Division(s): All

ITEM AU5

AUDIT COMMITTEE – 23 SEPTEMBER 2009

RISK MANAGEMENT ANNUAL REPORT

Report by Head of Strategy

Introduction

1. This risk management annual report highlights the advances that have been achieved since September 2008 and suggests potential actions and improvements to be taken forward to the following year. These potential actions (if agreed) can be developed into the next risk management improvement plan.

Actions carried forward from 2008-09 – the Risk Management Improvement Plan

2. The 2008/9 risk management annual report identified a number of key areas for improvement for the year 2008-09. Annex 1 is the Risk Management Improvement Plan 2008 – 2009 which identified a series of actions addressing each of the improvements set out in the risk management annual report.

3. The improvement plan actions were grouped in the following three ways:

    - Improvement Area One: To further improve leadership and support for risk management

    - Improvement Area Two: To further develop risk management skills

    - Improvement Area Three: To improve integration of risk management in all key business processes.

Progress to date on the Risk Management Improvement Plan 2008-09

4. Overall, improvement has been made in the management of risk during the year 2008/09. The 2008 Use of Resources Assessment for risk management recognised this improvement and scored us a four; the highest possible score and an improvement on the previous assessment. The 2008 Use of Resources assessment looked at how we managed significant business risks, and the auditors judged this as "well embedded in business processes". We have now submitted our 2009 Use of Resources assessment and, despite the significantly harder assessment, we anticipate a high score and have demonstrated improvement to outcomes through effective risk management.

5. Additionally, the Internal Control Checklist returns for March 2009 show risk management as effective in all directorates.

Progress relating to Improvement Area ONE (To further Improve Leadership and Support for Risk Management)

6. Risk management within the directorates is now supported by a programme of direct assistance provided by the Policy Unit.

7. The competency framework for all staff has been revised to include a responsibility for managing business risk for the first time.

8. A directorate risk management group has been formed to support the development of directorate risk management leads and to share best practice.

Progress relating to Improvement Area TWO (To further Develop Risk Management Skills)

9. The review of risk management support available on the County Council Intranet has been completed and the guidance now reflects best practice.

10. A new eLearning package around risk to be included as part of new staff induction is under production. Expected delivery November 2009.

11. A two day training course to develop Directorate Risk Management Leads in order to update skills and knowledge is scheduled for November 2009.

Progress relating to Improvement Area THREE (Improving Integration of Risk Management in all Key Business Processes)

12. Introduction of a revised risk management process clarifying 'issues' and 'risks' in project management is under consideration. Process and documentation has been produced for consultation.

13. A new risk management peer review process has been piloted with a directorate (CYPF).

14. All corporate performance indicators are now cross-mapped with service risk registers to identify risks to service delivery. The Corporate Performance and Review Team report this quarterly to CCMT and Cabinet.

15. Regular review and challenge is undertaken and all mitigation assessments that are judged to be "unacceptable and without suitable mitigation" for two consecutive quarters are reported to CCMT for action

Future Improvements for 2009-10

16. The following actions are carried over from the previous year:

    (a) Develop corporate risk reporting to ensure consistency of approach across directorates.

(b)   Refine the risk management process to ensure greater clarity between the reporting of 'issues' and 'risks.'

(c)   Evaluate the effectiveness of the new risk management peer review process and roll out as appropriate.

(d)   Review the effectiveness of the reporting of unacceptable levels of risk or mitigation to CCMT for action

New Improvements Identified

17.   Extend the challenge of risk management by including regular scrutiny of risk in projects.

18.   Upon review of the effectiveness of the new risk management peer review process with CYPF, consider expanding to the other directorates.

19.   Review the risk management scoring and escalation process.

Conclusions

20.   The integration of risk management in all business processes has advanced throughout the organisation and government inspectors have recognised this. It can reasonably be concluded that activities and actions to embed the management of risk have had some success.

21.   Risk management will continue to develop naturally through familiarity in use, as it is a learning process. However, maintaining current performance and driving future improvement will only be achieved by continued attention from the organisation's Officer and Member Risk Champions as well as the corporate and directorate risk management leads.

RECOMMENDATIONS

22.   **The Committee is RECOMMENDED to:**

   (a)   note the progress to date; and

   (b)   provide any feedback on the report.

TRACY LUCK
Head of Strategy

Background Papers:

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