

ITEM

ITEM

Audit Committee – 2 December 2008

RISK MANAGEMENT – QUARTERLY REVIEW

Joint Report of the Risk and Health and Safety Advisor and the Strategic Director (Resources)

Statutory Powers: (Local Government Act 1972 as amended.
Accounting and Audit Regulations 2003)

Financial Implications: Existing budgets

Purpose:

The purpose of this report is to provide an up-date on risk management. There is a direct link to CP6 (Improve core service performance in a cost-effective way) and indirect links to CPs 1 to 5.

RECOMMENDATION

That the Audit Committee considers the progress made on risk management and comments accordingly.

Background

1. This report is the quarterly update to the Committee on Risk Management activity and provides information for the period from September 2008.
2. Its purpose is not only to provide information to members but also to demonstrate one of the methods of member involvement in risk management. It also provides evidence for the Key Lines of Enquiry (KLOE) Use of Resources Assessment.

Current Situation

3. Work continues on updating the partnership areas of the Council's Risk Register to enable a better assessment of the threats and opportunities presented by the significant partnerships.

Key Lines of Enquiry for Internal Control (KLOE)

4. The Audit Commission carried out their assessment of the Council in September 2008 and were provided with evidence of our risk management activities. The requirements for 2008 are shown at Annex A and the Council's status as regards the use of resources criteria is as follows:

Level 2: We currently meet all the requirements,

Level 3:

Level 3 requirements	Council's Status
<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 identified and effectively managed, including reporting to full council as appropriate.</p>	<p>This requirement has been met.</p> <p>This requirement has been met. A risk register for partnerships has been entered onto Covalent and the process of working through the significant partnerships to provide more detailed risk assessments continues.</p> <p>This requirement has been met. Appropriate training continues to be part of the staff induction process.</p> <p>This requirement has been met.</p> <p>This requirement has been met. Reports are produced for the Audit Committee at least quarterly and where appropriate interim reports will be submitted. A report is submitted to full Council annually.</p>

Level 4: Progress as below:

Level 4 requirements	Council status
<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 business processes, including:</p> <ul style="list-style-type: none"> • strategic planning 	<p>This requirement has been met Mark Seymour is the senior officer Champion and Cllr Roger Croad the Member Champion.</p> <p>Risk Management is embedded in both strategic and financial planning. Policy making also has a good level of risk management embedded and this will continue to be improved. Work is</p>

<ul style="list-style-type: none"> • financial planning • policy making and review • performance management • project management. <p>All members receive risk management awareness training appropriate to their needs and responsibilities.</p> <p>The council considers the opportunity side of risk management in the successful delivery of major innovative and challenging projects.</p> <p>Reports to support strategic policy decisions, and initiation documents for all major projects, require a risk assessment including a sustainability impact appraisal.</p>	<p>progressing to ensure that risk management is an explicit part of all business processes. Project management has been added for 2008.</p> <p>This requirement has been met.</p> <p>Certain aspects of this requirement have been met</p> <ul style="list-style-type: none"> ▪ The use of reports that include opportunities as well as risks is beneficial and there is some monitoring of the extent of risk information included in reports. ▪ Members continue to be risk aware when considering reports and officers are reminded of the need to ensure that both threats and opportunities are included in them. ▪ Conducting appropriate Risk Workshops at an early stage enables both opportunities and threats to be more easily identified <p>Certain aspects of this requirement have been met</p> <p>Although this is a new requirement the Audit Commission were of the opinion that District Councils may not be involved in the major projects envisaged. The guidance for the requirement does however show the annual budget as an example of a major project and the Council is of course involved in the Sherford Project which included a sustainability impact appraisal in the AAP. We are waiting for the report from the Commission which will provide us with further information on this.</p>
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Business Continuity

5. The Business Continuity Plan (BCP) revision is being proof read before approval. The planned test of some aspects of it will be delayed until the the early part of 2009.

6. Progress on outstanding projects

- a. Data link between the Council, Teignbridge District and West Devon Borough Councils. This is now on hold pending the decision on LGR however Members will be aware that collaborative working on ICT includes the formation of a 'Business Development Forum', consisting of the 3 Heads of ICT, whose formal role will be to assess all new ICT related requests from all services for shared potential. If a request does have shared potential then a member of the ICT Staff from each Council will work closely together on the project.
- b. Resources. The Risk Management guides have been distributed to Members, managers and staff.

7. Risk Assessment

Opportunities/Benefits
<p>A fully embedded and working risk management system will enable the Council to:</p> <ul style="list-style-type: none"> ▪ Meet demands for savings. ▪ Target resources more effectively ▪ Produce better outcomes on corporate objectives ▪ Deliver innovative projects ▪ Produce better outcomes for service users ▪ Protect our reputation ▪ Enable lower risk related costs ▪ Proactively identify both threats and opportunities and enable the council to take appropriate action. ▪ Demonstrate its compliance with the criteria for CPA and its proactive approach to improvement. (Whilst the Council may consider that maintaining an “Excellent” grade might not be the best use of resources, dropping a grade could be detrimental to the Council's reputation) ▪ Meet increasing demands on our resources more effectively

Issues/Obstacles/Threats	Control measures/mitigation
<ul style="list-style-type: none"> ▪ Failure of managers to identify risks timely 	<ul style="list-style-type: none"> ▪ Systems in place using service plans, reviews of Covalent, reports to SMT and Members and the use of risk workshops all enable the identification of risks
<ul style="list-style-type: none"> ▪ Failure of managers to monitor on-going risks and identify changing circumstances 	<ul style="list-style-type: none"> ▪ The requirement for managers to monitor and review existing risks is to be monitored
<ul style="list-style-type: none"> ▪ Failure to identify the risks associated with significant projects 	<ul style="list-style-type: none"> ▪ Use of risk workshops at an early stage of any project and/or

<p>and partnerships may prevent the Council achieving its objectives and increase its liabilities.</p> <ul style="list-style-type: none"> ▪ Failure of all staff to embrace risk management at their individual level ▪ Failure to comply with statutory requirements and good practice may leave the Council open to investigation and possible prosecution ▪ We have suitable and sufficient policies and procedures in place in many areas. We must continue to ensure that these are monitored for compliance and that reviews are carried out when appropriate. 	<p>partnership will assist in identifying risks</p> <ul style="list-style-type: none"> • Training provided to all staff and reminders issued when appropriate • Review of policies, procedures and guidance on an on-going basis coupled with analysis of new and revised legislation reduce significantly the risks in this area • On-going review of policies and procedures with recording of such reviews
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Conclusion

8. The Council's risk management systems are developing satisfactorily. There is a need to ensure that not only do we continue to improve our systems and performance but also engage with our partner authorities in aligning systems.

Pete Osborne
Risk and Health and Safety Advisor

Audit Committee
 2 December 2008

Mark Seymour
Strategic Director (Resources)

Background documents:
 None

ANNEX A

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 and operational risks • assess the risks for likelihood and impact • identify mitigating controls • allocate responsibility for the mitigating controls. <i>and is complied with. (revised)</i> <p>* The council maintains and reviews a register of its corporate business risks linking them to strategic business objectives and assigns named individuals to lead on the actions identified to mitigate each risk. ownership for each risk. (revised)</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 initiation documents for all major projects 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 identified and effectively 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 and review • performance management • <i>project management.</i> <p>All members receive risk management awareness training <i>appropriate to their needs and responsibilities. (revised)</i></p> <p>The council considers positive risks (opportunities) as well as negative risks (threats). The council considers the opportunity side of risk management in the successful delivery of major innovative and challenging projects. <i>(revised)</i></p> <p><i>Reports to support strategic policy decisions, and initiation documents for all major projects, require a risk assessment including a sustainability impact appraisal. (new)</i></p>

