



ENTERPRISE RISK MANAGEMENT POLICY

**CROW WING COUNTY
BRainerd, MINNESOTA**

**Adopted by County Board
November 12, 2013
Amended December 16, 2025**

Our Vision: Being Minnesota's favorite place.
Our Mission: Serve well. Deliver value. Drive results.
Our Values: Be responsible. Treat people right. Build a better future.

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I. ENTERPRISE RISK MANAGEMENT POLICY STATEMENT OF PURPOSE

The purpose of this policy is to guide the County in analyzing exposures to hazard risk, financial risk, operational risk, and strategic risk, and mitigating such risks where possible.

II. SCOPE

This policy is applicable County-wide.

III. DEFINITION OF RISK AND GOVERNANCE

Enterprise Risk Management (ERM) differs from traditional risk management in that it expands beyond examination of hazard risk (fire, theft, accidents, weather conditions, etc.).

For purpose of this policy, risk is defined as: *An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. A risk is measured in terms of a combination of the likelihood of a perceived threat or the opportunity occurring and the magnitude of its impact on objectives.*

Within the ERM process the County views four threats of utmost importance – reputation damage, financial loss, disruption to services, and missing opportunities to advance the well-being of the area.

The County recognizes and accepts its legal responsibility to manage its risks effectively and has adopted a proactive approach to well thought-through risk taking. The effective management of risk is therefore at the heart of the County Board’s approach to delivering cost effective and valued services to the public as well as sound governance.

IV. ATTITUDE TOWARDS RISK

The County recognizes that all organizations face risk, and that well-managed risk taking should be recognized by all managers and staff within the County as being fundamentally important to effective service delivery, maximizing opportunities for innovation in service development, and adapting to change.

V. RISK-AWARE CULTURE AND CONTROL ENVIRONMENT

The County strives to be risk aware, not risk averse. The County will integrate risk management into its Long-Term Financial Planning process. The results of this process will be integrated with traditional risk management mechanisms (i.e., purchase of insurance). The County’s Internal Control Policy focuses on risk assessment and management over financial and physical resources of the County.

VI. ARCHITECTURE OF RISK MANAGEMENT

A. HAZARD RISK

Analysis of hazard risk in combination with value of County property shall guide the County in the purchase of insurance. Protection of County assets is a primary goal of the County’s approach to risk management. The County desires to protect itself against the financial consequences of accidental losses, which are catastrophic in nature, and to preserve County assets and public service capabilities from destruction or depletion. Changes in insurance providers and material changes in coverage levels or deductibles shall be approved by the County Board. Responsibility for maintaining adequate insurance coverage lies with Financial Services.

Risk management activities will be undertaken in the most efficient manner, recognizing that not all risks are avoidable, and that certain cost/benefit analysis may be required to ensure the County is maximizing value while maintaining adequate safeguarding of assets.

The County has also developed the following plans, manuals, and policies to aid in the reduction of hazard risk: Hazard Mitigation Plan, Continuity of Operations Plan, [Emergency Procedures Manual](#), [Crow Wing County Safety Manual](#), [Highway Safety Manual](#), [Community Services Safety Guidelines](#), [Lockout/Tagout Policy & Procedures](#), and [Information Technology Policy](#). These manuals will be reviewed at the frequency established by the department/individual responsible for their issuance.

B. FINANCIAL RISK

The County's primary financial risks are losses from changes in financial markets and labor costs.

To mitigate the risk of investment loss, the County Board has approved the County's Investment Policy, which restricts the County's investments in risky ventures. The primary focus of the Investment Policy is safety, followed by liquidity and yield. As documented in the Investment Policy, the County follows Minnesota statutes for investing.

Labor costs risks are mitigated by an extensive wage survey completed a minimum of every three years by Financial Services and the Human Resources Department. Surveys are conducted locally as well as statewide for specific positions within the County. Job descriptions are reviewed and considered in relation to other entities and placed on a wage grid. The wage grid is calibrated to reflect external market norms, for internal equity among classes of employees, and for gender equity under the guidelines established by the State of Minnesota for political subdivisions.

C. OPERATIONAL RISK

The County desires to reduce operational risk (i.e., inability to perform operations, constituent satisfaction, fraud, technology security, obsolescence, etc.) to the extent economically feasible. The County has taken the following approaches to mitigate this risk:

- (1) The County has devised a Hazard Mitigation Plan and an Emergency Operations Plan (EOP) to ensure continued operations in the event of a disaster, natural or other. These disaster plans are reviewed at least annually by the County Administrator, IT Director, and Emergency Management Director, and modified if necessary.
- (2) The County conducts "customer satisfaction surveys" throughout the year to monitor constituent satisfaction.
- (3) The County's Internal Control Policy documents an internal audit function designed to help reduce the risk of fraud (reviewed biennially); in addition, the County is audited annually by an external independent auditor.
- (4) The County maintains an [Information Technology Policy](#) to guide employees in the safe use of technology. This policy is reviewed at least annually by the Information Technology Department, and modified if necessary.

D. STRATEGIC RISK

The County has identified the following strategic risks:

- (1) Changes in the economy,
- (2) Damage to the government's reputation, and
- (3) Changes in constituent preferences and attitudes.

The County cannot control economic changes or changes in the desires of constituents, but the County can attempt to mitigate these risks as part of the County's Long-Term Financial Plan (LTFP). The Long-Term Financial Planning Policy directs the County to consider the affordability and impact of current and anticipated services, projects, obligations, and investments.

In order to reduce the County's exposure to reputational damage, all elected and appointed positions, as well as all other County employees, are expected to abide by the County's [Human Resources Policy and Procedures Manual](#), which includes a section specifically on [Business Ethics and Conflict of Interest](#).

VII. ENTERPRISE RISK MANAGEMENT POLICY ADOPTION

The County's Enterprise Risk Management Policy shall be adopted by resolution of the County Board. The policy shall be reviewed on a biennial basis by the Budget Committee and any modifications made thereto must be approved by the County Board.