordance with Standing Orders.                                    |
| Training of Councillors            | Councillors do not have the necessary skills and knowledge to perform their roles.  | 4                     | 2          | 8              | Medium         | Council is currently producing a Training Plan and will review it quarterly.<br><br>Council has an annual training budget and all Councillors are required to commit themselves to appropriate training.                 |
| Financial Records                  | Financial records are lost or                                                       | 5                     | 2          | 10             | Medium         | Financial records are audited annually and files are then stored in the Glamorgan Archives.                                                                                                                              |

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|                               | damaged.                                                                            |                       |            |                |                | All transaction data and the cash book are maintained on Rialtas software on the Clerk's laptop, which is continually backed up using a service provided by Orbits IT Solutions.                                                                                       |
| Health and Safety Assessments | Activities of the Council are not risk assessed or arrangements regularly monitored | 5                     | 2          | 10             | Medium         | The Risk Assessment Committee has responsibility for ensuring that risk assessments are prepared and regularly monitored.                                                                                                                                              |
| Code of Conduct               | Members do not declare interests as required.                                       | 5                     | 3          | 15             | High           | Members to be trained in the Code of Conduct.<br><br>All declarations to be completed using a designated pro-forma.<br><br>Declaration of interests are published on the Council's website.                                                                            |
| Statutory duties of Council   | Failure of Council to keep up to date with new legislation and statutory duties     | 5                     | 2          | 10             | Medium         | Membership of One Voice Wales and Society of Local Council Clerks provides information and guidance on new legislation and statutory duties.<br><br>Clerk to ensure that information is distributed to all Members.<br><br>Regular review of new statutory obligations |
| Welsh Language Act            | The Council fails to comply with the Act.                                           | 4                     | 3          | 12             | High           | Clerk is not a Welsh speaker but works with a Welsh speaking Councillor to expand its communication arrangements through the medium of Welsh.                                                                                                                          |
| Legal Claims                  | Claims are made in relation to employment matters or from members                   | 5                     | 3          | 15             | High           | The Council has an Employment Working Group that follows all expected standards of good employment practice and Members are trained in this area. The Council has a range of employment policies in place (e.g. grievance and disciplinary procedures).                |

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|-----------|------------------------------------------------------------------------------|-----------------------|------------|----------------|----------------|------------------------------------------------------------|
|           | of the public about the condition of council amenities, resulting in injury. |                       |            |                |                | Public liability and legal expenses insurance is in place. |