



Risk Assessment 2019/20

Dear Councillors,

The Council is expected to carry out an annual risk assessment of financial risks it is exposed to and identify any actions it considers necessary to minimise those risks.

A risk is the threat that an event or action will adversely affect the Council's ability to achieve its objectives and/or to successfully execute its strategies.

Risk assessment is a systematic general examination of working conditions, workplace activities and environmental factors that will enable the Parish Council to identify any and all potential inherent risks.

This document has been produced to enable Sevenoaks Town Council to assess the risks that it faces and satisfy itself that it has taken adequate steps to minimise or eliminate them insofar as is possible.

The risk management register assesses the risk factors that have been identified for Sevenoaks Town Council under the following headings:

Governance

Operations

Financial

Environment or external factors

Compliance (law and regulation)

The assessment considers the key triggers and causes, evaluates the risk as detailed below to determine the severity or level of risk, determines the likelihood of it occurring, likely consequences and impact and assigns a risk rating. It is not an exact science and the below serves as a guide based on common practice.

Management/Control on steps taken or to be taken to control the risk appropriately are also inserted for each identified risk.

	Level of risk	Likelihood	Likelihood Indicators	Impact on service and reputation	Risk Rating
1	Insignificant	Very Unlikely	May only occur in exceptional circumstances	<ul style="list-style-type: none"> • No impact on the service • No impact on reputation • Complaint unlikely • Litigation risk remote 	• Low (L)
2	Minor	Unlikely	Expected to occur in a few circumstances	<ul style="list-style-type: none"> • Slight impact on service • Slight impact on reputation • Complaint possible • Litigation possible 	• Low (L)
3	Moderate	Possible	Expected to occur in some circumstances	<ul style="list-style-type: none"> • Some service disruption • Potential for adverse publicity-avoidable with careful handling • Complaint probable • Litigation probable 	• Medium (M)
4	Major	Likely	Expected to occur in many circumstances	<ul style="list-style-type: none"> • Service disrupted • Adverse publicity in local media not avoidable • Complaint probable • Litigation probable 	• High (H)
5	Extreme/Catastrophic	Very Likely	Expected to occur frequently and in most circumstances	<ul style="list-style-type: none"> • Service interrupted for significant time • Major adverse publicity in regional / national press not avoidable • Major litigation expected • Resignation of senior management and board • Loss of public confidence 	• High (H)

There are 3 levels of risk:

LOW	MEDIUM	HIGH
1 – 6	7 – 15	16 - 25

For example: A risk that is judged to be 'likely' (4) and have an 'insignificant' impact (1) would equate to a 'Low' risk level of 4 (4 x 1). A risk with a 'possible' likelihood (3) and 'extreme/catastrophic' impact (5) would equate to a 'Medium' risk level of 15 (3 x 5).

This document was approved by Council at the meeting held on(Minute.....)

Sevenoaks Town Council Risk Management Register

Governance risks

	Risk Factor	Impact	Likelihood	Risk Rating	Management/Control	Owner	status
1	Ineffective Organisational Structure Lack of communication, uncertainty as to roles and duties.	4	1	4(L)	Organisational chart is in operation providing a clear understanding of roles and duties. Each member of staff has a contract of employment clearly specifying what their role and duties are. Staff appraisals are undertaken at least annually where any uncertainties can be discussed and rectified. Future aims and objectives are also discussed. Regular staff and manager meetings are held throughout the year to update staff on events happening within the organisation. Sevenoaks Town Council holds Investor in People status.	Town Clerk	Existing procedure adequate
2	Loss of Key staff Operational impact on key projects and priorities. Loss of contact base and knowledge. Loss of experience/skills	4	3	12 (M)	Systems, plans and projects are documented where feasible. Training is given to all members of staff with consideration given to ensuring more than one member of staff is trained in a particular area to provide cover during staff sickness or holiday. Formal notice periods are written into employee contracts to ensure a smooth handover when/if a member of staff is in the process of leaving the council.	Town Clerk	Existing procedure adequate
3	Councillors lack relevant skills or commitment The Council is unable to achieve its purpose. Poor decision making.	4	1	4 (L)	Councillors' skills are reviewed upon election. Appointments within the Council are made drawing upon Councillor's individual strengths	1. Town Clerk 2. Members	Existing procedure adequate

	Risk Factor	Impact	Likelihood	Risk Rating	Management/Control	Owner	status
4	<p>Conflicts of interest Decisions may not be based upon relevant considerations. Pursuit of personal agenda. Impact on reputation</p>	4	2	8 (M)	<p>The Standing Orders provide for instances when there is a conflict of interest. Councillors are asked to declare any conflict or interests relevant to Agenda items at the beginning of each meeting. Such councillors do not partake in the ultimate decision. Records of members' interests are kept and are publicly available.</p>	<p>1. Town Clerk 2. Members</p>	<p>Existing procedure adequate Reviewed annually</p>
5	<p>Lack of direction, strategy and forward planning The Council drifts with no clear objectives, priorities or plans.</p>	5	2	10 (M)	<p>The Council has a strategy which sets out the key aims, objectives and policies. A list of current matters and priorities are considered at each Finance & General Purposes Committee meeting. These are also reviewed following the election of a new council. Financial and operational performance is monitored by the Officers and reported at relevant Committee or Sub Committee meetings which are then subsequently reviewed at Council meetings held on a regular basis throughout the year. Relevant qualified staff are in post. A Blue Skies Day (review of plans) is normally held at a minimum of two yearly intervals</p>	<p>1. Town Clerk 2. RFO</p>	<p>Existing procedure adequate Reviewed annually</p>

Operational risks

	Risk Factor	Impact	Likelihood	Risk Rating	Management/Control	Owner	status
6	<p>Disaster Recovery and planning Computer system failures or loss of electronic data</p> <p>Loss of paper documents.</p> <p>Destruction of property, equipment, records through fire, flood or similar damage</p>	4	3	12 (M)	<p>All data on the servers are backed up on a cloud base on a daily basis. Two servers are maintained, so that if one fails the Council can continue to function using the operational server during repair. A disaster recovery plan is in place for such an eventuality.</p> <p>Ongoing review of electronic archiving options for paper</p> <p>Adequate insurance cover is in place.</p>	Town Clerk	<p>Existing procedure adequate</p> <p>Ongoing review</p>
7	<p>Best Value Accountability Dependency on key suppliers Lack of competitive pricing/quotes Work awarded incorrectly</p>	3	2	6 (L)	<p>STC operates under Financial Regulations relevant for its sector and set down by statute. Competitive tendering is used for all large contracts. At least 3 independent quotations are sought for all contracts undertaken. Alternative suppliers are regularly reviewed to ensure goods and services supplied are competitively priced.</p>	Managers	Existing procedure adequate
8	<p>Health and Safety Risk of staff injury Risk of injury to the public</p>	3	2	6 (L)	<p>Annual Health and Safety inspections are carried out by qualified inspectors who provide written reports with prioritised action plans. Any recommendations are discussed and implemented where appropriate. The recommendations include advice relating to appropriate training for Council staff. An external Health and Safety advisory service is employed on all matters, this includes an indemnity.</p>	<p>1. Town Clerk 2. Managers</p>	Existing procedure adequate

	Risk Factor	Impact	Likelihood	Risk Rating	Management/Control	Owner	status
					Risk assessment of events is undertaken as per policy. Parks and play area equipment are inspected as part of an annual maintenance programme and remedial work is budgeted for within the precept.		
9	Employment issues Employment disputes. Claims for unfair dismissal. Inadequate staff training. Child protection issues.	3	1	3 (L)	An external employer advisory service is used to advise on all employer related matters, this also provides an indemnity. All staff are offered training specific to their needs and this is also assessed annually at staff appraisals. All staff have been made aware of the Council's Child Protection Policy, and the contents of the Employee Handbook and Health and Safety Policy.	1. Town Clerk 2. Deputy Town Clerk	Existing procedure adequate
10	Information Technology Systems fail to meet operational need. Failure to innovate or update systems.	3	1	3 (L)	General IT support is contracted out to a third party, who advise with respect to server capacity and necessary upgrades. Licences are renewed annually and kept up to date. Computers are updated and replaced as required. All data protection laws are complied with.	1. Town Clerk 2. Deputy Town Clerk	Existing procedure adequate
11	Security of assets Loss or damage/theft of assets.	3	3	9 (M)	A central fixed asset register is maintained. Suitable security arrangements are in place for the Council's assets Safe custody arrangements for title documents and land registration are in place, normally at the bank or lawyers. Adequate insurance cover is in place and annually reviewed.	RFO Town Clerk	Existing procedure adequate Annually reviewed
12	Lack of Service provision - Customer satisfaction Loss of fee income. Negligence claims. Reputational risks.	2	3	6 (L)	Council operates a complaints procedure that is followed should a complaint be received. All complaints are taken seriously, fully investigated and attempts made to bring about a satisfactory resolution	Town Clerk	Existing procedure adequate
13	Procedural and systems documentation	2	2	4 (L)	All policies and procedures are adequately documented and staff are made aware of them. Policies and	Town Clerk	Existing procedure adequate

	Risk Factor	Impact	Likelihood	Risk Rating	Management/Control	Owner	status
	Lack of awareness of procedures and policies. Actions taken without proper authority				procedures are reviewed and presented to Finance & General Purposes Committee. The Council uses the services of an independent internal auditor to review the systems and procedures in place to ensure they are fit for purpose.		
14	Project development Not compatible with original object or plan. Funding and financial viability in question. Financial and time over-runs	2	2	4 (L)	Projects are continually appraised to ensure compliance with original objective and plan. Actual costs are compared to budget and reported to Council at regular meetings. Funding is constantly under review. External grants/funding are sought to cover any budgeted shortfalls to ensure the continued viability of a project. Where a risk of funding shortfalls for a capital project is identified, cashflow projections are made and alternative solutions considered, including the potential for back-up borrowing arrangements investigated if considered appropriate.	Town Clerk	Existing procedure adequate
15	Capacity and use of resources including fixed assets Under-utilised or lack of building/office space. Obsolete plant and equipment being used impacting operational performance. Spare capacity not being utilised.	2	2	4 (L)	A rolling capital and maintenance work programme is in operation to ensure that assets are replaced or repaired as required. Managers review their department's fixed assets at least annually and any unutilised fixed assets are transferred to other departments as appropriate The future of the Council's assets and operational facilities are normally discussed at biennial Blue Skies Days	RFO	Existing procedure adequate

Financial risks

	Risk Factor	Impact	Likelihood	Risk Rating	Management/Control	Owner	status
16	Precept Inadequacy Requirements not submitted to District Council Amount received late	4	1	4 (L)	Precept setting is an annual agenda item. RFO examines the actual financial accounts along with the projected year end accounts. The Council considers expenditure requirements for the following financial year along with expected income. The RFO recommends a draft precept amount which is reviewed and approved by Council only after it is deemed fit for the objectives and responsibilities for the financial year ahead. The precept is advertised on the agenda and members of the public are invited to attend the meeting. Town clerk submits the approved precept figure to the District Council in writing immediately after it is agreed by Council. Precept request dates are also communicated at the same time. Precept is confirmed by minute when received	RFO	Existing procedure adequate
17	Financial Reporting Insufficient	4	1	4 (L)	Management accounts are submitted at each committee meeting with details of receipts and payment	RFO	Existing procedure adequate
18	Budgetary control Budgets are not realistic Spending exceeds budgets Slack built into budget Lack of substantial review	3	2	6 (L)	Annual budgets are usually prepared in discussion with departmental managers and approved at Finance and General Purposes Committee in January from which the following year's precept is agreed. The Council operates an accounting software package that produces monthly management accounts with comparison of actual to budget. These are presented to the Finance and General Purposes Committee regularly throughout the year. All significant variances are investigated and reported. The management accounts are distributed to departmental managers each month for comment.	RFO	Existing procedure adequate

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19	Pension Commitments The Council's duty to fund any shortfall in the Local Government Pension Scheme cannot be met.	3	3	9 (M)	The Council's exposure to any shortfall in the Local Government Pension Scheme has been limited by the withdrawal from the Scheme for any new employees. Precept includes additional contributions required in line with actuarial valuation. Funding shortfall continues to be monitored. The Council meets its statutory requirements for auto enrolment.	RFO	Existing procedure adequate
20	Dependency on income sources Impact on finances if Council Band D tax base is reduced.	3	1	3 (L)	Changes in legislation can have an impact on the Council's finances. The Council's policy of maintaining reserves at a level of the equivalent of 6 months of the precept means that a cushion of funds is available to allow time to investigate other possible funding streams if necessary and be able to act in an agile manner should opportunities arise for the local community. External grants/funding are sought wherever possible and the Council has a good track record of success in its grant applications.	RFO	Existing procedure adequate
21	Bank accounts and Banking Inadequate checks Banking errors Loss Charges	3	1	3 (L)	Financial Regulations set out requirements for bank accounts and banking. All bank accounts are reconciled on a monthly basis by the finance department. The reconciliations are reviewed by both the Responsible Finance Officer and the Town Clerk. The bank account balances are submitted to the Finance and General Purposes Committee on a regular basis for approval. The opening of any new bank account requires the approval of the Finance and General Purposes Committee. Account balances and transactions are reviewed by internal and external auditors.	RFO	Existing procedure adequate

	Risk Factor	Impact	Likelihood	Risk Rating	Management/Control	Owner	status
22	Payroll Staff are paid at incorrect rates. Fictitious employees are added to the payroll	2	2	4 (L)	<p>Policy laid out in staff handbook as approved by the Personnel Committee.</p> <p>All payroll payments are handled by the finance department.</p> <p>Sage payroll software is used to process the payroll. Timesheets are completed by all part time staff and are authorised by the departmental manager before onward submission to the finance department. All timesheets are approved by either the Town Clerk or Deputy Town Clerk.</p> <p>Sage payroll produces a number of reports, these and copy payslips are reviewed by the Responsible Finance Officer each month on a random basis.</p> <p>The Council maintains a separate payroll bank account through which all payments are processed. All payments are authorised by two Councillors one of whom is the chair or vice chair of committee.</p> <p>Payroll processes are also reviewed periodically by the internal auditor.</p>	RFO	Existing procedure adequate
23	Ordering procedures Payment made for goods not ordered. Goods or services ordered which are not authorised.	4	1	4 (L)	<p>The Financial Regulations deal with the ordering processes and set the limits for when the Council is required to obtain competitive bids.</p> <p>Managers of departments are authorised to order goods and services within the limits of departmental or capital budgets. Some members of staff have delegated authority to place orders for specific supplies (e.g. stationery). Each departmental manager has a sequentially numbered purchase order book.</p> <p>All delivered goods are checked and signed against delivery note.</p> <p>All invoices are signed by the departmental manager and two officers including the RFO before the payment is processed.</p> <p>Delivery notes are matched and attached to the purchase order and invoice.</p> <p>Invoices over £5,000 are approved by two Councillors prior to processing for payment.</p>	RFO	Existing procedure adequate

	Risk Factor	Impact	Likelihood	Risk Rating	Management/Control	Owner	status
24	Fraud and misrepresentation Understating income Inflating expenditure Inadequate internal financial controls and procedures	4	1	4 (L)	<p>All known income are captured on the accounting package and accounting records as communicated to Finance. Expected income is noted in minutes and communicated to the Finance and General Purposes Committee.</p> <p>A grant register is maintained which details grant applications, payment date and other relevant information.</p> <p>Internal Control procedures are covered within the Financial Regulations which are reviewed and updated on an annual basis. The Responsible Finance Officer oversees the financial systems and procedures. An independent internal auditor reviews transactions and the Council's internal procedures at least 3 times per financial year. There is a defined system of budgetary control, regular management reporting including variance analysis.</p>	RFO	Existing procedure adequate
25	Compliance with donor imposed restrictions Grants or donation funds received are applied outside the restrictions. Non-compliance resulting in repayment of the funds. Future relationship with donor damaged Potential regulatory action against the Council.	2	2	4 (L)	<p>Controls are in place to ensure that any restricted funds received are identified upon receipt and separately accounted for. Controls are also in place to ensure the funds are only used for their intended purpose. Regular contact with the donor is maintained to update them on how the grant or donation is spent. The Town Clerk and the Responsible Finance Officer ensure all the terms and conditions of the funding are met.</p>	1. RFO 2. Town Clerk	Existing procedure adequate

	Risk Factor	Impact	Likelihood	Risk Rating	Management/Control	Owner	status
26	Cash handling Sales income in the form of cash and cheques received direct to the department either misappropriated or not recorded properly	2	2	4 (L)	Financial Regulations set out requirements and adequate cash handling procedures are in place specific to the relevant department. Daily takings are banked on a regular basis into the Town Council's general bank account by a member of staff from the department or brought to the finance department to bank on their behalf. All cash banking are reconciled by the finance department to the bank statements in accordance with the Financial Regulations.	RFO	Existing procedure adequate
27	Petty Cash Money is stolen or cash receipts not recorded properly	3	2	6 (L)	Petty cash and expenses claims are only given against specific agreed receipts. All cash is held in a locked container in a locked cupboard/safe under the supervision of the departmental manager. Petty Cash is reconciled against the float by the departmental manager. Reimbursement of the petty cash is undertaken by the finance department upon receipt of satisfactory reconciliation and supporting receipts which in turn is authorised per financial regulations. A summary of petty cash expenditure is reconciled monthly and submitted to the Finance and General Purposes Committee on a regular basis for approval	RFO	Existing procedure adequate
28	Stock losses Protection of physical stocks and stock losses	2	2	4 (L)	A stock rotation policy is in place under the responsibility of the relevant manager. Levels of stock held are minimal. Stocks of consumables (stationery, cleaning materials etc.) are kept in designated areas under the responsibility of the relevant manager. Stock expenditure and income are included in monthly management accounts and unusual fluctuations in profit margins would be identified in finance reports reviewed at Finance & General Purposes Committee Meetings.	RFO	Existing procedure adequate

	Risk Factor	Impact	Likelihood	Risk Rating	Management/Control	Owner	status
29	<p>Credit Control Credit is given to customers whose credit rating has not been checked.</p> <p>Too much credit is given to a customer.</p> <p>Customers who have not complied with the Council's payment terms are allowed to continue incurring more debt.</p>	2	2	4 (L)	<p>For regular users of the Council's facilities a 30 day payment term is in force. If problems arise, the customer is contacted by the departmental manager in the first instance and then the finance department, and an attempt made to resolve the problem by mutual agreement. In extreme circumstances, credit terms are suspended and customers are then required to pay in advance.</p> <p>Exceptions to the above relate to tenants of the Council's residential properties, where any new lettings are undertaken by a local letting agency who vet potential tenants on the Council's behalf. Rental income is usually paid for in advance.</p> <p>For all new hirers of the community centre, payment in advance is required and a refundable damage deposit is taken when deemed necessary</p> <p>Sports and leisure course fees for regular bookings are invoiced termly in advance.</p> <p>Any bad debts are reported to the Finance and General Purposes Committee promptly in accordance with the Financial Regulations.</p>	RFO	Existing procedure adequate
30	<p>Investment of Surplus funds Investment in areas of unacceptably high level of risk.</p> <p>Investing in areas not permitted by statute.</p> <p>Commercial failure of deposit taking institution resulting in loss of deposited funds.</p>	2	1	2 (L)	<p>The investment strategy is reviewed on an annual basis by the Finance and General Purposes Committee to limit the Council's exposure to any high level risk.</p> <p>The Council uses Credit Ratings and other market intelligence to access the credit quality of any potential counterparty.</p> <p>The Council sets limits as to the minimum level of credit rating that will be acceptable as part of the Investment Strategy.</p> <p>Liquidity is managed such that investment durations are set in accord with cash flow needs</p> <p>All investment deposits are undertaken for a fixed-term which determines interest rate and duration at the time the transaction is being considered</p>	RFO	Existing procedure adequate

	Risk Factor	Impact	Likelihood	Risk Rating	Management/Control	Owner	status
31	Reserves policies Lack of funds to respond to new needs or requirements. Inability to meet commitments or planned objectives.	4	1	4 (L)	A general contingency fund forms part of the annual budget to cope with any unexpected costs arising. Earmarked reserves are being maintained and added to on an annual basis where future known expenditure is expected. General reserves are being maintained in accordance with External Auditors recommendations.	RFO	Existing procedure adequate
32	Borrowing Inability to meet repayment schedule. Breaching regulatory requirements.	1	1	1 (L)	The Council currently has no borrowings. Any future requirement to borrow funds must be carried out in accordance with the Finance Regulations and be approved by the Finance & General Purposes Committee in advance. Ministry of Housing, Communities and local governments (MHCLG) approval is also required prior to proceeding.	RFO	Existing procedure adequate
33	Asset management Misappropriation of Council assets.	1	2	2 (L)	The Council maintains a fixed asset register held centrally. The departmental managers are provided with an asset schedule annually for review and updating. All capital items purchased are only purchased in accordance with the Financial Regulations. All assets are insured under the Council's general insurance policy.	RFO	Existing procedure adequate
34	Insurance Inadequate cover Excessive cost Compliance	3	1	3 (L)	Annual review of all insurance requirements prior to renewing the policy. This ensures adequacy. Property asset values are updated every 5 years via a valuation and maintenance review carried out by a qualified surveyor. Changes are communicated to the Insurers as required. Quotations are sought tri-annually from other insurer providers to ensure competitiveness. Public and Employer liability and Fidelity Guarantee cover are all reviewed and deemed appropriate for the Council's needs.	RFO	Existing procedure adequate

Environmental or external factors

	Risk Factor	Impact	Likelihood	Risk Rating	Management/Control	Owner	status
35	Government Policy Any changes in legislation on local authority activities could adversely impact the Council.	4	4	16 (H)	All proposed legal and regulatory changes affecting local authorities are monitored and reviewed by the Council. Membership to NALC and KALC ensures the Council is fully informed of any proposed future regulatory changes.	RFO	Existing procedure adequate
36	Public Perception Adverse publicity and the impact on the services and facilities offered to the public.	3	2	6 (L)	The Council has a good working relationship with the local media to ensure that the public are informed of any future projects or events. All agendas and minutes to Council meetings are available to the public to review. The Council promotes full disclosure and transparency. All meetings of the Council and its sub-committees are recorded and the Council supports the rights of the public and press to attend and record such meetings subject to the Council's protocol being followed. Written records of decisions delegated to an officer relating to the granting of a permission or license, affecting the rights of an individual or awarding a contract or incurring material expenditure are made available for viewing by the public and retained by the Council for 6 years	Town Clerk	Existing procedure adequate

Compliance risk (law and regulation)

	Risk Factor	Impact	Likelihood	Risk Rating	Management/Control	Owner	status
37	Compliance with legislation and regulations Loss of licence to undertake particular activity. Loss of reputation through qualified audit reports Penalties or fines from regulators or HMRC due to non-compliance. Employee or consumer action for negligence.	4	1	4 (L)	All key legal and regulatory requirements are identified. Responsibility for ensuring key compliance procedures are followed are allocated to relevant members of staff. Any compliance reports from regulators are obtained and reviewed and any recommendations for improvement discussed and implemented. Internal and external auditors review the Council's compliance with financial and governance regulatory requirements. External/professional advice always sought where deemed appropriate. Expert VAT advice is sought from SLCC where appropriate. STC employs the services of Ellis Whittam as both HR and Health & Safety consultants to assist with mitigating risks. GDPR requirements monitored and insurance cover in place	1. Town Clerk 2. RFO	Existing procedure adequate
38	Freedom of Information Act Policy Provision of information	3	3	9 (L)	Council adheres to model publication scheme for Local Authorities. The Town Clerk is made aware of requests for information and manages the process of responding including making the decision about payment of a fee.	Town Clerk	Existing procedure adequate
39	Data Protection	4	3	12 (M)	The Council is registered with the Data Protection Agency. GDPR (General Data Protection Regulation) compliant as at May 2018. External DPO was appointed to monitor compliance	Town Clerk	Existing procedure adequate
40	Annual Return Failure to submit within time limits	4	1	4 (L)	Set as an annual meeting item. Processes are aligned to ensure compliance including applying for extensions as required. Internal Audit visit is scheduled annually in April/May ready for a Finance and General Purposes committee meeting and Council meeting to sign off the annual return.	RFO	