**Risk Management Policy**

1. A risk is anything that can threaten or impact upon the assets, operation, or

reputation of the 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 about achieving the objectives of Council.

3. There are four recognised ways of dealing with risk:

* Remove the risk.
* Reduce the risk to an acceptable level.
* Transfer the risk (e.g., to a contractor) or insure against it.
* Accept the risk.

4. This Risk Management Policy forms part of the Council's internal control and

corporate governance arrangements.

5. The policy explains the 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 Council's approach to risk

management and internal control:

* It has responsibility for overseeing its own risk management.
* An open and receptive approach to managing risk is adopted by
* Council.
* The Clerk supports, advises, and implements policies approved by
* Council.
* The 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:

* To implement policies on risk management and internal control.
* To identify and evaluate the significant risks faced by 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
* Council. S/he 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 several elements that together facilitate an effective and

efficient operation, enabling the 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 (e.g., external consultants).

The 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 Council will:

* Review the previous year and examine the 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 potential consequences to the 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 Council on its findings.
* In making any recommendations, the Council will consider the following:
* 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 Council to learn from its problems.
* Commitment and speed with which corrective actions are implemented.