

ITEM

ITEM

Audit Committee – 8 APRIL 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. The Council's Risk Management Strategy requires reports to the Audit Committee at least quarterly and this serves to demonstrate one of the methods of member involvement in risk management
2. Reports also provide evidence for the Key Lines of Enquiry (KLOE) Use of Resources Assessment. This report provides information on risk management activities undertaken since December 2007.

Current Situation

3. Activity has been concentrated on training for members, a review of training for staff and Partnership Risks.
4. To date nine training sessions have been held but there are still 6 members who have yet to attend.
5. There have been some minor changes to the training for staff and this continues to be delivered as part of the staff induction package.
6. A review of the Risk Management Strategy was carried out but no changes were identified.

Key Lines of Enquiry for Internal Control (KLOE)

7. The current requirements 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 actively 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 we are now in the process of working through the significant partnerships to provide more detailed risk assessments.</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 Scrutiny at least quarterly and where appropriate interim reports will be submitted.</p>

Level 4: Progress as below:

Level 4 requirements	Council status
<p>*A senior officer and member jointly champion and take overall responsibility for embedding risk management throughout the council.</p>	<p>This requirement has been met Mark Seymour is the senior officer Champion and Cllr Roger Croad the Member Champion.</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 <p>*All members have received risk management awareness training.</p> <p>*The council considers positive risks (opportunities) as well as negative risks (threats).</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 progressing to ensure that risk management is an explicit part of all business processes.</p> <p>This requirement was previously met and we are working towards achieving it again. Also see Paragraph 4 above</p> <ul style="list-style-type: none"> ▪ The use of reports that include opportunities as well as risks is beneficial and we are considering methods of displaying this information in a more user friendly form. ▪ There is evidence that members are becoming increasing risk aware when considering reports and officers are reminded of the need to ensure that both threats and opportunities are included in them. ▪ Conducting Risk Workshops at an early stage enables both opportunities and threats to be more easily identified
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Risk Workshops

8. Risk Workshops are an accepted practice of identifying the risks to the Council associated with major projects and they are taking place when appropriate.
9. A risk workshop has been held to consider the leisure contract. This reviewed the risks identified prior to the selecting of a preferred bidder and added risks now identified in the contract.

Business Continuity

10. Work on shared services has given rise to a delay in completing the amendments to the BCP however work is now back on track and it is anticipated that it should be completed by the end of February 2008.
11. It is pointed out that the changes are mostly minor and we are satisfied that should the BCP have to be implemented this could still be achieved.

12. Progress on outstanding projects

- a. Data link between the Council, Teignbridge District and West Devon Borough Councils. Until business cases are completed and associated decisions are made on shared working, and other possible needs for the link can be finalised no firm recommendations are able to be made.
- b. Generator. The working group are now in the process of considering five options for the provision of the generator. It is expected that a report will be presented to Executive in the next 6 weeks however in view of the review being undertaken by the Boundary Commission it may be considered prudent to delay implementation until after they have presented their report.

13. Risk Assessment

Opportunities	Issues/Obstacles	Benefits
<p>An embedded 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 	<ul style="list-style-type: none"> ▪ Failure of managers to identify risks timely ▪ Failure to identify the risks associated with significant projects and partnerships may prevent the Council achieving its objectives and increase its liabilities. ▪ 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 and monitored for compliance and that reviews are carried out when appropriate. 	<p>A fully embedded and working risk management system should enable the Council to:</p> <ul style="list-style-type: none"> ▪ Proactively identify both threats and opportunities and enable the council to take appropriate action. ▪ Demonstrate its compliance with the criteria for CPA and demonstrate 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

Conclusion

14. The Council's risk management systems are developing satisfactorily. We must 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
8 April 2008

Mark Seymour
Strategic Director (Resources)

Background documents:

None

KLOE Risk Management Requirements

<p>4. INTERNAL CONTROL How well does the council’s internal control environment enable it to manage its significant business risks?</p>		
<p>Key line of enquiry 4.1 The council manages its significant business risks</p>		
<p>Audit Focus</p>		
<p>Evidence that:</p> <ul style="list-style-type: none"> the council has a risk management process in place the risk management system covers partnership working 		
<p>Criteria for Judgement</p>		
<p>Level 2</p> <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. <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</p>	<p>Level 3</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. (now bold)</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>Level 4</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. <p>All members receive risk management awareness training.</p> <p>The council considers positive risks (opportunities) as well as negative risks (threats).</p>

documents, include a risk assessment.		
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