



RISK MANAGEMENT POLICY

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1. DEFINITION OF RISK and RISK MANAGEMENT

- 1.1. A risk is the threat that an event or action will adversely affect the Parish Council's ability to achieve its objectives and to successfully execute its strategies. Risks can threaten or impact upon the assets, operation or reputation of the Council.

Risk management is the process by which risks are identified, evaluated and controlled. It is not just about financial management but it is about achieving the objectives of the Parish Council. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements.

This policy is part of the Parish Council's internal control and governance arrangements. It explains the 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 the main reporting procedures.

- 1.2. Five common strategies for managing risk are avoidance, retention, transferring, sharing and loss reduction. Each technique aims to address and reduce risk while understanding that risk is impossible to eliminate completely.

2. RISK POLICY STATEMENT

- 2.1. Bottisham Parish Council recognises that it has a responsibility to manage risks effectively in order to protect its Councillors, assets, liabilities and the community against potential losses, to minimise uncertainty in achieving its goals and objectives and to maximise its opportunities.
- 2.2. Bottisham Parish Council is aware that some risks can never be eliminated fully and we have tried to ensure we have a strategy that provides a structured, systematic and focussed approach to managing risk.

3. KEY PRINCIPLES

- 3.1. The following key principles outline the 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 Council

- The Clerk supports, advises and implements policies approved by the Council
- The Parish Council makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risk

4. OBJECTIVES

The financial management and responsibilities of a council include its sources of income, precepts, how it budgets, controls and accounts for its finances, for what it has the power to incur expenditure, borrowing and investment, governance and disclosure requirements, and the audit and accountability requirements for public funds.

A local council is a corporate body, a separate legal entity from its members, and a local authority. Therefore, its decisions are the responsibility of the whole council and all councillors share collective responsibility for the financial management of the council.

Local councils are required to comply with “proper practices”, which are in statute and others follow the Joint Panel on Accountability and Governance (JPAG) Practitioners’ Guide 2024

4.1. The objectives of the risk management policy are:

- To integrate risk management into the culture of Bottisham Parish Council
- To manage risk in accordance with best practice and legislative requirements
- To minimise loss, disruption, injury and damages
- To inform policy and operational decisions by identifying risks and likely impact
- To raise awareness of the need for risk management

4.2. These objectives will be achieved by:

- Identification of risk and level of risk
- Undertaking risk assessments and reviewing them annually
- Managing the risk and recording actions
- Incorporating risk management considerations into council processes
- Providing appropriate training
- Establishing clear roles, responsibilities and reporting lines
- Effective communication with, and active involvement of, employees

5. ROLE OF THE CLERK

5.1. The role of the Clerk and Responsible Finance Officer in relation to risk management is as follows:

- To integrate risk management into the culture of Bottisham Parish Council
- 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.

6. RISK MANAGEMENT AS PART OF INTERNAL CONTROL

6.1. 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 aspects of the annual review of effectiveness of internal control systems)
- Third party reports (eg external consultants)

6.2. 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 yearly, unless triggered by internal or external audit reports, or when a risk changes.

7. ANNUAL REVIEW OF EFFECTIVENESS RISK MANAGEMENT AS PART OF INTERNAL CONTROL

7.1. The Parish Council will annually review:

- Previous year practices and policies 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 are likely to be effective
- 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
- On production of the Internal Auditors report recommendations will be made to Full Council on its findings.

7.2. Upon receipt of 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 actions can be mitigated / implemented

7.3. Council Risk Assessment / Register

- The Council will approve and adopt a Council Risk assessment/register which will be reviewed annually. This risk assessment/register will include the risk assessments/register from each of the Council's working groups.

7.4. Working Groups / Committees Risk Assessment / Register

- Each of the Council Working Groups will write and review annually their own risk assessment/register which is relevant to their working groups area of responsibility.

8. HEALTH AND SAFETY RISKS

- 8.1. Responsibility for assessing and managing Health & Safety risks associated with the Council, its activities and events will be managed by the Clerk in line with the approved Health & Safety Policy.

9. INDIVIDUAL ACTIVITIES

- 9.1. For the ease of implementation and control of a risk management process there are a number of individual activities/responsibilities that can be grouped together under the following headings:

- **Financial and Management**- budgeting, financial accounting, fraud control, petty cash, supporting documentation etc.

Also covers:

- **General Liability** - injury to individuals and third parties.
- **Employer liability** - the rights of any employee are upheld.
- **Legal liability** - duties of the Parish Council are executed in accordance with legal requirements
- **Councillor propriety** - adherence to code of conduct, declaration of interests etc.
- **Image/attitudes** - maintaining positive image and attitudes towards the Parish Council.
- **Physical Assets** - buildings, furniture, equipment, machinery etc.

The risk assessment and management procedures for Bottisham Parish Council are outlined in the Excel spreadsheet with risk factors of high (H), medium (M), low (L) being allocated accordingly.