

## Dimension 4 : Risk Management and Internal Control

### How the principles of corporate governance should be reflected

An authority needs to establish and maintain a systematic strategy, framework and processes for managing risk. Together, these arrangements should:

- include making public statements to stakeholders on the authority's risk management strategy, framework and processes to demonstrate **accountability**
- include mechanisms for monitoring and reviewing **effectiveness** against agreed standards and targets and the operation of controls in practice
- demonstrate **integrity** by being based on robust systems for identifying, profiling, controlling and monitoring all significant strategic and operational risks
- display **openness and inclusivity** by involving all those associated with planning and delivering services, including partners
- include mechanisms to ensure that the risk management and control process is monitored for continuing compliance to ensure that changes in circumstances are accommodated and that it remains **up to date**
- self assessment score (1 = need to improve, 2 = adequate and 3 = good)

	<b>The local code should reflect the requirements to:</b>	<b>Source documents/processes/other means that may be used to demonstrate compliance</b>	<b>Self Assessment Score</b>	<b>Action plan for improvement</b>
(a)	The Council will develop and maintain robust systems for identifying and evaluating all significant risks that involve the proactive participation of all those associated with planning and delivering services.	Risk management policy Strategic and service risk analysis Audit committee role Risk Assessment Internal audit review Corporate Management Team Review	3	Embed and train staff
(b)	The Council has put in place effective risk management	Health and safety policies including risk assessment	3	

	systems, including systems of internal control and an internal audit function.	Scheme of delegation Internal audit Performance appraisal Financial procedure rules Contract procedure rules		
(c)	The Council has procedures to ensure that services are delivered by trained and experienced people	Job descriptions Personal specifications Training plan Training database Staff appraisal	2	Integrate risk management into existing structures
(d)	The Council has put in place effective arrangements for an objective review of risk management and internal control, including internal audit	Audit Commission Internal Audit External Advisor	3	
(e)	The Council maintains an objective and professional relationship with their external auditors and statutory inspectors	Inspectorate reports Annual audit letter and other audit reports	3	
(f)	The Council will publish on a timely basis, within the annual report, an objective, balanced and understandable statement and assessment of the authority's risk management and internal control mechanisms and their effectiveness in practice.	Performance plan	3	Publish in West Wilts Matters, Performance Plan and Statement of Accounts

Reference documents	Tools to assist local authorities for self assessment purposes		
<ul style="list-style-type: none"> <li>• Treasury Management in Local Authorities: Code of Practice and Guide for Chief Finance Officers CIPFA (1996)</li> <li>• Internal Control - Guidance for Directors on the Combined Code (Turnbull Report 1999)</li> <li>• Effective Internal Control - A Framework for Public Service Bodies CIPFA (1994)</li> </ul>	<ul style="list-style-type: none"> <li>• Chance or Choice? Guidance on Effective Risk Management and Internal Control in Local Government SOLACE (2000)</li> </ul>		