Dymock Parish Council Risk Management Policy

Introduction

A risk is anything that can threaten or impact upon the assets, operation or reputation of the Parish Council.
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 Parish Council.
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.

This Risk Management Policy forms part of the Parish Council's internal control and corporate governance arrangements.
The policy explains the Parish Council's 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 identifies the main reporting procedures.

Key Principles

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 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.

Role of the Clerk

The role of the 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 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.

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

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 a risk changes.

Annual Review of Effectiveness

On production of the Internal Auditor's annual report, the Parish Council 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 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 same.
- 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.

Adopted at the meeting held on the 13th May 2025

To be reviewed annually: 12th May 2026