



KINGTON TOWN COUNCIL

RISK MANAGEMENT POLICY

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:
 - remove the risk; .
 - reduce the risk to an acceptable level; .
 - transfer the risk (eg. to a contractor) or insure against it; .
 - accept the risk.
4. This Risk Management Policy forms part of the 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 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 Town Clerk supports, advises and implements policies approved by the Town Council; .
 - 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:
 - 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 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.

8. Risk Management as part of internal Control

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 .
- monthly reporting
- planning and budgeting .
- Finance Committee .
- Internal Auditor (responsible for aspects of the annual review of effectiveness of internal control systems)
- third party reports (eg. external consultants)

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 review are annual activities but the review of systems may be less frequent. An exercise to review systems should be carried out every four years, unless triggered by internal or external audit reports, or when a risk changes or if there is a change in Town Cler/RFO.

9. Annual Review of Effectiveness

On production of the Internal Auditor's annual report, the Finance 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.

In making any recommendations, the Finance 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.

A table of individual Risk Assessments follows.

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".

Risk = Probability x Consequence and the resulting risk factor is graded accordingly:

- 1 - 4 = low
- 5 - 9 = medium
- 10 - 14 = significant
- 15 - 19 = high
- 20 and above = very high

<i>Probability</i>	5	M	S	H	VH	VH
	4	L	M	S	H	VH
	3	L	M	M	S	H
	2	L	L	M	M	S
	1	L	L	L	L	M
		1	2	3	4	5
		<i>Consequence</i>				

For example:

Loss of Town Clerk due to accident, probability – possible but not very likely (I hope) so score 2, consequence – major disruption, so score 4. See x plotted on matrix showing risk factor of 8, which is a medium risk.

Risk Assessment Checklist

Potential Risk Areas	Frequency	Comments/ Actions	Risk
----------------------	-----------	-------------------	------

Insurance

Public Liability	Annually		
Employers liability	Annually		
Volunteers	Annually		
Fidelity guarantee	Annually		
Personal accident, employees & members	Annually		
Recreation Ground Cover	Annually		

Asset cover:

War memorial	Annually		
seats and benches	Annually		
notice boards	Annually		
Mayoral regalia	Annually		
Street Furniture	Annually		
Insurance providers	Annually	September	

Statutory requirements

Any borrowings properly authorised	As required		
Compliance with PAYE regulations	Ongoing		
Compliance with VAT regulations	Ongoing		
Adoption of code of conduct	Done	Adopted by Council in 2000	
Register of members interests	Ongoing		
Appointment of Internal Auditor	Annually	Iain Selkirk appointed annually unless change is required	
Maintenance of proper accounting records	Quarterly	Audited by Financial Examiner	
Review of Standing Orders	Annually	Adopted 2010	
Review of Financial Regulations	Annually	Adopted 2010	
Risk Assessment	Annually	Last Reviewed 2009	
Safety Check of electrical equipment	Annually		
Safety Check of fire extinguishers equipment	Annually		
Replenishment of First Aid Kit	Ongoing		

Self controlled areas

Budget agreed, monitored and reported	Annually	November	
Ensuring adequacy of Precept budget	Annually	November	
Monitoring of expenditure with Precept budget	Quarterly		
Authorisation of payments procedure	Ongoing	Expenditure authorised before goods ordered, invoices presented in meetings, 2 signatories, invoices initialled.	
Legality of payments made	Ongoing	minutes noted with authorising statute	
Correct use of grants and s137	Ongoing		
Banking arrangements	Annually	June	
Vat claim completed and submitted	Quarterly	Or more frequently if expenditure warrants.	

Potential Risk Areas	Frequency	Comments/ Actions	Risk
preservation of voters rights	Ongoing		
Safety of documents, including minutes	Ongoing	Clear desk policy maintained in clerk's office, all doc storage units lockable.	
Documentation regarding dealings with members of the public	Ongoing	Kept in lockable cabinets	
Stand by arrangements in absence of Clerk		Post monitored	
Correct use of grants and s137	Ongoing	Monitored by Clerk & RFO.	
Clerk salary reviewed and agreed	Annually	On anniversary of appointment	
Mayor's allowance reviewed and agreed	Annually	November	
Contingency fund for:			
Annual salary review	Annually	November	
Cover for staff sick periods	Annually		
Bye elections	Annually	covered in Election budget amount	
Other	Annually		

Record Keeping

Minutes numbered etc	Ongoing		
Asset register available and updated	Ongoing		
Financial Regulations available	Ongoing	Each councillor has a copy in Cllr Pack	
Standing Orders available	Ongoing	Each councillor has a copy in Cllr Pack	
Backups taken of computer records	Ongoing	Each Friday, or as required, back up stored out of office. Larger storage device recommended.	
Recreation Ground Trust records in place and up-to-date	Annually		
Data Protection	Ongoing		
Freedom of Information	Ongoing		
Original Documents/deeds kept in fireproof safe	Ongoing	Trust documents held in HSBC bank care.	

Employees and Contractors

Contracts of Employment	Ongoing		
Job Description reviewed	Annually		
Contractors Indemnity insurance	Ongoing		
Written arrangements with contractors	Ongoing		

Members responsibilities

Register of gifts and hospitality	Ongoing		
Declarations of interests minuted	Ongoing		

The information given above was agreed at the meeting held on _____

Minute number _____