MALMESBURY TOWN COUNCIL

RISK MANAGEMENT POLICY

1.   Introduction

1.1. This Risk Management Policy forms part of Malmesbury Town Council's internal control and corporate governance arrangements. The policy outlines the Town Council's underlying approach to risk management, documents the roles and responsibilities of Councillors, the Clerk to the Council and Staff. It also outlines the key aspects of the risk management process and identifies the main reporting procedures.

2. Risk Management as part of Internal Control

2.1. The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the Town Council to respond to operational, financial and commercial risks. These elements include:-

- Policies and procedures
- Regular reporting
- Planning and budgeting
- A fully operating Policy & Resources Committee
- An Internal Auditor responsible for aspects of the annual review of effectiveness of internal control systems
- Third party reports from external consultants

2.2. The Town Council will be managing many risks when it reviews its insurance and its systems. The minutes will record such reviews. Budget setting and insurance reviews are annual activities, but the review of systems may be less frequent.

2.3. An exercise of reviewing systems should be carried out every four years, unless triggered by internal or external audit reports, or when a risk changes or there is a change in Town Clerk or Responsible Financial Officer.

3. Risk Overview

3.1. A "Risk" is any weakness that could endanger the Staff, Visitors, Councillors, Assets, Operation or Reputation of Malmesbury Town Council.

3.2. Risk is a value generated from the three factors "Vulnerability", "Threat" and "Impact". Each factor is assigned a numeric value that are multiplied together to give the Risk value. The allocation of values is a subjective process and the higher the values the greater the perceived risk to the Council. The factors are defined as follows:

- "Vulnerability" is a measure of the exploitability of a weakness.

- "Threat" is an assessment of how likely it is that a specific weakness will be exploited or will occur.

- "Impact" is an assessment of how much it will hurt or cost if the weakness occurs

3.3. The Vulnerability and Threat factors are often multiplied together and expressed as a single item "Hazard". It is the product of "Hazard" and "Impact" that provides a value for "Risk".

4. Town Council Risk Management Principles

4.1. The following key principles outline the Town Council's approach to risk management and internal control:

- The Town Council, as a whole, has responsibility for overseeing its own risk management;

- An open and receptive approach to managing risk is adopted by the Town Council;

- The Clerk to the Council supports, advises and implements policies approved by the Town Council;

- The Town Council makes takes a conservative and prudent approach to the recognition of weaknesses. We will declare and monitor all identified weaknesses irrespective how slight or minor they may appear.

- The Town Council will make a full and thorough disclosure of the financial and non-financial implications of all identified risks.

5. Roles

5.1. The Clerk/Responsible Financial Officer in respect to risk management is responsible for the following actions:-

- To implement policies on risk management and internal control;
- To identify and evaluate the significant risks faced by the Town Council for its consideration;
- To provide adequate information in a timely manner to the Council on the status of risk and controls;
- To arrange for the Council to undertake an annual review of effectiveness of the system of internal control.

5.2. The Internal Auditor will check the minutes and any other documentation they deem relevant for any suggestion of unusual activity and evidence that risks are being identified and managed.

6. Mitigation

6.1. Town Council risk mitigation seeks always to reduce exposure by applying one of the following actions. Each weakness is analysed and list is always applied in numerical until a satisfactory mitigation is achieved:

1. Implement an action that will remove the risk;

2. Implement an action that will reduce the risk to an acceptable level;

3. Transfer the risk and responsibility (e.g. To a contractor), the Council will always retain accountability;

4. Insure against the risk;

5. If none of the above are possible and it is a weakness we cannot avoid, accept the risk.

6.2. In many cases mitigation will be a combination of two or more of these strategies.

6.3. For any weakness that it proves impossible to apply any of the first three strategies must be specifically raised on the next Policy & Resources Committee meeting. This will ensure that Full Council will vote on whether such a risk is acceptable.

7. Annual Review of Effectiveness

7.1. On production of the Internal Auditor's report, the Policy & Resources Committee will:-

- Review the previous year and examine the Town Council's track effectiveness on risk management and internal control;

- Consider the internal and external risk profile of the coming year, noting any new areas of risk, and consider whether current internal control arrangements are likely to be effective;

- Evaluate the potential consequences to the Town Council if an event that has been identified as a risk takes place and consider measures to avoid, reduce or control same;

- Make recommendations to the Town Council on its findings.

7.2. In making any recommendations, the Policy & Resources Committee will consider the following aspects:-

- Timely identification and assessment of significant risks;

- Prioritisation of risks and allocation of resources to address areas of high exposure;

- Quality and timeliness of information on significant risks;

- Time it takes for control breakdowns to be recognised or new risks to be identified;

- Ability of the Town Council to learn from its problems;

- Commitment and speed with which corrective actions are implemented.

8. Identified Risks

8.1. Management of Business;
   Mitigation of risks.
- Daily backups of all software data & secure password management

- Effective channels of communication between Officers & Councillors

- Staff contact details kept securely by all members of staff and bank staff

- Staff training wherever possible & Continued Professional Development

- Correct insurances are in place

8.2. Financial Risks;
   Mitigation of risks
- Adherence to MTC Financial Regulations

- Officers with responsibility are appraised of new national regulations as they occur

- Recognition of Joint Panel on Accountability and Governance, Practitioners' Guide

8.3. Risks to Assets;
   Mitigation of risks
- Regular inspections of all areas owned by or licenced to Malmesbury Town Council.

- Necessary Service Level Agreements are in place

- Correct insurances are in place

- Working Groups regularly meet to make necessary recommendations to the Council

8.4. Risks to Staff and/or Councillors;
Mitigation of risks

- Health & Safety Procedures are adhered to & staff members report regularly to line manager

- All Polices as advised by NALC are put in place to safeguard the Council

- The Town Clerk will frequently analyse national guidance for Town Councils to note updated information

Adopted at Policy & Resources Committee 5th April 2023