

**Audit Committee
Wednesday, 16 November 2011**

ADDENDA

7. Risk Management Annual Review (Pages 1 - 8)

Report attached (AU7).

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AUDIT COMMITTEE 16 NOVEMBER 2011

RISK MANAGEMENT ANNUAL REVIEW

Report by Assistant Chief Executive & Chief Finance Officer

Introduction

1. This report summarises progress in the area of Risk Management since October 2010. It also provides an outline of the way ahead for the current and coming year.

Summary of progress

- The new risk management assurance process has been developed and implemented successfully.
- The Improvement Plan has been broadly completed, improving the quality of risk management at the Council, with plans in place for the remaining action.
- Officers continue to manage embedded risk management procedures and checks at a directorate level.

Work programme update

2. The 2010 review highlighted a number of workstreams and key projects under the following themes:
 - Leadership and support for risk management
 - Risk management skills
 - Risk management is further integrated in all key business processes
3. In 2011 good progress has been made through these workstreams, including:
 - Regular reports, briefings and key meetings to demonstrate leadership and support
 - Directorates conducting risk management training for managers, as identified by the Directorate Lead Officer
 - The successful integration of performance, project and risk management in corporate reports, enabling a strategic view across the whole organisation and demonstrating the close links between these workstreams
 - Review of arrangements following the change of Government and the proposed dissolution of the Audit Commission
 - Workshop with extended CCMT to identify strategic, directorate and risks to key change programmes.

Actions against the Improvement Plan

4. Following the change in the way that the system of internal controls are managed and assessed Internal Audit identified a number of management actions in order to improve the risk management process in April 2011. The majority of these have now been achieved:
 - All directorates are now using the revised risk register format (May 2011)
 - Corporate risk management guidance has been reviewed and guidance clarified around removal of risks from risk registers (May 2011)
 - Training sessions have been conducted/are scheduled in a number of directorates. The corporate team are investigating options for future provision of training (October 2011)
 - The Risk Management Strategy has been reviewed (October 2011)
 - Guidance has been reviewed in relation to financial monitoring of projects (June 2011)
 - All directorate-specific actions have also been completed, including:
 - Improved review and reporting arrangements;
 - A review of directorate training requirements; and
 - Updating of risk and project registers.

Online learning & Training

5. As mentioned above, officers are undertaking a thorough review of intranet guidance and tools, which should then provide improved training and guidance for managers. We continue to provide corporate support to Directorates in their provision of training.

Risks relating to key partnerships

6. Given the change in Government following the May 2010 election, the partnership working landscape has changed dramatically. A number of the implications are yet to be seen, although many of the previous requirements around partnership working have been removed. In contrast however a key area of development will be the Health & Well Being Board.
7. It is suggested that risk management relating to key partnerships is reviewed during the coming year, when such partnerships are fully established. These partnerships and any joint service delivery arrangements should ensure that risk management arrangements are in place.

Risk assurance process

8. In 2010/11, a proposal was agreed to replace the Internal Control Checklist system with a series of processes designed to maintain assurance with regard to risk management. These included:
 - Risk management managed within directorates with support and challenge from the corporate centre.

Risk Work Programme – 2011/12

1. LEADERSHIP: leadership and support for risk management

Outcomes: Risk Management is reinforced and sustained through the attitudes and behaviors of Directorates and Heads of Service. The culture of the Council is seen by managers as one that makes the most of risk opportunities, with a sound risk appetite supporting taking appropriate risk at all levels.

Actions to achieve outcome	Milestone/success criteria	Timeframe	Lead officer(s)
Risk registers are actively used to manage risk in Directorates and risks facing the council as a whole.	Regular updates to senior management.	Quarterly	Claire Phillips / Steven Howell
	Regular updates to AWG/Audit Committee	Quarterly	Claire Phillips / Steven Howell
	Regular briefings with the Risk Champions (Member and Officer)	At least quarterly	Claire Phillips
	Ensure that risks discussed at senior levels as part of the Service & Resource Planning / Business Planning annual process are captured appropriately	By April 2012	Guy Swindle / Claire Phillips

2. PEOPLE: risk management skills

Outcomes:

<p>To further develop the organisational culture to one where:</p> <ul style="list-style-type: none"> • Risk management is accepted as an integral aspect of all managers' day jobs • Risk and performance management are seen as complementary • Risk documents are dynamic and routinely used to inform management decisions • Risk drives the innovation needed to move beyond the achievement of incremental performance improvement • Taking properly calculated risk is considered desirable <p>To improve the understanding and application of risk management by all members and managers who have risk management responsibilities</p>			
Actions to achieve outcomes	Milestone/success criteria	Timeframe	Lead officer(s)
Full review of Intranet risk management guidance	Guidance reflects current best practice	Revised structure and content live by January 2012	Claire Phillips
Include appropriate level of risk awareness in the induction for all new Members of the Audit Committee	Liaise with Audit Committee to assess the need for further training.	March 2012	Claire Phillips / Directorate Lead Officers / Claire Phillips
Ensure that appropriate training is available for staff and risk leads	Directorate Leadership Teams are happy with the level of training for staff	April 2012	
<p>3. PROCESSES: Risk Management is further integrated in all key business processes</p> <p>Outcomes: Improving risk management processes that are aligned with performance and are simple for all to use including partners</p>			
Actions to achieve outcomes	Milestone/success criteria	Timeframe	Lead officer(s)
Consider the future of risk management with organisations who work with us	Existing best practice is identified and shared across the organisation	July 2012	Claire Philips
Alignment of risk and performance	Continue to work with performance and risk leads to ensure risk and	Ongoing	Claire Philips

<p>management</p> <p>Directorate leads challenge risk</p> <p>Regular review and challenge of risk documentation to focus the production of effective and timely risk mitigation plans</p> <p>Review joint working arrangements between corporate and directorate risk leads following the various restructures taking place</p>	<p>performance reporting is appropriately aligned.</p> <p>Directorate leads are proactively challenging risk register entries following changes to process</p> <p>Quarterly review and challenge of service risks, bi-annually challenge of strategic risks</p> <p>Arrangements agreed by risk leads</p>	<p>Ongoing</p> <p>October 2011 (quarterly thereafter)</p> <p>April 2012</p>	<p>Directorate leads</p> <p>Claire Philips</p> <p>Directorate Lead Officers / Claire Phillips</p>
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