

**RISK MANAGEMENT UPDATE
(Report by the Internal Audit & Risk Manager)**

1. Purpose

- 1.1 To update the Panel on the progress that has been made to embed risk management within the authority.
- 1.2 This report has three aims:
- To provide the Panel with an update on the progress that is being made to achieve the level 3 risk management standard as detailed in the current Comprehensive Performance Assessment (CPA) Key Lines of Enquiry (KLOE) use of resources documentation
 - To update the Panel on the work carried out by the risk management group; and
 - To receive an update on the contents of the risk register.

2. CPA KLOE

- 2.1 The Internal Control section of the KLOE Use of Resources (UoR) deals with risk management. A mark of 2 was awarded by the external auditors in the 2006/07 assessment, the same as the previous year.
- 2.2 Issues that need to be addressed so that level 3 can be achieved are:
- Providing risk management awareness training to Members
 - Identifying partnership risks
 - The inclusion of a risk assessment in reports that support strategic policy decisions and in project initiation documents.

Steps have been taken to deal with all three issues. The UoR assessment criteria is attached at Annex A.

3. Risk Management Group

- 3.1 The risk management group have met four times in the last year and considered a wide range of issues. These have included:
- Reviewing and proposing amendments to the risk management strategy prior to its presentation to this Panel.
 - Agreeing on the changes necessary to bring the Health & Safety risk evaluation model into line with the corporate model.
 - Reviewing and challenging the content of the risk register
 - IT business continuity procedures
 - Agreement of the escalation process to bring risks identified at project and programme level through to the risk register
 - Consideration of risk management software
 - Review of risk treatment forms prepared by Heads of Service
 - Event management procedures
 - Consideration of insurance claims information
 - The use of e-learning as a training method

- 3.2 Cllr Rogers remained as the nominated Member risk champion.
- 3.3 A considerable amount of work has been undertaken to embed risk management into the authority and its profile has increased considerable over the year. All the key elements are in place – Member/COMT support, strategy, register and training - but these need to reinforced, certainly in the short term, so that consideration of risk becomes second nature.

It is expected that the recent introduction of the report checklist, the requirement for risk issues to be considered by Heads of Service in their quarterly reports to COMT and the introduction of the risk software will help to keep the risk management profile high.

4. Service Recovery Planning

- 4.1 A considerable amount of work has been undertaken during the past six months, in conjunction with the Council's principal insurers, to identify the Council's business critical activities and significant business continuity risks. Recovery strategies have been identified that will assist in dealing with the risks should they occur. Response cards are currently being prepare that will contain details of the actions that are required to maintain the service, their importance and the person responsible for managing the action.
- 4.2 Business continuity risk is currently classified as a 'very high' risk in the risk register. It is expected that when the response cards are completed the residual risk will reduce to 'high'.

5. Other initiatives

- 5.1 Other specific risk management initiatives undertaken during the year include the review of churchyard monuments, increasing fidelity guarantee risks, considering cash office security within the temporary customer service centre and examining data supplied as part of the national fraud initiative. A considerable amount of work has also been carried out into public liability and general motor accident claims, with the aim of increasing the Council's exposure to risk in these two areas so reducing premiums.

6. Risk Register

- 6.1 Web based software has been purchased to allow the risk register to be more easily managed. The software was implemented across all Directorates with effect from 3 September. The software will allow the harder 2008 UoR judgements to be met by linking risks to corporate plan objectives, assigning risks to a named officer, recording the controls in place to manage the risks and providing positive assurance that the risks are being managed effectively.

The software also has a wide range of standard reports available, which will improve management reporting.

- 6.2 Attached at Annex B is an extract of the register, listing the 'very high' risks entered onto the risk register as at 31 August and, at Annex C, the corporate business risks that have been identified. The content of the register was reviewed during its transfer to the new software to ensure that it was still valid. Changes that have been made to some service plans to reflect the new corporate plan have not yet made their way through to the register.
- 6.3 Appropriate changes to the register have been made, to reflect the decisions taken by Cabinet in May regarding the risk option forms presented to them for the 'very high' category of risks.
- 6.4 In future years, as part of the annual assurance process and prior to the submission to the Panel of the corporate governance statement, Heads of Service will be required to confirm that the risks listed in the register accurately reflect the significant risks faced by their service. They will also be required to provide assurance that the controls that are in place to manage these risks are operating effectively.

7. Recommendation

- 7.1 It is recommended that the Panel note the report and the work that is being undertaken to embed risk management across the authority.

BACKGROUND INFORMATION

Risk Management Group papers
Risk Register

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UOR KLOE – Risk criteria

4. INTERNAL CONTROL
How well does the council's internal control environment enable it to manage its significant business risks?
Key line of enquiry
4.1 The council manages its significant business risks
Audit Focus
Evidence that: <ul style="list-style-type: none"> the council has a risk management process in place the risk management system covers partnership working

Criteria for Judgement

Level 2	Level 3	Level 4
<p>The council has adopted a risk management strategy/policy that has been approved by members.</p> <p>The risk management strategy/policy requires the council to:</p> <ul style="list-style-type: none"> identify corporate & operational risks assess the risks for likelihood & impact identify mitigating controls allocate responsibility for the mitigating controls. <p>The council maintains and reviews a register of its corporate business risks linking them to strategic business objectives and assigning ownership for each risk.</p> <p>Member responsibility for corporate risk management is identified in the terms of reference of one or more committees as appropriate.</p> <p>Reports to support strategic policy decisions, and project initiation documents, include a risk assessment.</p>	<p>The risk management process is reviewed and updated at least annually.</p> <p>The risk management process specifically considers risks in relation to significant partnerships and provides for assurances to be obtained about the management of those risks.</p> <p>All appropriate staff are given relevant training and guidance to enable them to take responsibility for managing risk within their own working environment.</p> <p>The members with specific responsibility for risk management have received risk management awareness training.</p> <p>Members with responsibility for corporate risk management receive reports on a regular basis and take appropriate action to ensure that corporate business risks are being actively managed, including reporting to full council as appropriate.</p>	<p>A senior officer and member jointly champion and take responsibility for embedding risk management throughout the council.</p> <p>The council can demonstrate that it has embedded risk management in its corporate business processes, including:</p> <ul style="list-style-type: none"> strategic planning financial planning policy making & review performance management <p>All members receive risk management awareness training.</p> <p>The council considers positive risks (opportunities) as well as negative risks (threats).</p>