Appendix A

Attachments and Worksheets

Attachment 1: Sample Risk Policy Statement

_____ [Name of entity] recognizes its responsibility to manage public funds in a responsible manner, which includes identifying, addressing, and appropriately managing any risks that may affect (1) the safety and well-being of its employees and citizens, (2) its financial stability, (3) its ability to achieve its mission of providing services to citizens, or (4) its ability to maintain an excellent community.

_____ [name of entity] further recognizes that, as a public entity providing a wide range of services, it engages in operations that may carry significant risk, and that are also subject to disruption. Although risks are unavoidable, _____ [name of entity] considers no loss or interruption of services to be acceptable.

Therefore, a Risk Team is hereby established and empowered to assess the risks that may arise from or affect _____ [name of entity] operations and activities on behalf of its citizens, and to make recommendations to the governing body or chief executive officer concerning those risks. All _____[name of entity] operations are required to cooperate with the risk team in this effort.

_____

[signature of governing board member(s)]

_____

[signature of chief executive officer]

Date of issuance: _____

Attachment 2: Model Analytical Framework

This document illustrates the framework for identifying risks and their potential impact on _____[name of entity]. The vertical column at the far left lists broad sources of risk, each of which may cause a number of different impacts on our operations or our community. The horizontal row across the top lists potential types of impact events in each broad risk category may have on our operations, the community and us. Each risk and impact category is more fully described below.

Risk Sources	Potential impact of risk, by category							
	A. Financial resources	B. Material resources	C. Human resources	D. Service delivery	E. Public perception of entity	F. Liability to third parties	G. Environment	H. Community
1. Natural hazards								
2. Contracts and legal relationships								
3. Financial operations								
4. Misconduct by public officials and employees								
5. Acts or omissions by third parties								
6. State or federal laws or regulations								
7. Economic conditions								
8. Government activities and services								

Risk Sources	Potential impact of risk, by category							
	A. Financial resources	B. Material resources	C. Human resources	D. Service delivery	E. Public perception of entity	F. Liability to third parties	G. Environment	H. Community
9. Dependence on outside resources								
10. Property loss								
11. Use of technology								
12. Workforce								

Risk categories:

Natural hazards: Risks arising out of natural hazards such as floods, wildfires, earthquakes, hurricanes, thunderstorms, or snowstorms.

Contracts and legal relationships: Risks arising out of the government's legal or contractual relationships.

Financial operations: Risks arising out of the government's financial affairs, including collection of taxes, payment of expenditures, and all internal and external security procedures.

Misconduct by public officials and employees: Risk arising from public officials' or employees' deliberate misconduct.

Acts or omissions by third parties: Risks arising from the acts or omissions of those outside the government.

State or federal laws or regulations: Risks arising from the implementation of laws and regulations that apply to the government and affect how it conducts its business.

Economic conditions: Risks arising from the general economic condition of the community.

Government services and activities: Risks arising from governmental services and activities.

Dependence on outside suppliers: Risks arising from the government's dependence on outside suppliers of goods, services, and utilities.

Property loss: Risks to the property that the government uses to conduct its business (owned, leased or borrowed).

Use of Technology: Risks arising from the government's use of computer and other technology to conduct its business.

Workforce: Risks arising from the government maintaining a workforce.

Impact categories:

Financial resources: The impact of an event on the government's financial stability and ability to maintain funding for the activities that are critical to its mission.

Material resources: The impact of an event on the material resources—such as assets and property—that a government uses in the activities that are critical to its mission.

Human resources: The impact of an event on the government's workforce.

Service delivery: The impact of an event on the government's ability to deliver services.

Public perception of entity: The impact of an event on the public's perception of the government and on the degree of cooperation the public is willing to give the government in conducting the activities that are critical to its mission.

Liability to third parties: The impact of an event on the government's liability to third parties.

Environment: The impact of an event on the environment and people who use it.

Community: The impact of an event on the community.

Attachment 3: Model frequency and severity worksheets

Instructions:

A separate worksheet is provided for each risk source identified in the Analytical Framework, and each worksheet includes all the potential impact categories. Each risk source can produce a broad variety of potential losses or adverse events. Any loss or adverse event can impact us in various ways. The broad categories of potential impacts identified on each worksheet include a wide variety of potential harm or disruption that a loss or adverse event may cause to us or to the community.

The first step in using this worksheet is to think of the adverse events or losses that can arise from each risk source. Evaluate how each loss or adverse event may impact us in the categories identified on the worksheet. In some cases, there may be no potential impact in one or more categories. If there is an impact, record it in the "Descriptions of possible losses" column next to the applicable impact category.

Next, for each loss or event and resulting impact identified, determine and enter estimates of frequency (How often is this loss or adverse event expected to occur?) and severity (How significant will the loss, damages, or other adverse result be to us or the community?) in the "Frequency and severity estimates" column. Enter frequency and severity estimates as either "high" or "low." Feel free to include a summary of any information you relied upon to reach this estimate, although you are not required to do so.

Finally, enter in the column headed "Comments and potential strategies" any comments you have about the impacts identified, and any strategies you believe may be useful to reduce these impacts.

If you have no knowledge of the particular risk source or the impacts, enter "NK" in the space provided. For risks that you know to be inapplicable, enter "NA."

Frequency and severity worksheet

Risk Source: Natural hazards

Impact	Description of possible losses	Frequency and severity estimates	Comments and potential strategies
Financial resources			
Material resources			
Human resources			
Service delivery			
Public perception of entity			
Liability to third parties			
Environment			
Community			

Frequency and severity worksheet

Risk Source: Contracts and legal relationships

Impact	Description of possible losses	Frequency and severity estimates	Comments and potential strategies
Financial resources			
Material resources			
Human resources			
Service delivery			
Public perception of entity			
Liability to third parties			
Environment			
Community			

Frequency and severity worksheet

Risk Source: Financial operations

Impact	Description of possible losses	Frequency and severity estimates	Comments and potential strategies
Financial resources			
Material resources			
Human resources			
Service delivery			
Public perception of entity			
Liability to third parties			
Environment			
Community			

Frequency and severity worksheet

Risk Source: Misconduct by public officials and employees

Impact	Description of possible losses	Frequency and severity estimates	Comments and potential strategies
Financial resources			
Material resources			
Human resources			
Service delivery			
Public perception of entity			
Liability to third parties			
Environment			
Community			

Frequency and severity worksheet

Risk Source: Acts or omissions by third parties

Impact	Description of possible losses	Frequency and severity estimates	Comments and potential strategies
Financial resources			
Material resources			
Human resources			
Service delivery			
Public perception of entity			
Liability to third parties			
Environment			
Community			

Frequency and severity worksheet

Risk Source: State or federal laws or regulations

Impact	Description of possible losses	Frequency and severity estimates	Comments and potential strategies
Financial resources			
Material resources			
Human resources			
Service delivery			
Public perception of entity			
Liability to third parties			
Environment			
Community			

Frequency and severity worksheet

Risk Source: Economic conditions

Impact	Description of possible losses	Frequency and severity estimates	Comments and potential strategies
Financial resources			
Material resources			
Human resources			
Service delivery			
Public perception of entity			
Liability to third parties			
Environment			
Community			

Frequency and severity worksheet

Risk Source: Government activities and services

Impact	Description of possible losses	Frequency and severity estimates	Comments and potential strategies
Financial resources			
Material resources			
Human resources			
Service delivery			
Public perception of entity			
Liability to third parties			
Environment			
Community			

Frequency and severity worksheet

Risk Source: Dependence on outside resources

Impact	Description of possible losses	Frequency and severity estimates	Comments and potential strategies
Financial resources			
Material resources			
Human resources			
Service delivery			
Public perception of entity			
Liability to third parties			
Environment			
Community			

Frequency and severity worksheet

Risk Source: Property loss

Impact	Description of possible losses	Frequency and severity estimates	Comments and potential strategies
Financial resources			
Material resources			
Human resources			
Service delivery			
Public perception of entity			
Liability to third parties			
Environment			
Community			

Frequency and severity worksheet

Risk Source: Use of technology

Impact	Description of possible losses	Frequency and severity estimates	Comments and potential strategies
Financial resources			
Material resources			
Human resources			
Service delivery			
Public perception of entity			
Liability to third parties			
Environment			
Community			

Frequency and severity worksheet

Risk Source: Workforce

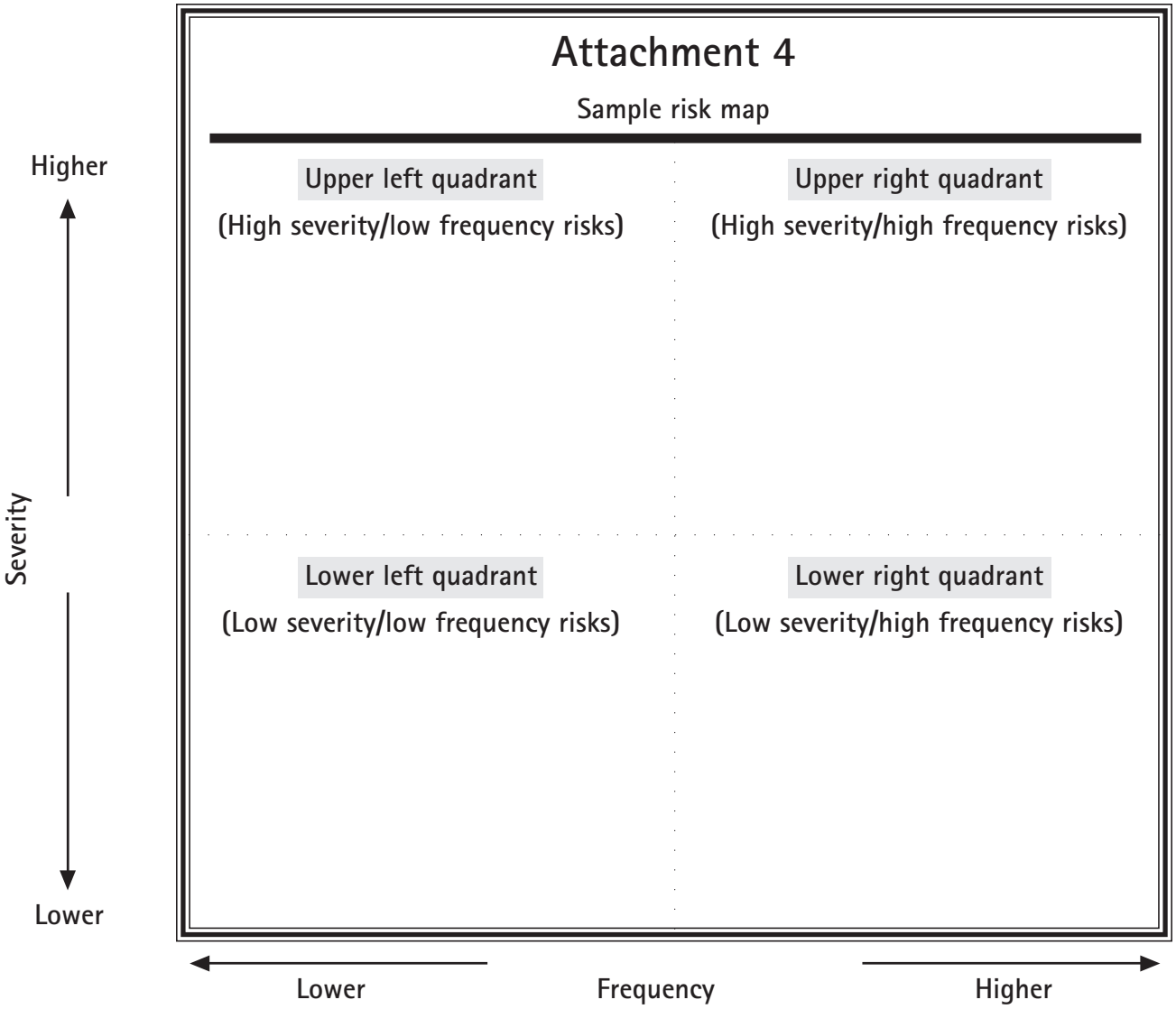
Impact	Description of possible losses	Frequency and severity estimates	Comments and potential strategies
Financial resources			
Material resources			
Human resources			
Service delivery			
Public perception of entity			
Liability to third parties			
Environment			
Community			

Attachment 4: Risk Map Instructions

Use the frequency and severity rankings from the team consensus Frequency and Severity Worksheet to plot each risk/impact combination by its number and letter in the appropriate frequency/severity quadrant of the risk map. (See the model risk map below) The letter and number representing a risk/impact combination that produces high frequency and high severity losses would be placed in the top right quadrant; the letter and number of a risk/impact combination that produces low frequency and low severity losses would be placed in the lower left quadrant.

The risk/impact combinations may be plotted by letter and number only, with a key for interpretation, or may include a brief description of the category. The sample includes plotting with a brief description.

A risk/impact combination may include a number of different types of loss, which may have different levels of frequency and severity. To simplify the mapping process and avoid multiple entries for each category, it may be best to include the risk/impact combination in the quadrant where its frequency and severity is the greatest. Another approach is to create subcategories, record them in the appropriate quadrants, and provide a key for identification. The entity may adapt the approach to best suits its needs.



Attachment 5: Model Risk Management Strategies Comparison Worksheet

Instructions:

This worksheet is used for evaluation and comparison of the potential strategies for addressing priority risk sources.

The first step is to use the risk map to prioritize risk areas for intervention based on their potential adverse impact on our fiscal stability or ability to fulfill our mission by delivering public services. The risks are recorded in declining order of potential impact (based on their frequency/severity) in the far left column. Only six categories are provided, but the document may be extended to address as many categories as the team wants.

Next, identify and record potential strategies in the second column, labeled "potential strategies," under the proper category (avoid, reduce, control, or transfer).

Finally, enter the estimated costs and benefits of each strategy in the columns so labeled.

The far right column may be used to designate the strategies selected for implementation by entering a check mark.

Risk source	Potential strategies	Estimated cost of strategy	Estimated benefit from strategy	Selected strategy (check)
Priority 1	Avoid			
	Reduce			
	Control			
	Transfer			
Priority 2	Avoid			
	Reduce			
	Control			
	Transfer			
Priority 3	Avoid			
	Reduce			
	Control			
	Transfer			

Risk source	Potential strategies	Estimated cost of strategy	Estimated benefit from strategy	Selected strategy (check)
Priority 4	Avoid			
	Reduce			
	Control			
	Transfer			
Priority 5	Avoid			
	Reduce			
	Control			
	Transfer			
Priority 6	Avoid			
	Reduce			
	Control			
	Transfer			

Attachment 6: Model Risk Action Plan

Instructions:

The Risk action plan documents the plan for implementing selected strategies. The risk source is identified in the far left column. The second column identifies the risk strategies adopted to address each risk source. Subsequent columns are used to identify activities required to implement the strategies; the anticipated completion date for each for each strategy; the person (or people) responsible for implementation; and the actual date of completion. The right hand column is used to identify performance measurements that the entity will use to measure the success of the strategy. These should be identified when the strategies are chosen.

Risk source	Strategies selected	Activities	Target completion date	Responsible person	Actual date of completion	Performance measurements