

## KINLET PARISH COUNCIL

### RISK MANAGEMENT STRATEGY

#### **What is Risk Management?**

*Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standard of conduct and service delivery arrangements (Audit Commission)*

Risk management is an essential feature of good governance. An organisation that manages risk well is more likely to achieve its objectives. It is vital to recognise that risk management is not simply about health and safety but applies to all aspects of the Council's work.

Risks can be classified into various types but it is important to recognise that for all categories the direct financial losses may have less impact than the indirect costs such as disruption or normal working. Examples are below:-

**Strategic Risk** – long term adverse impacts from poor decision making or poor implementation. Risks damage to the reputation of the council, loss of public confidence and in a worst case scenario Government intervention.

**Compliance Risk** – failure to comply with legislation, or laid down procedures, or the lack of documentation to prove compliance. Risks exposure to prosecution, judicial review, employment tribunals, inability to enforce contracts.

**Financial Risk** – fraud and corruption, waste, excess demand for services, bad debts. Risk of additional audit investigation, objection to accounts, reduced service delivery, dramatically increased Council Tax levels/impact on Council reserves.

**Operating Risk** – failure to deliver services effectively, malfunctioning equipment, hazards to service users, the general public or staff, damage to property. Risk of insurance claims, higher insurance premiums, lengthy recovery processes.

Not all these risks are insurable and for some the premiums may not be cost effective. Even where insurance is available, a monetary consideration may not be an adequate recompense. The emphasis should always be on eliminating to reducing risk before costly steps to transfer risk to another party are considered.

#### **Risk Management Policy Statement.**

Kinlet Parish Council recognises that it has a responsibility to manage risks effectively in order to protect employees, assets liabilities and community against potential losses and to minimise uncertainty in achieving its goals.

The Council is aware that some risks can never be eliminated fully and it has in place a strategy that provides a structured, systematic and focussed approach to managing risk.

Risk management is an integral part of the Council's management processes.

#### **Risk Monitoring.**

The risk management process does not finish with putting any risk control procedures in place. Their effectiveness in controlling risk must be monitored and reviewed. It is also important to assess whether the nature of any risk has changed over time.

The information generated from applying the risk management process will help to ensure that risks can be avoided or minimised in the future. It will also inform judgments on the nature and extent of insurance cover and the balance to be reached between self-insurance and external protection.

#### **Roles and Responsibilities**

It is important that risk management becomes embedded into the everyday culture and performance management process of the Council. The roles and responsibilities set out below are designed to ensure that risk is managed effectively

**Members** – risk management is seen as a key part of the Members' stewardship role and there is an expectation that Members will lead and monitor the approach adopted. This will include:

- Approval of the Risk Management Strategy
- Analysis of key risks in reports on projects, ensuring that all future projects and services undertaken are adequately risk managed.
- Consideration, and if appropriate, endorsement of the annual Review of Internal Control.
- Assessment of risks whilst setting the precept, including any bids for resources to tackle specific issues.

**Parish Clerk** – will be responsible for overseeing the implementation of the detail of the Risk Management Strategy. The Parish Clerk will:

- provide advice as to the legality of the policy and service delivery choices
- update the Council on the implications of new or revised legislation.
- assist in handling any litigation claims
- advise on any health and safety implications of the chosen or proposed arrangements for service delivery
- ensure compliance with the Statement of Internal Control.

**Responsible Finance Officer** – As RFO the Parish Clerk will also

- assess and implement the Council's insurance requirements
- assess the financial implications of the strategic policy options
- provide assistance and advise on budgetary planning and control.

**Role of Internal Audit** – Internal Audit provides an important scrutiny role by carrying out audits to provide independent assurance that the necessary risk management systems are in place and all significant business risks are being managed effectively. Internal Audit assist the Council in identifying both its financial and operational risks and seeks to assist the Council in developing and implementing proper arrangements to manage them, including adequate and effective systems of internal control to reduce or eliminate the likelihood of errors or fraud.

**Training** – Risk Management training to be provided to Members and Officers. The aim will be to ensure that both Members and Officers have the skills necessary to identify, evaluate and control the risks associated with the services they provide.

**Review of Risk Management Strategy** – This Policy will be reviewed on an annual basis as part of the Council's continuing review of its Policy Documents, Standing Orders and Financial Regulations. Recommendations for change will be reported to the full Council.

**Conclusion** – The adoption of a sound risk management approach should achieve many benefits for the council. It will assist in demonstrating that the Council is committed to continuous service improvement and effective governance.

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