



Bromyard & Winslow Town Council

Risk Management Policy & Assessment

RISK MANAGEMENT POLICY

BACKGROUND

1. A risk is anything that can threaten or impact upon the assets, operation or reputation of the Town Council.
2. Risk Management is the planned and systematic approach to the identification, analysis and economic control of all risks. It is not just about financial management but it is about achieving the objectives of the Town Council.
3. There are four recognised ways of dealing with risk:
 - 3.1 Remove the risk;
 - 3.2 Mitigate the risk to an acceptable level;
 - 3.3 Transfer the risk or insure against it;
 - 3.4 Accept the risk.
4. This Risk Management Policy forms part of Bromyard & Winslow Town Council's internal control and corporate governance arrangements.
5. The policy explains the Town Council's underlying approach to risk management, documents the roles and responsibilities of Councillors, the Town Clerk and staff. It also outlines the key aspects of the risk management process and identifies the main reporting procedures.
6. The key principles outline the Town Council's approach to risk management and internal control:
 - 6.1 The Town Council, as a whole, has responsibility for overseeing its own risk management;
 - 6.2 An open and receptive approach to managing risk is adopted by the Town Council;
 - 6.3 The Town Clerk supports, advises and implements policies approved by the Town Council;
 - 6.4 The Town Council makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risk.
7. The role of the Town Clerk and Responsible Financial Officer in relation to risk management is as follows:
 - 7.1 To implement policies on risk management and internal control;
 - 7.2 To identify and evaluate the significant risks faced by the Town Council for its consideration;
 - 7.3 To provide adequate information in a timely manner to the Council on the status of risk and controls;
 - 7.4 To arrange for the Internal Auditor to undertake an annual review of effectiveness of the system of internal control and provide a report to the Town Council. He/she should check the minutes for any suggestion of unusual activity and evidence that risks are being identified and managed.

RISK MANAGEMENT AS PART OF INTERNAL CONTROL

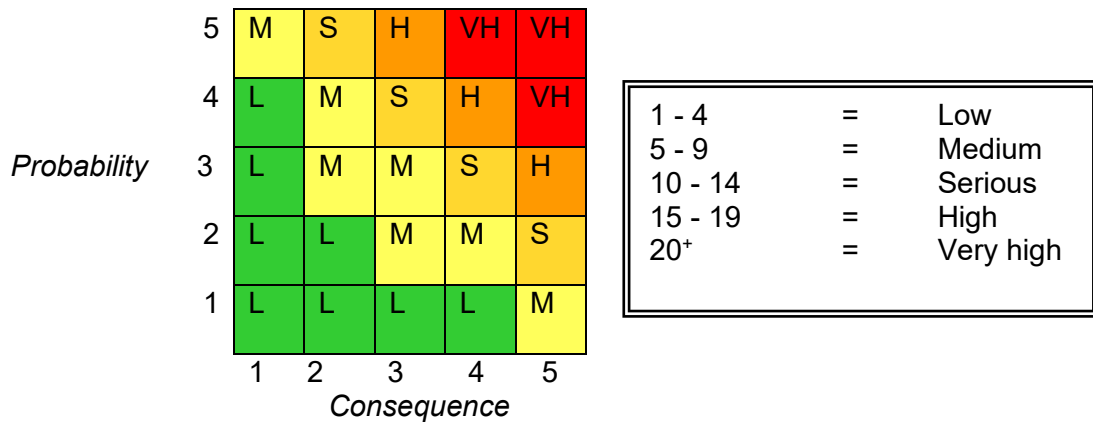
8. The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the Town Council to respond to operational, financial and commercial risks. These elements include:
 - 8.1 Policies and procedures;
 - 8.2 Monthly reporting;
 - 8.3 planning and budgeting;
 - 8.4 Finance Committee;
 - 8.5 Internal Auditor (responsible for aspects of the annual review of effectiveness of internal control systems);
 - 8.6 Third party reports (eg. external consultants)
9. The Town Council will manage risks through the review and renewal of its insurance and the monitoring of systems processes. Minutes will record such reviews. Budget setting and insurance review/renewal are annual activities but the review of systems and processes will be less frequent. An exercise to review such systems and processes should be carried out annually, unless triggered by internal or external audit report, when a risk changes or if there is a change in Town Clerk/RFO.

ANNUAL REVIEW OF EFFECTIVENESS

10. On production of the Internal Auditor's annual report, the Finance Committee will:
 - 10.1 Review the previous year and examine the Town Council's track effectiveness on risk management and internal control;
 - 10.2 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;
 - 10.3 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;
 - 10.4 Make recommendations to the Town Council on its findings.
11. In making any recommendations, the Finance Committee will consider the following aspects:
 - 11.1 Timely identification and assessment of significant risks;
 - 11.2 Prioritisation of risks and allocation of resources to address areas of high exposure;
 - 11.3 Quality and timeliness of information on significant risks;
 - 11.4 Time it takes for control breakdowns to be recognised or new risks to be identified;
 - 11.5 Ability of the Town Council to learn from its problems;
 - 11.6 Commitment and speed with which corrective actions are implemented.

RISK MATRIX

12. The level of risk is calculated using a 5 x 5 matrix, plotting consequence against probability of occurrence, with Probability 1 being "very unlikely" to Probability 5 being "extremely likely", and Consequence 1 being "not material" to Consequence 5 being "extremely grave".
13. Risk = Probability x Consequence and the resulting risk factor is graded accordingly:



Example - Loss of Town Clerk due to accident:

Probability: possible but not very likely - score 2; Consequence: major disruption - score 4.

Matrix shows risk factor of 8 giving a medium risk.

- Attached as appendix 1, Bromyard and Winslow Town Councils Risks Assessment identifying the risk, risk level, the control/mitigation in place for efficiently managing the risk.

RISK ASSESSMENT AND MANAGEMENT

Risk Area:	Prob.	Conseq.	Level	Control or Mitigation
ASSETS				
Lack of protection of physical assets (insignia, historic items, furniture, office equipment)	2	3	Medium	Up to date register of assets and investment. Asset Disposal Policy. Regular inspection and maintenance arrangements for physical assets. Annual review of risk and adequacy of insurance cover. Ensuring robustness of insurance providers
Security of assets, as above	3	5	High	Annual review of risk and adequacy of insurance cover.
CONTRACT ARRANGEMENTS				
Grounds Maintenance	2	3	Medium	Standing Orders and Financial Regulations in place to deal with the procurement and award of contracts. Periodic review of contracts. Inspection of contractor's insurance arrangements.
FINANCE				
Banking	1	3	Low	Reputable major High Street bank used. Statements issued and reconciled to accounts monthly by Town Clerk.
Loss of cash through theft or dishonesty	1	3	Low	Low level of cash on office premises in locked drawer. Only the Town Clerk has access. Sum is insured.
Cash in transit	2	2	Low	Loss in transit is insured.

Risk Area:	Prob.	Conseq.	Level	Control or Amelioration
Financial controls and records	1	3	Low	All income and expenditure reported to Council on a bi-monthly basis. Financial Regulations in place. Two signatories required for payments (two out of four Members). Use of a Town/Parish Council specific electronic accounts package to reduce error and give a more secure accounting system. Subject to scrutiny by internal and external auditor.
Compliance with Customs and Excise requirements	1	1	Low	VAT refund claimed quarterly and balanced with computer records by Town Clerk. Subject to scrutiny by internal and external auditor.
Compliance with Inland Revenue requirements	1	3	Low	Payroll liabilities calculated and paid to Inland Revenue by cheque. Regular advice of changes received from Inland Revenue. Subject to scrutiny by internal and external auditor.
Sound budgeting to underlie annual precept	1	5	Medium	Finance Committee to agree budget for the next financial year and recommend to Council no later than January. Precept is derived directly from budget process. Expenditure against budget reported at least quarterly at Council meetings.
Compliance with borrowing restrictions	1	3	Low	PWLB Paid via Standing Order every six months, by Direct Debit.
THIRD PARTY				
Risk to third party, property or individuals	3	3	Medium	Insurance in place (£10 million public liability cover). Regular tree and grounds inspections in churchyard by contractor. Insurance extended to cover Cemetery, allotment site, Riverside Walk and Picnic Area. Insurance reviewed annually.

EMPLOYER'S LIABILITY				
Risk Area:	Prob.	Conseq.	Level	Control or Amelioration
Compliance with Employment Law and Inland Revenue regulations	2	4	Medium	Membership of Society of Local Council Clerks and Herefordshire Association of Local Councils to ensure up to date information on changes. Advice taken from external legal advisors, as necessary. Regular returns made to Inland Revenue. Contracts of Employment for all staff, terms and conditions regularly reviewed.
Safety of office staff and visitors	3	4	Significant	Electronic door lock and speaker system fitted to restrict access to the offices. Office rooms are cleaned daily and floor and walkways are kept free of hazards. Exits are accessible at all times.
Safety of outdoor staff	3	5	High	Works at times when there is a low public presence. Has the Town Clerk's office numbers in case there is a problem/ accident. Personal accident insurance in place. Does not handle chemicals. Protective clothing provided for general use.
Employees and Members personal safety	2	4	Medium	Personal Accident insurance in place for Members and employees. Employer Liability insurance in place.
LEGAL LIABILITY				
Ensuring activities of the Town Council are within legal powers	3	5	High	Town Clerk clarifies the legal position on any new proposal. Subscriptions to SLCC and HALC cover access to legal advice.
Proper and timely reporting via the minutes	2	4	Medium	Council meets bi-monthly, approves minutes of previous meetings, minutes of meetings of Committees and reports from Working Groups. Minutes made available to the press and public at least three clear working days before the meeting except where statutory exemptions apply.

Risk Area:	Prob.	Conseq.	Level	Control or Amelioration
Proper document control	3	4	Significant	All Council's current documents are held in the Town Clerk's Office in locked steel cabinets – Archive material being moved to strong room. A Records Management and Disposal Policy is in place. Some past minutes are held in Hereford Record Office. All data storage complies with the Data Protection Act and is ready for easy response to Freedom of Information Act 2000 requests.
Compliance with the Code of Conduct	3	4	Significant	Declarations signed by all Councillors and copies held in Town Clerk's Office.
Register of Interest and Register of Gifts and Hospitality	2	4	Medium	Register of Interest Forms completed on election and updated as required. Any change of circumstances to be notified to the Town Clerk immediately. Registers held in the Town Clerk's Office. Register of Members Pecuniary Interests kept by Herefordshire Council.
Libel and Slander at meetings, in minutes and other publications	2	5	Significant	Insurance in place.
CONSULTATION				
Meeting laid down timetables for response	2	2	Low	Town Clerk will enter in diary and follow-up.

RESPONSIBILITY FOR ST. PETERS CLOSED CHURCHYARD				
Risk Area:	Prob.	Conseq.	Level	Control or Amelioration
Third Party Risks from walls, gravestones and tombs, steps, paths and trees.	2	5	Significant	Public liability insurance in place. Regular documented inspections 2 – 3 times a year and Health & Safety inspections of tombstones to be carried. Paths and steps kept clear and level. Trees regularly inspected and reported on by tree surgeon. Any dangerous areas to be roped off until contractors can deal with them.
KEY PERSONNEL				
Town Clerk unable to work without notice (long term illness, death etc.)	2	5	Significant	An appropriate Officer will take over work.
Town Clerk resigns giving appropriate notice	2	3	Medium	An appropriate Officer will take over work.