

## Item No. 8i)

### LLANRHIDIAN HIGHER COMMUNITY COUNCIL

#### RISK MANAGEMENT POLICY

1. A risk is anything that can threaten or impact upon the assets, operation or reputation of the Community 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 Community Council's internal control and corporate governance arrangements.
5. The policy explains the Community Council's underlying approach to risk management, 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.
6. The following key principles outline the Community Council's approach to risk management and internal control:
  - the Community Council, as a whole, has responsibility for overseeing its own risk management;
  - an open and receptive approach to managing risk is adopted by the Community Council;
  - the Clerk supports, advises and implements policies approved by the Community Council; .
  - the Community Council makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risk.

7. The role of the 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 Community 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 Community 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)

The Community 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 Clerk.

9. Annual Review of Effectiveness
- On production of the Internal Auditor's annual report, the Community will:
- review the previous year and examine the Community 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 Community 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 Community Council on its findings.

In making any recommendations, the Community Council 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 Community Council to learn from its problems; .
- commitment and speed with which corrective actions are implemented.

**Date adopted by the Council – 17th May 2018**

**Date for Review – 16th May 2019**

