

Blackwell Parish Council

Risk Management Policy

Approval Date: 13/05/2024 (1265/2024)

Review Date:



Introduction

A risk is anything that can threaten or adversely impact upon any or all of the parish council's assets, operation and reputation.

Risk Management is the planned and systematic approach to identification, analysis and economic control of all risks. It is not just about good financial management, but extends to supporting the parish council achieve its aims and objectives.

There are four recognised ways of dealing with risk:

1. Remove the risk;
2. Reduce the risk to an acceptable level;
3. Transfer the risk (e.g. to a contractor) or insure against it;
4. Accept the risk.

This Risk Management Policy forms part of the parish council's internal controls and corporate governance arrangements. The policy explains the parish council's underlying approach to risk management and documents the roles and responsibilities of Councillors and the Clerk. It also outlines the key aspects of the risk management process and identifies the main reporting procedures.

The parish council's Risk Management Policy will be reviewed annually to ensure it maintains its effectiveness and continues to be fit for purpose.

Key Principles

The following key principles outline Blackwell Parish Council's approach to risk management and internal control:

- The parish council as a whole, has responsibility for overseeing its own risk management
- An open and receptive approach to managing risk is adopted by the parish council
- The parish clerk supports, advises and implements policies approved by the parish councils
- The parish council makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risk.

Types of Risk

In order to manage risk, the Council needs to know what risks it faces. Identifying risks is therefore the first step in the risk management process. The Council will identify the key risks to achieving its priorities and service objectives:

- financial - loss of money;
- reputation- e.g. controversial personal views, political affiliation, contravening the code of conduct or any other factors that would harm the authority's public reputation;
- security - fraud, theft, embezzlement;
- property - damage to property;
- legal - breaking the law or being sued;
- IT – failure of IT systems or misuse; and reputational – actions taken could harm the authority's public reputation.

Role of the Clerk

The role of the Clerk and Responsible Finance 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 parish council for its consideration;
- To provide adequate information in a timely manner to the parish 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 parish council. The auditor 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

The system of internal control incorporates risk management and appropriate risk assessment procedures. This system encompasses various elements that together facilitate an effective and efficient operation, enabling the parish council to respond to operational, financial and commercial risks.

These elements include:

- Agreed council policies and procedures;
- Financial and asset risk assessments;
- Monthly reporting of the council's finances, i.e. bank reconciliation and budget analysis;
- annual budget preparation and forward planning;
- appointment of independent and competent Internal Auditor;
- third party reports (e.g. external consultants).

The parish 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 should be carried out every four years, unless triggered by internal or external audit reports, or when a risk changes.

Annual Review of Effectiveness

On production of the Internal Auditor's annual report, the parish council will:

- review the previous year and examine the parish council's track record on effectiveness on risk management and internal control to assess if any changes need to be made
- consider the internal and external risk profile of the coming year, noting and new areas of risk, and consider whether current internal control arrangements are likely to be effective
- evaluate the potential consequences if an event that has been identified as a risk takes place and consider measure to avoid, reduce or control the risk to the council
- make recommendations to the parish council on it's findings.

Council Recommendations

When making any recommendations, the parish council will consider the following aspects:

- timely identification and assessment of 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 parish council to learn from its problems;
- commitment and speed which corrective actions are implemented.

To be reviewed annually.

This policy is fully supported by the members of Blackwell Parish Council

Signed by the Chair of Blackwell Parish Council: _____

Date: _____