

## ITEM

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**Audit Committee – 11 SEPTEMBER 2007**

### **RISK MANAGEMENT – QUARTERLY REVIEW**

**Joint Report of the lead officer of the Risk Management Group 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 June 2007.

#### **Current Situation**

3. Activity has been centred round the review of service plans, evidence for the Statement of Internal Control (SIC) and training for members.
4. Service planning and the submission of evidence for the SIC have been linked together and it is expected that we will up-date Covalent in the next 2 months.
5. The new cycle of training has commenced for Members. To date 4 courses have been run and 18 members have attended. A further 3 events have been arranged for September. It was noted that the combination of newly elected members and those with longer service was of great benefit in the discussions that occurred during the training.

## Key Lines of Enquiry for Internal Control

6. 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>* 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><b>This requirement has been met.</b></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><b>This requirement has been met.</b> Appropriate training continues to be part of the Induction process.</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 November 2007</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 November 2007</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. 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**

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

8. Workshops have been facilitated for Sherford and further sessions are planned. A workshop has also been carried out to assess the risks arising from Single Status. We will also facilitate workshops for the following at the appropriate time:
  - Shared Service working
  - Local Government Review
9. The draft guidance for partnerships, which is currently under consultation, also includes the use of risk workshops as an integral part of the process. It is also intended that both training and guidance on projects includes the use of workshops.

### **Training**

10. Training for Members. As previously stated the new programme is underway with the expectation that all members will have attended or received appropriate training by November 2007. A review of the training needs is underway.
11. Training for staff. The training package for staff has been reviewed and this continues to be included in our Induction package.
12. A Risk Management area has been introduced on the Intranet and we are in the process of producing a basic guide on risk management for all staff.

### **Business Continuity**

13. Work is progressing on amending the Business Continuity Plan and on completion of this stage arrangements will be made to carry out further tests to ensure that the Plan meets the Council's needs.
14. 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. Further discussions have taken place regarding the need for a generator on site. It has been concluded that there is still a need however this may be met by installing a smaller power unit and assessing the need for additional power in the light of the situation at the time. A report will be prepared to submission to Executive.

## Other Matters

15. Concern has been expressed over the level of vehicle incidents and the subsequent effect on insurance premiums. A combination of measures is being put in place to enable us to reduce incidents and demonstrate compliance with our statutory duties and good practice. These include:
- a. Reviewing and revising the current policy on driving and drivers;
  - b. Producing instructions for all drivers of Council owned, hired or leased vehicles;
  - c. Ensuring that we are able to demonstrate compliance with the requirements of our Operators Licence;
  - d. Researching suitable assessment and raining methods for drivers;
  - e. Complying with the latest guidance from the HSE on refuse collection and re-cycling.
16. The guidance will subsequently be extended to cover those who are driving their own vehicles on Council business.

## 17. Risk Assessment

<b>Threats</b>	<b>Mitigation</b>
Failure to achieve the Council's objectives	A fully embedded and working risk management system should be able to proactively identify both threats and opportunities and enable the council to take appropriate action.
Failure to maintain CPA grading	A fully operational risk management system will enable the Council to 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.
Failure to maintain and improve our Audit Commission "Use of Resources" Assessment	The Council received a score of 3 in 2006. To maintain this there is a need to ensure that all members receive training before the end of August 2007. Arrangements are in place to provide this training.
Failure to identify the risks associated with significant projects and partnerships may prevent the Council achieving its objectives and increase its liabilities.	Risk workshops are designed to ensure that all significant risks are identified and control put in place to mitigate them

Failure of all staff to embrace risk management at their individual level	Staff training emphasises that all staff members have a role to play and indicates how they can and do manage risks in practical terms.
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 ensure whenever possible that these are monitored for compliance and that reviews are carried out when appropriate and are working towards demonstrating this.

<b>Opportunities</b>
A fully embedded risk management process will enable better deployment of resources and possibly enable the Council to meet demands for savings.

## Conclusion

18. 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 September 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>