

## PART 6c - RISK MANAGEMENT POLICY

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Owner:	<del>R Elvin / Corporate Strategy</del> Deputy Clerk and Monitoring Officer

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## Section 1- Overview

- 1.1 Risk Management is central to any organisation's strategic management and is a fundamental element of good Corporate Governance. It is a means of maximising opportunities and minimising the costs and disruption caused by undesirable events. The internal control arrangements of an organisation should have the management of significant risks as a principal aim and should link all policies and procedures, which taken together support its effective and efficient operation and enable it to respond to significant business, operational, financial and other risks.
- 1.2 The South Yorkshire Pensions Authority ("the Authority") recognises that they have a responsibility to ensure that there is an effective framework in place for managing risk and maximising opportunity. Such a framework is an enabler for control of the Authority's assets and liabilities and protection of employees and the community against potential losses. It also helps to minimise uncertainty in achieving its goals and objectives.
- 1.3 The Authority must be satisfied that there are sound systems of internal control for the management of risk in place.

## Section 2 – Aims, Objectives, Approach and Benefits

- 2.1 The key aims of the strategy are to ensure that the Authority:
  - Meets specified governance requirements
  - Realises the Business Benefits of formal Risk Management processes
- 2.2 Key objectives are to:
  - Further integrate risk management into the culture of the Organisation ("the Organisation" refers to the Pensions Administration Division, the Pensions Investment Division and the South Yorkshire Joint Secretariat).
  - Manage risk in accordance with best practice and adhere to national guidance
  - Minimise loss, disruption, damage and injury and reduce the cost of risk, thereby maximising resources
  - Protect the Authority's assets
  - Anticipate and respond to changing political, economic, sociological, technical, environmental, legal and organisational requirements
  - Exploit opportunities
  - Preserve and enhance the effectiveness of service delivery
  - Inform policy and operational decisions by identifying risks and their likely impact
  - Protect the corporate image and reputation of the Authority
  - Maintain effective stewardship of the Authority's funds and demonstrate good corporate governance
- 2.3 Approach – the Authority will achieve these objectives by:
  - Approving this Risk Management Policy and keeping it under review
  - Ensuring that appropriate resources are allocated to risk management activities
  - The Clerk and Treasurer establishing and maintain the risk management framework identified in this Policy
  - Embedding the Risk Management Process as outlined in this Strategy document.

- Establishing clear roles and responsibilities for all stakeholders
- Providing risk management training and awareness sessions to Members and Officers
- Fully integrating risk management into the organisation's management processes e.g. Planning process, Business Continuity, Partnership arrangements, Financial Planning
- Actively maintaining awareness of current best practice via other organisations, publications and networking

#### 2.4 Benefits expected:

- A framework for consistent and controlled activity
- Improved decision making, planning and prioritisation through structured understanding of business activity and associated threats / opportunities
- An aid to appropriate allocation of funding and resources
- Protection of assets and the organisation's image / reputation
- Helps to optimise operational efficiency
- Helps to develop and support people and the organisation's knowledge base

### **Section 3 – Governance – Risk Management Roles & Responsibilities**

#### **3.1 Pensions Authority**

Role:

- To ensure that a comprehensive approach to risk management is developed and implemented by the authority
- To oversee the effective management of the Authority's risks by the Organisation; and
- To approve the Authority's risk strategy.

Responsibilities:

- Helps to develop and support people and the organisation's knowledge base
- To gain a broad understanding of risk management and its benefits;
- To challenge officers to ensure that risks are considered and documented in all reports.
- To consider the Corporate Risk Register on an annual basis to inform the annual review of the Strategic Plan

#### **3.2 Corporate Planning and Governance Board**

Role:

- To oversee the development of the Authority's Risk Register;
- To oversee the effective management of risks by officers by receiving and considering quarterly monitoring reports on risk from officers; and
- To get involved in the identification of high level, strategic risks.

Responsibilities:

- To require officers to develop and implement an effective framework for risk management; and
- To require officers to report significant risks on a regular basis.

### 3.3 Clerk and Treasurer

Role:

- To support and develop the risk management culture of the Authority and the Organisation;
- To develop and maintain a risk management framework within the Organisation; and
- To report to the Authority periodically on the operation of the risk management framework.

Responsibilities:

- To ensure there is a written strategy in place for managing risk;
- To ensure the Organisation has clear structures and processes for risk management which are successfully implemented;
- To ensure the Organisation has developed a corporate approach to the identification and evaluation of risk which is understood by all staff;
- To ensure the Organisation has well defined procedures for recording and reporting risk;
- To allocate resources for the maintenance of the Authority's risk register
- To ensure that regular reports are presented to the Authority (or Boards as appropriate) of significant risks facing the Authority;
- To provide advice on the risk implications of any decisions Members of the Authority are required to make;
- To ensure there are well-established and clear arrangements for financing risk;
- To ensure the Organisation has developed a programme of risk management training for relevant staff; and
- To ensure that Members receive sufficient and appropriate information and training on risk management.

In discharging these responsibilities the Clerk and Treasurer is supported by the ~~Assistant Treasurer and the Fund Manager~~ **Fund Director and Head of Pensions Administration** and senior officers of the Joint Secretariat. Risk management is a standing item on the monthly meetings of the Pensions Planning Group, which is chaired by the Clerk and Treasurer.

### 3.4 Pensions Planning Group

Role:

- To develop, maintain and oversee risk management and reporting within the Organisation; and
- To maintain the Authority's Risk Register.

Responsibilities:

- The identification and evaluation of significant risks that should be reported and monitored at a corporate level;
- The registration of key risks on Authority's Risk Register; the register to be maintained and updated by the Risk Co-ordinator appointed by the Clerk and Treasurer; and
- Action planning to mitigate the impact of risks on the achievement of the Authority's objectives.
- Ensure that risk controls and scores are reviewed on a regular basis by the functional teams.
- To identify "risk owners" for the significant risks who will be responsible for managing the risk and ensuring that the actions identified to mitigate the risk are carried out.
- To produce and regularly update the Risk Management Handbook as a guide for individuals involved in the process and will also act as a source of information for all staff (i.e. induction/training aid).

### 3.5 Strategic Risk Owners

- To complete all actions identified by the Pensions Planning Group.
- To report to the Pensions Planning Group on progress of work on the actions to mitigate the risk.

### 3.6 Functional Teams

The Functional Teams within the Organisation will be responsible for:

- Identifying the operational risks to the achievement of the Authority's objectives;
- Evaluating those risks, prioritising them and recommending the appropriate action to the Pensions Planning Group;
- Notifying significant risks identified by their Teams to the Pensions Planning Group;
- Monitoring all operational risks on Team Risk Registers.
- Undertaking a regular review of risk controls and scores for all current risks.
- Providing guidance and training for staff on risk awareness.

### 3.7 Internal and External Audit

- The risk management process will be subject to both Internal and External Audit. Activity will be co-ordinated to avoid duplication.
- Internal Audit will provide advice on risk management processes.
- Internal Audit will review the risk registers on an annual basis and incorporate risk areas into the Internal Audit Plan as appropriate.