

**ITEM**

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**Audit Committee – 11 DECEMBER 2007**

**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. Providing regular reports to members with responsibility for risk management is good business practice and is a requirement in the Council's Risk Management Strategy.
2. The quarterly report assists in demonstrating Member involvement in the process and also provides evidence for the KLOE (Key Lines of Enquiry) Use of Resources Assessment. This report provides information on risk management activities undertaken since September 2007.

**Current Situation**

3. Activity has been centred round the review of service plans training for members and Partnerships.
4. Service planning and the submission of evidence for the SIC were linked together and we are in the process of up-dating Covalent.
5. To date four training sessions have been held and a further three are planned for December and January. It is expected that this complete training for all members
6. A partnership workshop was in late September with Teignbridge and West Devon Councils. This is covered in more detail later in the report.

- 7. Following this workshop action has been taken to amend the risk assessment section of reports in order to highlight Opportunities. This report includes the revised assessment format.
- 8. The Risk Management Strategy ahs been reviewed and amendments have been submitted to the Executive for their approval.

**Key Lines of Enquiry for Internal Control**

- 9. 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 meet all the requirements,

**Level 3:**

<b>Level 3 requirements</b>	<b>Council’s Status</b>
<p>* The risk management process is reviewed and updated at least annually.</p>	<p><b>This requirement has been met.</b></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><b>This requirement has been met.</b> A risk register for partnerships has been entered onto Covalent and we are now in the process of carrying out more detailed risk assessments for specific partnerships.</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><b>This requirement has been met.</b> Appropriate training continues to be part of the Induction process.</p>
<p>* The members with specific responsibility for risk management have received risk management awareness training.</p>	<p>The new training programme for members is underway and it is anticipated that all members will have attended or received appropriate training by February 2008.</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><b>This requirement has been met.</b> Reports are produced at least quarterly for the Audit Committee. Where appropriate interim reports will be submitted. An annual report on activities is submitted to the full Council.</p>

**Level 4:** Progress as below:

<b>Level 4 requirements</b>	<b>Council status</b>
<p>*A senior officer and member jointly champion have been appointed and take overall 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"> <li>• strategic planning</li> <li>• financial planning</li> <li>• policy making and review</li> <li>• performance management</li> </ul> <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><b>This requirement has been met</b></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>The new training programme for members is underway and it is anticipated that all members will have attended or received appropriate training by February 2008</p> <p>Members will be aware that reports now include opportunities as well as risks and they will continue to be monitored to ensure that this is happening. As previously mentioned the format has been amended to reflect opportunities more clearly.</p> <p>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.</p> <p>Conducting Risk Workshops at an early stage enables both opportunities and threats to be more easily identified</p>

**Risk Workshops**

10. Risk Workshops are an accepted practice of identifying the risks to the Council associated with major projects and they are taking place when appropriate.

11. A further workshop has been facilitated for Sherford. This considered the period up to and including determination of the planning application and centred on resource implications.

## **Partnerships**

12. The partnership workshop held on 28 September 2007 was facilitated by Zurich Municipal and included a presentation on partnerships and their risks and was followed by a number of workshops which considered the risks associated with:
  - The Local Strategic Partnerships;
  - Devon Safety Partnership and Crime and Disorder Reduction Partnership;
  - Devon Building Control Partnership;
  - Leisure Centre Partnership;
  - Concessionary Fares;
  - A Three District Waste Partnership.
13. Further work is being undertaken with the aim of aligning the partnership risk arrangements for the three Councils.

## **Training**

14. Training for Members. As previously stated the new programme is underway with however the forecast of completion has now been extended to February 2008.

## **Business Continuity**

15. 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.
16. 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.
17. Progress on outstanding projects
  - a. Data link between the Council and Teignbridge District Council. 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 work on the provision on a generator progresses. Quotations have been received for the smaller model and a full cost comparison is underway for both systems. To ensure that we have the most advantageous price and terms estimates have also been obtained from Devon Purchasing / Supply Zone. Action is also in hand to submit a planning application.

## **18. Risk Assessment**

Opportunities	Issues/Obstacles	Benefits
<p>An embedded risk management system will enable the Council to:</p> <ul style="list-style-type: none"> <li>▪ Meet demands for savings.</li> <li>▪ Target resources more effectively</li> <li>▪ Produce better outcomes on corporate objectives</li> <li>▪ Deliver innovative projects</li> <li>▪ Produce better outcomes for service users</li> <li>▪ Protect our reputation</li> <li>▪ Enable lower risk related costs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Failure of managers to identify risks timely</li> <li>▪ Failure to identify the risks associated with significant projects and partnerships may prevent the Council achieving its objectives and increase its liabilities.</li> <li>▪ Failure of all staff to embrace risk management at their individual level</li> <li>▪ Failure to comply with statutory requirements and good practice may leave the Council open to investigation and possible prosecution</li> <li>▪ 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.</li> </ul>	<p>A fully embedded and working risk management system should enable the Council to:</p> <ul style="list-style-type: none"> <li>▪ Proactively identify both threats and opportunities and enable the council to take appropriate action.</li> <li>▪ 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)</li> <li>▪ Meet increasing demands on our resources more effectively</li> </ul>

**Conclusion**

19. The Council’s risk management systems are developing satisfactorily. We must ensure that we continue to improve our systems and performance.

Pete Osborne  
Risk and Health and Safety Advisor

Audit Committee  
11 December 2007

Mark Seymour  
Strategic Director (Resources)

**Background documents:**  
None

**KLOE Risk Management Requirements**

<b>4. INTERNAL CONTROL</b>		
<b>How well does the council's internal control environment enable it to manage its significant business risks?</b>		
<b>Key line of enquiry</b>		
4.1 The council manages its significant business risks		
<b>Audit Focus</b>		
Evidence that:		
<ul style="list-style-type: none"> <li>the council has a risk management process in place</li> <li>the risk management system covers partnership working</li> </ul>		
<b>Criteria for Judgement</b>		
<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>
<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"> <li>identify corporate and operational risks</li> <li>assess the risks for likelihood and impact</li> <li>identify mitigating controls</li> <li>Allocate responsibility for the mitigating controls.</li> </ul> <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"> <li>strategic planning</li> <li>financial planning</li> <li>policy making and review</li> <li>performance management</li> </ul> <p>All members receive risk management awareness training.</p> <p>The council considers positive risks (opportunities) as well as negative risks (threats).</p>