

ITEM

ITEM

Audit Committee – 23 June 2009

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 March 2009.
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. A draft Partnership Policy and Guidance document was submitted to Executive on 28 May 2009 for adoption. The guidance includes:
 - Checklists for governance arrangements and scrutinising;
 - Risk management guidance;
 - a methodology to enable us to identify those partnerships deemed to be “significant”;
 - An annual review process which will be the responsibility of the Head of Improvement ;

- An annual report to Scrutiny on significant partnerships covering an appraisal of the outputs/achievements/outcomes, a review of the aims and objectives and an evaluation of whether they align with the Council's objectives and priorities, cross-cutting themes and commitments and an appraisal of the financial commitment/staff input and whether the partnership continues to provide value for money for the Council.
4. The use of this will not only enable us to provide evidence of governance and monitoring arrangements for our partnerships but also to consider progress towards their objectives and outcomes.
 5. Members will be aware that the Executive resolved that the draft Partnership Policy and Guidance be revised in consultation with the Executive Member for Value for Money and presented back to a future meeting of the Executive. This work is now in hand with the aim of presenting the revised document to the Executive in July 2009

Key Lines of Enquiry for Internal Control (KLOE)

6. The Council's first assessment under Comprehensive Area Assessment (CAA) took place at the end of March. The interview process which formed part of this was considered to be more probing and challenging than in previous years and we now await the draft report from the Audit Commission.
7. Indications from the Audit Commission during the consultation phase for this new system were that, due to the changes made, authorities who were at level 3 under Comprehensive Performance Assessment (CPA) would be like to be placed at level 2 for CAA however until inspection reports are produced evidence is not available to support this.

Business Continuity

8. The Business Continuity Plan (BCP) revision is now complete and a test is being undertaken using the resources of our insurers, Zurich Municipal. It is intended that we run a joint test with West Devon Borough Council and the details of this are being finalised.
9. Progress on outstanding projects
 - a. Data link between the Council, Teignbridge District and West Devon Borough Councils. Remains on hold pending the decision on LGR

Service Plans

10. All service plans have now been completed and work is underway to update Covalent to show current risks. The review of the Strategic Risks is due to be carried out with SMT in July 2009.

Internal Audit

11. The audit of Risk Management has been completed and the conclusions of Internal Audit are at Appendix A
12. 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 ▪ Failure of managers to monitor on-going risks and identify changing circumstances ▪ 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 	<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 ▪ The requirement for managers to monitor and review existing risks is to be monitored ▪ Use of risk workshops at an early stage of any project and/or partnership will assist in identifying risks • 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

<p>investigation and possible prosecution</p> <ul style="list-style-type: none"> ▪ 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>revised legislation reduce significantly the risks in this area</p> <ul style="list-style-type: none"> • On-going review of policies and procedures with recording of such reviews
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Conclusion

13. The Council's risk management systems are developing satisfactorily but we cannot afford to be complacent. The changes in the structure of local authorities in Devon will require us to ensure that we have identified significant risks and considered the appropriate control measures.

Pete Osborne
Risk and Health and Safety Advisor

Audit Committee
23 June 2009

Mark Seymour
Strategic Director (Resources)

Background documents:
None

Internal Audit of Risk Management

Audit Conclusions

Audit Opinion

Good

Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some areas for improvement have been identified.

A good opinion can be given where a small number of controls are not always operating effectively provided there are no high risk recommendations.

Progress has continued since the last annual internal audit report on Risk Management covering all aspects of the Use of Resources Key Lines of Enquiry (KLOE) checklist attached at Appendix A. The Risk and Health & Safety Advisor reported the Council's completion of the requirements of this KLOE to the Council in March 2009.

However, there are further areas where the risk management process can be improved to bring the opinion to Excellent:

- Work is being undertaken, as part of 2009 service planning, on updating the risk registers and better identification of emerging operational risks; and
- The risk management process for the two methodologies for managing key projects run by the Council is in place but there is no central risk register for project risks, which would assist the Risk and Health & Safety Advisor with identifying emerging risks;

Several minor issues were reported orally and action taken immediately to correct the position, and consequently have not been raised in this report.