

Iminster Town Council Risk Management Policy

1. For the purpose of this policy, risk is defined as anything that has a material impact on delivering the council's objectives, including the delivery of its day-to-day services.
2. The council will review its risk management policy and consider the risks posed to the organisation as part of a broader framework of internal control.
3. Alongside risk assessment, the internal control framework will consider the control environment, information & communication systems & processes, control activities, and monitoring processes.
4. The council will consider risks against the following heading:
 - Political – our ability to deliver local or central government policy
 - Governance – the appropriateness of structures and functionality, a clear scheme of delegation, clear objectives and priorities
 - Financial – our ability to meet our financial commitments, internal and external audit requirements, project and financial exposures
 - Social – our ability to deliver our policy commitments and adapt to demographic, residential, social or economic trends
 - Legal – our ability to meet legislative and regulatory requirements
 - Technological – our ability to make the best use of technology and adapt to a changing environment
 - Environmental – our ability to comply with statutory requirements and best practice
 - Partnership – our ability to maximise benefits to the council by developing long-term working relationships with partners
 - Contractual – procurement policies, clear specification, strong cost control, robust contract administration and site supervision
 - Human Resources – staff competence and development, capacity, commitment
 - Operational – service delivery, complaints' management, compliance with performance standards
 - Health & Safety – fire, security, accident prevention, lone working

- Reputational – issues that adversely affect the council’s reputation in the town and with those that we work with
5. A risk register will be established using these headings. Any risks that occur will be added to the register when they occur and if those risks are material, they will be reported to either the Resource Committee or Directly to Full Council.
 6. The risk register will:
 - categorise the combined impact and probability of risks as high, medium or low using a numerical score for each category of 1-5, i.e., a maximum total score of 25 can be achieved. Scores 1-8 will be assessed as low risk, scores 9-14 will be assessed as medium risk, and scores 15-25 will be assessed as high risk
 - the probability of a risk occurring will be applied to a three-year timeframe
 - detail the controls that are in place to mitigate against risks, including any improvements that are required to further mitigate against historic risks
 7. The risk register will be reviewed by the town clerk and officers every three to six months.
 8. An annual risk assessment, alongside a statement of internal control, will be reported to either Full Council or the Resource Committee by July each year. Any actions requiring budget approval will be considered as part of the forthcoming year’s budget setting process.

Statement of Internal Control

9. It is important that the council satisfies itself that there is sufficient evidence to confirm that there are appropriate systems of internal control and that they are operational. In addition, that these systems are aligned to processes for managing risk faced by the council and that these controls are subject to professional, independent testing and assessment.
10. Internal control provides reasonable, not absolute, assurance that the objectives of an organisation will be met. The concept of reasonable assurance implies a high degree of assurance, constrained by the costs and benefits of establishing incremental control procedures.
11. At its most basic level, internal control should establish that an organisation produces reliable financial reporting and substantially complies with the laws and regulations that apply to it.
12. At a more advanced level it should measure the extent to which an organisation achieves its strategic and operational objectives: achievement

towards these objectives is dependent on other factors such as the impact of events and capacity.

13. Internal control is generally considered to have five components:

- Control Environment – integrity, attitudes, competence
- Risk Assessment – identification, analysis of risk
- Information and Communication systems and processes – the capture and exchange of relevant information
- Control Activities – policies and procedures
- Monitoring Processes – to provide and measure the quality of information

14. Effectiveness is measured through:

- The existence and maintenance of a risk register
- An annual review of the risk management policy and an annual risk management statement
- An assessment of compliance with the requirements of external bodies
- An assessment of compliance with legislation, regulation and guidance
- Measurement and review of performance against targets
- A review of anti-fraud measures
- Clarity and review of purpose, objectives, behaviours, targets and budgets
- An assessment of control through policies and procedures
- A demonstration of environmental and operational awareness
- An annual plan
- Appropriate internal audit and external audit arrangements
- An open and transparent reporting, including the existence and effectiveness of a whistle-blowing policy.
- Clear communication

Reviewed: - February 2024

To be implemented from July 2024