



Item 29

Council - 8 December 2022

Risk Management Policy

1. Introduction

- 1.1 Risk is the chance or possibility of loss, damage, injury, or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is a planned and systematic approach to the identification, evaluation and control of those risks which can threaten the assets or financial and organisational wellbeing of the Council.
- 1.2 The Council has a responsibility to manage risks effectively to control its assets and liabilities, protect its employees and community against potential losses, minimise uncertainty in achieving its goals and objectives and maximise the opportunities to achieve its vision.

2. Risk Management Policy

- 2.1 A draft Risk Management Policy is attached at **Appendix A**.
 - 2.2 Council is asked to consider the Policy and adopt it.
3. **Recommended** that the Risk Management Policy be adopted.

Background Papers: None

Appendices:

Appendix A	Risk Management Policy
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Huw Evans
Clerk to Llangyfelach Community Council

Risk Management Policy

1. A risk is anything that can threaten or impact upon the assets, operation, or reputation of the 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 about achieving the objectives of Council.
2. 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.
3. This Risk Management Policy forms part of the Council's internal control and corporate governance arrangements.
4. 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.
5. 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.
6. 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.

7. 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.

8. 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.

Adopted by the Council:	8 December 2022
Review Date:	October 2023