

CULWORTH PARISH COUNCIL

RISK MANAGEMENT POLICY

Status	
Date adopted	
Minute Reference	
Adopting committee	
Date of next review	

1. Introduction

A risk is anything that can threaten or impact the reputation of the Parish Council. expose (someone or something valued) to danger, harm, or loss. 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 Culworth Parish Council.

2. Risk Management

The following are 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 control and corporate governance arrangements. This Policy explains the Parish Council's underlying approach to a risk management and documents the roles and responsibilities of Parish Councillors and the Parish Clerk. It also outlines the key aspects of the risk management process and identifies the main reporting procedures.

Key Principles:

The following principles outline Culworth 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 Council.
- The Parish Council makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risk.

3. Role of the Parish Clerk / Responsible Financial Officer

The role of the Parish 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 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.

4. Internal Controls and Reviews

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 Parish Council to respond to operational, financial and commercial risks. These elements include:

- Policies and Procedures.
- Monthly reporting.
- Planning and budgeting.
- Internal Auditor (responsible for aspect of the annual review of effectiveness of Internal Control Systems).
- Internal checks undertaken by Parish Councillors.

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 risk changes.

Annual reviews of Effectiveness

On production of Internal Auditor's annual report, the Parish Clerk 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 any new areas of risk, and consider whether current internal control arrangements need to be made.
- Evaluate the potential consequences to the Parish Council if an event that has been identified as a risk takes place and consider measures to avoid, reduce or control.
- Make recommendations to the Parish Council on its findings.

In 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 with which corrective actions are implemented.