



FROME TOWN COUNCIL

Chapter 12

Risk Management Strategy



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RISK MANAGEMENT STRATEGY

Contents

- 1 Introduction
- 2 What is Risk Management?
- 3 Why does the Council need a Risk Management Strategy?
- 4 What is the Council's philosophy on Risk Management?
- 5 What is the Risk Management Process?
- 6 How will Risk Management feed into the Council's existing policies?
- 7 Implementation Timetable
- 8 Roles and Responsibilities
- 9 Future Monitoring
- 10 Conclusion

- | | |
|------------|--|
| APPENDIX 1 | Statements relating to HEALTH & SAFETY |
| APPENDIX 2 | Statements relating to ASSETS |
| APPENDIX 3 | Statements to OPERATIONAL RISK |
| APPENDIX 4 | Adopted Policy Register |
| APPENDIX 5 | Current Risk Register to be updated June 2009 |
| APPENDIX 6 | Current policy, risk and operational review calendar (as at 9/03/08) |

RISK MANAGEMENT STRATEGY

1 Introduction

Risk Management has been identified by the Audit Commission as an essential part of effective corporate governance. Therefore, the council has a statutory duty to have in place arrangements for managing risk as stated in the Accounts & Audit Regulations 2003.

“The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk”.

1.2 Corporate Governance is the manner by which the Council manages its functions, determines its visions, objectives and priorities and goes about delivering its services in particular as they affect the local community. The principles of good governance are:

- Openness and inclusivity
- Integrity
- Accountability

An open approach is essential to improve confidence in the Council and what it does. It is reflected in the honesty by which the Council is seen to carry out its functions, its professional standards and its accountability. Strong leadership is vital to provide a clear vision and an example of excellence in relation to decision making, processes and professionalism.

1.3 This document forms the Council’s Risk Management Strategy. It sets out:

- What is risk management;
- Why does the Council need a risk management strategy;
- What is the Council’s philosophy on risk management;
- What is the risk management process
- How will risk management feed into the Council’s existing policies
- Implementation timetable;
- Roles and responsibilities;
- Future monitoring

1.3 The objectives of this strategy are to:

- Further develop risk management and raise its profile across the Council;
- Integrate risk management into the culture of the organisation;
- Embed risk management through the ownership and management of risk as part of all decision making processes; and
- Manage risk in accordance with best practice.

2 What is Risk Management?

2.1 ‘Risk is the threat that an event or action will adversely affect an organisation’s ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes,

standards of conduct and service delivery arrangements.' Audit Commission, Worth the Risk: Improving Risk Management in Local Government, (2001: 5)

2.2 Risk management is an essential feature of good governance. An organisation that manages risk well is more likely to achieve its objectives. It is vital to recognise that risk management is not simply about health and safety, but applies to all aspects of the Council's work.

2.3 Risk management will involve a process of identifying those risks which could either threaten the council financially or its well being, and wherever possible to mitigate those risks to the lowest possible level.

2.4 Risks can be classified into various types but it is important to recognise that for all categories the direct financial losses may have less impact than the indirect costs such as disruption of normal working. The examples below are not exhaustive:

Strategic Risk - long-term adverse impacts from poor decision-making or poor implementation. Risks damage to the reputation of the Council, loss of public confidence, in a worse case scenario Government intervention.

Compliance Risk - failure to comply with legislation, or laid down procedures or the lack of documentation to prove compliance. Risks exposure to prosecution, judicial review, employment tribunals, increased Best Value inspection, inability to enforce contracts.

Financial Risk - fraud and corruption, waste, excess demand for services, bad debts. Risk of additional audit investigation, objection to accounts, reduced service delivery, dramatically increased Council Tax levels/impact on Council reserves.

Operating Risk - failure to deliver services effectively, malfunctioning equipment, hazards to service users, the general public or staff, damage to property. Risk of insurance claims, higher insurance premiums, lengthy recovery processes.

2.5 Not all these risks are insurable and for some the premiums may not be cost effective. Even where insurance is available, a monetary consideration may not be an adequate recompense. The emphasis should always be on eliminating or reducing risk before costly steps to transfer risk to another party are considered.

2.6 Risk is not restricted to potential threats but can be connected with opportunities. Good risk management can facilitate proactive, rather than merely defensive responses. Measures to manage adverse risks are likely to help with managing positive ones.

3 Why does the Council need a Risk Management Strategy?

3.1 Risk management will strengthen the ability of the Council to achieve its objectives and enhance the value of services provided.

3.2 The Risk Management Strategy will help to ensure that all Committees/sections across the Council have an understanding of risk and that the Council adopts a uniform approach to identifying and prioritising risks. This should in turn lead to conscious choices as to the most appropriate method of dealing with each risk, be it elimination, reduction, transfer or acceptance.

3.3 Strategic risk management is also an integral part of the Best Value process that all Councils are duty bound to act in accordance with and as such is an important element in demonstrating continuous service improvement.

3.4 There is a requirement under the Accounts and Audit Regulations 2003 (SI 2003/533) to establish and maintain a systematic strategy, framework and process for managing risk. Risks and their control will be collated in a Risk Register. A statement regarding the system of internal control and the management of risk will be included as part of the Annual Statement of Accounts.

4 What is the Council's philosophy on Risk Management?

4.1 Risk Management Policy Statement

Frome Town Council recognises that it has a responsibility to manage risks effectively in order to protect its employees, assets, liabilities and community against potential losses, to minimise uncertainty in achieving its goals and objectives and to maximise the opportunities to achieve its vision.

The Council is aware that some risks can never be eliminated fully and it has in place a strategy that provides a structured, systematic and focussed approach to managing risk.

Risk management is an integral part of the Council's management processes.

5 What is the Risk Management Process?

5.1 Implementing the Strategy

Risk Identification – Identifying and understanding the hazards and risks facing the Council is crucial if informed decisions are to be made about policies or service delivery methods. The risks associated with these decisions can then be effectively managed. All risks identified will be recorded in the Council's Risk Register.

Risk Analysis – Once risks have been identified they need to be systematically and accurately assessed using proven techniques. Analysis should make full use of any available data on the potential frequency of events and their consequences. If a risk is seen to be unacceptable, then steps need to be taken to control or respond to the risk.

Risk Prioritisation - An assessment should be undertaken of the impact and likelihood of risks occurring, with impact and likelihood being scored Low, Medium or High.

The following generic definitions of risk are a useful guide:

Low risks occur where the impact or severity will not be severe and any associated losses will be relatively small. As individual occurrences, they will have a negligible effect on service provision, however, if action is not taken then such risks may have a more significant cumulative effect. Examples include incidental errors, absence, minor employee accidents, missed project deadlines and minor incidents of vandalism.

Medium risks have a noticeable effect on the service provided. Each event will cause a degree of disruption to the service provision and have budgetary implications. Such events are likely to happen infrequently and are generally difficult to predict. More than one

medium loss each year could have substantial impact or severity on service provision. Examples may include a fire, a large theft, major systems failures or incidents of pollution.

High risks are those that can have a catastrophic effect on the operation of the Council or its services. They are likely to result in significant financial losses, major service disruption or a significant impact to the public. They usually occur very infrequently and can be extremely difficult to predict. For example a total system failure, a major emergency or a major fire at the Council's main offices.

Assessing risk is largely subjective, but the production of a Risk Register provides a way to assess and record the likelihood of an event judged against its impact.

5.2 Risk Control

Risk control is the process of taking action to minimise the likelihood of the risk event occurring and/or reducing the severity of the consequences should it occur. Typically, risk control require the identification and implementation of revised operating procedures, but in exceptional cases more drastic action will be required to reduce the risk to an acceptable level.

Options for control include:

Elimination – the circumstances from which the risk arises are removed so that the risk no longer exists;

Reduction – loss control measures are implemented to reduce the impact/ likelihood of the risk occurring;

Transfer – the financial impact is passed to others e.g. by revising contractual terms;

Sharing - the risk is shared with another party;

Insuring - insure against some or all of the risk to mitigate financial impact; and

Acceptance – documenting a conscious decision after assessment of areas where the Council accepts or tolerates risk.

5.3 Risk Monitoring

The risk management process does not finish with putting any risk control procedures in place. Their effectiveness in controlling risk must be monitored and reviewed. It is also important to assess whether the nature of any risk has changed over time.

The information generated from applying the risk management process will help to ensure that risks can be avoided or minimised in the future. It will also inform judgements on the nature and extent of insurance cover and the balance to be reached between self-insurance and external protection.

6 How will Risk Management feed into the Council's existing policies?

6.1 The initial identification of Risks will be achieved by managers and section heads compiling a list of the risks in their service area(s) which will be integrated into a comprehensive corporate Risk Register.

Local Council Risk System

The Risk Register will be produced to incorporate risk management assessments for all Council functions and activities carried out in accordance with the Local Council Risk System (LCRS) designed for town and parish councils which provides comprehensive templates for every area of the Council's work. The templates will be extended beyond the recommended "risk control" to include "action plans" and "progress reports" to support monitoring of the risk management process.

Until such time as the risk register is compiled in accordance with the Local Council Risk System and risk assessments reviewed and replaced in accordance with that scheme all existing risk assessments, the outline asset Risk Register (Appendix 5) and the review calendar of all currently documented council risks and policies as shown at Appendix 5 will be considered valid working documents.

6.2 Best Value – the requirements of Best Value mean that risk management is now more important than ever, as Best Value presents a significant opportunity for the Council to reassess its objectives and the threats to achieving these objectives. The Council will build risk management procedures into the way that it operates as part of a commitment to quality and continuous service improvement. As part of any review process the strategic and operational risks associated with the service under review will be assessed. Recommendations for risk control will be built into the Service Review Reports.

6.3 Projects and Service Changes – managers and section heads developing projects or recommending changes to services will ensure that risks are identified and the measures to eliminate or control risks are documented in agenda reports/briefing papers to be considered by the Council and its committees.

6.4 Partnership Working – the Council will continue to enter into a number of partnerships with organisations from the public, private, voluntary and community sectors where necessary. Some of these organisations may not have the same sensitivities to the risks that the Council sees as important.

Part of the process of setting up future partnerships will be to ensure that all relevant risks are identified and that appropriate control mechanisms are built into the management arrangements for the partnership.

6.5 Diversity - The Council uses diversity as an inclusive term to describe the range and breadth of people and communities in the Parish. The Council is aware that inequalities can sometimes exist in terms of access to services, employment and positive outcomes. People may experience discrimination and encounter barriers to services on the basis of their age, disability, gender, race, sexuality and religion and our focus on carrying out risk assessment must ensure that the Council actively promotes equality and diversity. To this end risk assessments must have regard to compliance with the Council's Equality and Diversity Policy and Policy Against Disability Discrimination.

7 Implementation Timetable

Revised Risk Management Strategy and Policy Statement – adopted by Council 12 March 2008, reviewed 18 March 2009

Managers and section heads to examine the Council's risks in detail – June 2009

Risk Management Strategy reviewed – June 2009

8 Roles and Responsibilities

8.1 It is important that risk management becomes embedded into the everyday culture and performance management process of the Council. The roles and responsibilities set out below, are designed to ensure that risk is managed effectively right across the Council and its operations, and responsibility for risk is located in the right place. Those who best know the risks to a particular service are those responsible for it. The process must be driven from the top but must also involve staff throughout the organisation.

8.2 Elected Members – risk management is seen as a key part of the Elected Member's stewardship role and there is an expectation that Elected Members will lead and monitor the approach adopted, in a similar way to the implementation of Best Value. This will include:

Approval of the Risk Management Strategy;

Analysis of key risks in reports on major projects, ensuring that all future projects and services undertaken are adequately risk managed;

Consideration, and if appropriate, endorsement of the annual Statement of Internal Control; and

Assessment of risks whilst setting the budget, including any bids for resources to tackle specific issues.

8.3 Managers and Section Heads - will act as the risk champions for each section, assisting with identifying all risks in their section and the compilation of the Risk Register. They will manage risk effectively in their particular service areas or projects and report how threats and risks have been managed to the Chief Executive. This includes identifying, analysing, prioritising, monitoring and reporting on service risks and any control actions taken.

Specific duties relating to individual officers are detailed in paras. 8.4, 8.5, 8.6 and 8.7 below

8.4 Chief Executive will act as the Lead Officer on Risk Management and be responsible for overseeing the implementation of the detail of the Risk Management Strategy. The Chief Executive will:

- provide advice as to the legality of policy and service delivery choices;
- provide advice on the implications for service areas of the Council's corporate aims, objectives and Best Value targets;
- update the Council and sections on the implications of new or revised legislation;
- assist in handling any litigation claims;

- provide advice on any human resource issues relating to strategic policy options or the risks associated with operational decisions and assist in handling cases of work related illness or injury;
- advise on any health and safety implications of the chosen or proposed arrangements for service delivery;
- report progress to Council via the Policy and Finance Committee; and
- ensure that Risk Management is an integral part of all Best Value reviews including recommendations for risk control in service review reports.

8.5 Responsible Finance Officer will:

- assess and implement the Council's insurance requirements;
- assess the financial implications of strategic policy options;
- provide assistance and advice on budgetary planning and control;
- ensure that the Financial Information System allows effective budgetary control; and effectively manage the Council's investment portfolio.

8.6 Managers and Section Heads – as 6.3 above

8.7 Employees – will undertake their job within risk management guidelines ensuring that their skills and knowledge are used effectively. All employees will maintain an awareness of the impact and costs of risks and how to feed data into the formal process. They will work to control risks or threats within their jobs, monitor progress and report on job related risks to their manager or supervisor.

8.8 Role of Internal Audit – Internal Audit provides an important scrutiny role by carrying out audits to provide independent assurance to the Policy and Finance Committee that the necessary risk management systems are in place and all significant business risks are being managed effectively.

Internal Audit assists the Council in identifying both its financial and operational risks and seeks to assist the Council in developing and implementing proper arrangements to manage them, including adequate and effective systems of internal control to reduce or eliminate the likelihood of errors or fraud.

Internal Audit reports, and any recommendations contained within, will help to shape the annual Statement of Internal Control.

8.9 Policy and Finance Committee – Review and future development of the Risk Management Policy and Strategy and compilation of the Risk Register will be overseen by the Policy and Finance Committee.

8.10 Training – Risk Management training will be provided to Elected Members, managers and section heads through a variety of mediums. The aim will be to ensure that both Elected Members and staff have the skills necessary to identify, evaluate and control the risks associated with the services they provide.

8.11 In addition to the roles and responsibilities set out above, the Council is keen to promote an environment within which individuals/groups are encouraged to report adverse incidents promptly and openly. To assist with this aspect, the Council has developed and adopted a 'whistle-blowing' policy.

9 Future Monitoring

9.1 Review of Risk Management Strategy - This Strategy will be reviewed on an annual basis as part of the Council's continuing review of its policy documents, Standing Orders and Financial Regulations. Recommendations for change will be reported to the Policy and Finance Committee. The date of the next review will be June 2009 to coincide with the software based risk register and action plans.

9.2 Once the initial work to establish a Risk Register has been completed, it is crucial that the information is regularly reviewed and updated. New risks will emerge and need to be controlled. Feedback from Internal and External Audit can identify areas for improvement, as can the sharing of best practice via professional bodies, the National Association of Local Councils and relevant local council forums.

9.3 Reporting on Progress – The DCE will present an annual report to the Policy and Finance Committee detailing progress on risk management over the year and providing a summary of the Risk Register.

10 Conclusion

10.1 The adoption of a sound risk management approach should achieve many benefits for the Council. It will assist in demonstrating that the Council is committed to continuous service improvement and effective corporate governance.

11 Freedom of Information

11.1 In accordance with the Freedom of Information Act 2000, this document will form part of the Council's Publications Scheme and will be posted on the Council's Website www.frome.gov.uk and copies of this document, the Risk Management Policy and the Risk Register will be available for inspection at the Council Offices.

Appendix 1- Statements on HEALTH AND SAFETY

In relation to its own resources, in particular its employees, the Council is subject to both statutory and civil legislative controls to ensure their continued Health, Safety and Welfare. The Health and Safety at Work Act 1974 is the primary legislation which imposes direct duties upon the Council and all its employees. The Council has a formal Health and Safety Policy which makes clear the Council's commitment to its employees and contractors and what it expects from them.

All employees are issued with a copy of the Policy; contractors are issued with the document, with both induction and appropriate ongoing training being provided for all staff. When assessing the Councils' own general work activities they can in the main be considered, in health and safety terms, as split between those function carried out within the Town Office and the Outside Services Department - extremely low risk for those employees carrying out administrative functions within the confines of the Town Office, and low to high risk for the Outside Services Department staff carrying out a range of manual operations.

There are specific risks where there is direct contact with the public especially away from the administrative centre. These are particularly sensitive areas of operation and must be risk assessed. A Lone Working policy for example has been developed and adopted by the Council.

Appendix 2 FINANCIAL ASSETS RISK

Areas of Significant Risk

Asset Management

The Council has significant physical assets which include its own administrative and municipal buildings (public toilets, playing fields) but also a portfolio of buildings which it leases and rents to others in particular the Flat at 6a Palmer Street and Cheese and Grain Building.

The development of an Asset Management Plan for Frome Town Council is required to identify the scope of the Council's responsibilities for these buildings, their continued upkeep, maintenance and repair as well as their economic benefit to the Council's finances on behalf of all those contributing public funds to the Council.

Any significant change to asset management practice should be accompanied by a risk assessment.

Communication

Managing risk can only be effective when the culture of the organisation is totally committed to the process. This can best be achieved by the transmission of information and the provision of guidance, education and training to staff at all levels.

Contractors

The employment of contractors is an area of special risk and procedures are in place to ensure compliance with both legislation and good practice in selection of contractors as well as ensuring proper monitoring arrangements relating to how work is carried out. Meeting outputs is also essential.

Statutory Duties

In relation to carrying out its statutory functions the Council is required to follow statutory guidance and the principles of open and transparent governance. The Council needs to develop best practice policy in line with recommendations as laid out in 'Best Value' and 'Quality Town Council' guidelines.

Financial Arrangements

From the day to day issues surrounding finance the Council has to ensure probity – a process which starts with its budget setting and service planning cycles. Within political and statutory direction the Council has only limited flexibility in relation to raising and spending public money which makes careful risk assessment essential during its budget preparations. The annual budget process should include a risk analysis approach to the priority choices required.

The Council's financial activities are governed by Standing Orders and Financial Regulations against which internal and external audits can be carried out to monitor compliance or the need for review and modification. Such direct controls are clearly defined when applied to the additional risks associated with partnership and alliance working arrangements which are becoming more common within the local government area of influence.

Appendix 3 OPERATIONAL RISK

1. Insurance

In addition to formal statutory obligations the Council can also be held liable for its actions in relation to civil action and it is required to hold adequate levels of public liability insurance cover. Presently this is provided by Zurich Municipal. This company attaches conditions to its cover requiring that the Council takes all reasonable measures to prevent claims by managing its risks in a proper manner as well as providing relevant information of claims within strict deadlines.

2. IT, Data Protection and Human Rights

Proper security of information is vital to ensure both individual rights as well as the compliance with legislation. There has to be a balance between the need to acquire and store data and the rights of the individual to their privacy.

The Council's computers are an essential part of its operation and the protection of the systems from external virus contamination and internal misuse is vital. The Council has clear physical and procedural control processes to protect its data and equipment. Risk assessments are essential in this area.

3. Partnerships

Full risk assessments must be carried out before any partnerships are entered into.

Full and comprehensive evaluation of all partnerships in relation to the sustained participation of the Council is of increasing and vital significance if risks to the Council's budgets are to be avoided. The viability of partners to deliver and meet the conditions agreed with the Council requires careful evaluations and project management.

4. Personnel

The Council's most important asset is its staff. Both the staff and the public requires fairness and compliance with both good practice and legislative controls.

There is a myriad of legislative controls relating to Racial, Gender and Disability Equality issues which if not interpreted and applied in a fair, clear and transparent manner can expose the Council to claims either as the result of industrial tribunal direction or civil court action. The front-end responsibility rests with the Deputy Chief Executive in relation to day-to-day employment issues.

The Council has clear disciplinary and grievance procedures together with formal arrangements for consulting with the unions.

All employees, to a greater or lesser extent, apply the principles of risk management as part of their daily duties. This risk management strategy aims to increase awareness of these issues and help to create a culture of continuous learning by focusing on what needs to be done to eliminate or reduce risks by example, guidance or formal training.

5. Politics and Policies

There can be significant risks associated with changes in policies and emphasis surrounding the political direction of the Council and its services.

There can be significant costly risks associated with change of policy direction both directly as the result of poor internal project management as well as indirectly in relation to

misadministration and legal challenge. Risk assessments should be carried out before any significant policy changes take place.

6. Procurement

Purchasing and procurement of goods and services are subject to controls under the Council's financial regulations which outline the procedures to be followed to achieve both value for money as well as minimal risk in relation to their acquisition.

Appendix 4

FROME TOWN COUNCIL

ADOPTED POLICY REGISTER

Updated February 2008

Allotment Policy
Bullying and Harassment at Work policy
Byelaws
Customer Service Charter
Disciplinary Policy and Procedures
Equality and Diversity Policy and Procedures
Financial Regulations
Fire Policy and Procedures
Grievance Policy and Procedures
Health and Safety Policy
IT, Email, Internet and Phone Policy
Management Plan for Habitat Restoration of Rodden Meadow
Maternity, Paternity, Adoption and Parental Leave Policy and Procedures
Lone and Isolated Working Policy
Play Area Management Strategy
Policy Against Disability Discrimination
Policy on Flexible Working and Time off For Dependents
Policy Statement on the Recruitment of Ex-Offenders
Recruitment and Selection Policy and Procedures
Recruitment Charter
Risk Management Strategy
Staff Training and Development Policy
Standing Orders
Statement of General Policy on Occupational Health and Safety
Statement Regarding Eye Tests and Spectacles for VDU Users
Statutory Duty to Promote Racial Equality
Stress Policy and Procedures
Supporting Equality of Opportunity
Victoria Park/Mary Baily Playing Field Management and Improvement Plan
Victoria Park/Mary Baily Playing Field Grounds Maintenance Output Specification
Whistleblowing Policy and Procedures

**Appendix 5
RISK REGISTER
Updated Jan 2008**

Topic	Risk identified	Impact High Medium Low	Management of risk	Staff action
Precept	Not submitted	H	Full TC Minute – RFO follow up	Diary
	Not paid by DC	H	Check and Report to P&F	Diary
Charges – Victoria Park Games	Cash collection/ handling	H	Seg'te duties, insure staff. Contract?	Reconcile to take
	Cash transport	H	ditto	Reconcile to take
	Cash banking	H	Seg'te duties, insure staff. Contract?	Reconcile to take
Charges - Allotments	Rental invoices	L	Register to invoice	Reconcile to take
Charges –FTC Events	Invoices	L		
Grants	Claims procedure	M	Clerk/RFO check quarterly	Diary
	Receipt of grant when due	M	Check and report to committee holding the project budget	
Tenancy 6a Palmer Street	Receipt when due	M	Review agreement annually with Letting Agency (Swallows)	Diary
Investment income	Receipt when due	L		Diary

	Investment Policy	L	Review policy annually	Diary
	Surplus funds	L	Review policy annually	
Salaries	Wrong salary paid	M	Check to minute Check to contract	Member/ TC verify
	Wrong hours paid	M	Check to time sheet / contract	Member/ TC verify
	Wrong pay rate	M	Check to contract	Member/ TC verify
	False employee	L	Check to PAYE Records & lists	Member/ TC verify
	Wrong deductions – NI	M	Check to PAYE Calcs	Member/ TC verify
	Wrong deductions – Income Tax	M	Check to PAYE Calcs	Member/ TC verify
	Wrong deductions - Pension	M	Check to PAYE Calcs	Member/ TC verify
	Wrong deductions – Union subs	M	Check to PAYE Calcs	Member/ TC verify
Direct costs	Goods ordered not supplied	M	Order system	Approval check
and Overhead	Invoice incorrectly calculated	L	Check arithmetic	Approval check
Expenses	Cheque payable is excessive	M	Signatory initials etc Stub & Voucher	Member/ TC verify
	Cheque payable to wrong party	L	Signatory initials etc Stub & Voucher	Member/ TC verify
	Stock loss	H	Point of sale info and control	Reconcile to stock
Cllrs Allowances	Cllr overpaid	M	Claim form and Minute	RFO verify

	Income tax deduction	M	Check to PAYE records & lists	RFO verify
Grants and support	Power to pay	M	Minute power	Member/ TC verify
	Agreement of Council to pay	L	Minute	Member verify
	Conditions agreed	L	Use reasonable conditions as laid out in grant application procedure	RFO check
	Cheque and voucher	M	Signatory initials etc stub & voucher	Member/ TC verify
	Follow up verification	M	RFO check and consider budget	RFO verify
Election costs	Invoice at agreed rate	L	RFO check and consider budget	RFO verify
VAT Irrecoverable	VAT analysis	M	All items listed	RFO verify
	Charged on sales	M	Consider annually	RFO verify Diary
	Charged on purchases	L	Consider all items per list	RFO verify
	Partial exemption applies?	M		RFO verify
Reserves – General	Adequacy	L	Consider at budget setting Adopt policy Review policy annually	RFO opinion
Reserves – Earmarked	Adequacy	L	Consider at budget setting and Final a/cs.	RFO opinion
Banking		L	Split investments with different finance houses Bulk of investment is handled by Stroud and Swindon Building Society. Sums of less than £15,000 with Lloyds Bank.	RFO recommendation to P&F Committee

Risk of consequential loss of income		M	Insurance cover. Sum insured £60,000 (to cover loss of income and relocating office).	Review cover annually
Loss of cash through theft or dishonesty Staff/ Councillors		H	No substantial amounts of cash handled by staff . “Buddy” system in place for petty cash. Receipts needed for all transactions.	Review of fidelity insurance cover and bank procedures – unusual levels of activity or transaction
Financial controls and records		M	Ensure robust systems of internal financial control are in place including: Monthly reconciliation prepared by Finance Officer and checked by Town Clerk and reported to Council. Three signatories on cheques. Annual Internal and external audit in place. Financial regulations reviewed annually and updated as required.	Annual review of systems
Budget overspends		H	Check against financial regulations. No expenditure authorised until checked against budget heading and monthly reconciliation.	
Comply with Customs and Excise Regulations		H	Use help line when necessary. VAT payments and claims calculated by Finance Officer and checked by Town Clerk. Internal and external auditor to provide double check.	

Sound budgeting to underlie annual precept		M	Policy and Finance Committee and Council receive detailed budgets quarterly. Precept derived indirectly from this. Expenditure against budget reported to Policy Finance Committee at least quarterly.	
Complying with borrowing restrictions		M		
Physical Assets		M	Review asset register annually Buildings insured by Zurich Municipal (Cheese and Grain – insured through MDC insurance policy – premium paid by MDC and invoice to FTC reclaimed from C&G CHT)	
	General: Destruction or damage of physical assets as result of antisocial behaviour		Replaced wooden street furniture with metal/vandal resistant plastic, make public areas more visible by cutting back hedges and shrubs etc.- maintenance & inspections - insurance cover inform police	
	Security of buildings, equipment etc	H	Alarms on Town Office. Annual inspection	
	Maintenance of buildings etc	M	Annual inspection Buildings currently maintained on an ad hoc basis by Frome Town Council. Planned programme of electrical and	

			safety equipment checks (e.g. PAT, fire extinguishers) in place.	
Trees	Deterioration of trees accessible to public	H	<p>Inspection by specialist arboriculturalist</p> <p>Full tree survey carried out 2006 Condition report received by Council. Management plan implemented</p>	
CHEESE AND GRAIN	<p>Maintenance of building</p> <p>Loss of income: sub let to C&G CHT on 10 year Peppercorn rent—no financial implication</p> <p>Closure of C&G CHT: Building reverts to FTC</p>	<p>L</p> <p>L</p> <p>H</p>	<p>Ad hoc inspection and maintenance scale of works notice made by MDC. FTC Annual budget for ongoing maintenance</p> <p>Council sub committee reviewed terms of lease and funding to Trust. New 30 year lease transferring full repairing responsibility in preparation for transfer April 2008.</p>	
	Risk to third party, property or individuals	H	<p>Insurance in place. Open spaces checked</p> <p>risk assessments carried out for</p>	<p>Review policy and level of cover annually</p>

			Christmas Lights switch on and other such public events.	
	Legal liability as consequence of asset ownership (Mary Baily Playing Field)	H	Insurance in place. Daily/Weekly/Monthly checks of Play equipment, vehicle etc. carried out and written records kept	Review policy and level of cover annually
Employer Liability	Comply with Employment Law	M	Membership of various national and regional bodies including NALC, SALC, SWRE and checks monthly for updates. Town Clerk is member of SLCC. Employment policies	Review annually Staffing committee
	Comply with Inland Revenue requirements	M	Regular advice sought from IR and training courses attended. Internal and external auditors carry out annual checks.	
	Safety of Staff and visitors	M	Alarm fitted to restrict access to Town Office. Panic button fitted to reception desk. Regular risk assessment checks of all Town Council premises	Annual review RA
Legal Liability	Ensuring activities are within legal powers	H	Town Clerk to clarify legal position on any new proposal. Legal advice to be sought where necessary.	
	Proper and timely reporting via the Minutes	M	Council meets according to published calendar and always receives and approves Minutes of meetings held in interim. Minutes made available to press and public at the Town Office and via the web site.	

	Proper document control	M	Leases and legal documents in Council Office. ACTION NEEDED Need to be more secure. Fire proof cabinet or store at bank? Other data storage to comply with Data Protection Act.	
	Staff Security and Wellbeing	M	Council Policies aim to promote Staff well being. First Aid provided by appointed person at each of Town Office and Parks Department premises. Lock and alarm on office door.	
Councillors propriety	Registers of Interests and gifts and hospitality in place	H	Register of interest completed. Gifts and hospitality register to be present at each Council meeting.	
Staff skills not in keeping with working practices and technology		H	Annual review of legislation. Adoption of policies Annual review of policies Regular staff meetings to identify problems Annual staff appraisals Regular review of training needs; implementation of training programme; attendance of appropriate	Annual budget for staff training Annual budget for specialist consultancy and support

			training courses/conferences Buy in specialist assistance as needed e.g. ITC	
Sudden long term illness or departure		H	<p>Policies in place to address issues of stress, hours, health, training management Wages procedure covered by Finance Officer and Assistant Town Clerk</p> <p>Town Clerk and Assistant Town Clerk avoid taking leave at same time.</p> <p>Finance system operated through accounts package supplied and maintained by RBS Accounting. In emergency Finance temporarily contracted out to RBS Accounting</p> <p>Contractual agreement ATC one months notice; TC 6 weeks notice.</p>	<p>Annual review of policies personnel committee</p> <p>Budget to cover consultancy fees.</p>

COMPLEX PROJECT RISK MANAGEMENT

Risks identified	Evaluation – Probability and value	Risk Management Control Measure	Policy Document
Cash flow	High risk, High	Adequacy of opening Reverses	Reserves Policy

insufficient	value		
	Low risk, High value	Grant receipt arrangements Set out schedule and agree with funding body	Financial Regulations
	Low risk, High value	VAT category and repayment Take advice	Financial Regulations
	Low risk, High value	Adequacy of Building Insurance	Financial Regulations Insurance Valuation Policies (delegated to Clerk to instigate)
Contractor Health & Safety	High risk, High value	Ensure adequate H&S Policies of Contractor and verify insurance policies of contractor	Financial Regulations Insurance Valuation Policies (delegated to Clerk to instigate)
Cost escalation and delays	High risk, High value	Appoint professional Project Manager (internal or external as appropriate)	none