AUDIT COMMITTEE - 10TH SEPTEMBER 2014

SUBJECT: REVIEW OF RISK MANAGEMENT STRATEGY

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & S151 OFFICER

1.   PURPOSE OF REPORT

1.1   To provide Audit Committee with an update of progress on the implementation of the Risk Management Strategy.

1.2   To afford Audit Committee the opportunity to satisfy itself that appropriate arrangements are in place for the council's risk management processes to be regularly and robustly monitored and scrutinised.

1.3   Members have a critical role to play in evaluating the council's risk management arrangements and in particular understanding how the council identifies, manages and, where possible, mitigates/removes risk. Risk Management is crucial to the effective delivery of council services.

2.   SUMMARY

2.1   At its meeting on the 17th September 2013 Audit Committee accepted the council's new Risk Management Strategy and supporting Guidelines, which were subsequently approved by Cabinet on the 2nd October 2013.

2.2   The Strategy identified the role of Audit Committee in the risk monitoring process as being:-

- Review the effectiveness of the risk management and internal control framework
- **Review the Council's Risk Management Strategy and how it is being implemented**
- Review and challenge the risk register and resultant action plans for the council's key strategic and corporate risks
- Satisfy itself that robust processes and procedures exist and are applied for the management of operational risks including health & Safety risks.

2.1   The Strategy recognises that Audit Committee would be the "guardians" of the Risk Management Strategy and should satisfy itself that it is being adhered to.

3.   LINKS TO STRATEGY

3.1   Service improvement and delivery is key to delivering council priorities and risk management is a crucial element.

4. **THE REPORT**

4.1 The Council's Risk Management Strategy has been published on the council's Intranet as a means of communicating the Strategy across the organisation.

4.2 The purpose of the Strategy is "to establish a framework for the effective and systematic management of risk, which will ensure that risk management is embedded throughout the Council and makes a real contribution to the achievement of the Council's vision and objectives."

4.3 The Strategy details the Roles and Responsibilities of the following:-

- Cabinet
- Audit Committee
- Scrutiny Committee
- Lead Member – Risk Management
- All Members
- Chief Executive and Corporate Management Team
- Officer Risk Champion
- **Risk Management Group**
- Heads of Service
- Internal Audit
- Project Leaders
- All Staff

4.4 The Risk Management Group was intended to:-

- Annually assess the progress of risk management within the Council and report to the Audit Committee and Scrutiny Committee.
- Research, consider and recommend improvements to the risk management process within the Council.
- Recommend the risk management strategy and subsequent revisions to Corporate Management Team
- Support and promote risk management throughout the Council
- Be a point of contact in the Council for risk management advice and guidance
- Ensure that the Council has robust processes and procedures in place that are consistently applied for the management of all risks.
- Regularly monitor progress being made to compile risk registers and implement action plans and flag up issues for the audit Committee and Scrutiny Committee
- Assess Service Risk Registers and escalate significant risks and common themes to the Corporate Management Team.
- Recommend the inclusion of any new risks it discovers onto the appropriate risk registers

4.5 The implementation of the Strategy has raised questions over the need to establish a Risk Management Group. It is considered that the increased focus on risk identification and monitoring particularly at CMT/Cabinet/Audit Committee/Directorate has rendered the establishment of another Group unnecessary. Certainly other Groups, as well as the council's Head of Performance Management, adequately cover most, if not all, of the responsibilities listed in paragraph 4.4.

4.6 This update report is based upon the various stages of risk management indentified in the Risk Management Guidelines that formed an Appendix to the Strategy. Those are:-

- Stage 1 - Define Objectives: **Implemented**. Corporate Risks and Strategic Risks are identified and prioritised in relation to the council's vision and key objectives. Directorate and Service risks are identified and prioritised in relation to the service business plan. Partnership and project risks are identified and prioritised in relation to the particular objectives of the partnership/project.

- Stage 2 – Risk Identification: **Implemented**. Although an on-going process risk identification has improved significantly and is regularly seen as a group process rather than an individual one. Service Plan guidelines encourage the identification of risk as does the council's new approach to self- evaluation.

- Stage 3 – Assess: **Implemented.** The format of the risk register, which is common for risks at all levels, encourages an assessment of the causes or triggers, the potential consequences/impact and how effectively it is being managed.

- Stage 4 – Prioritise Risks: **Implemented.** The format of the risk register includes a Red/Amber/Green assessment of the likelihood and severity/impact and sets the risks in perspective against each other

- Stage 5 – Respond to Risks: **Ongoing.** This stage is an evolving one for the authority. The options for improving the management of a risk fall into the following categories:

  1. Tolerate – Do nothing extra to manage the risk
  2. Treat – Mitigating the risk by managing the likelihood/impact/both
  3. Transfer _ Insurance/outsourcing/partnerships
  4. Terminate – Stop doing an activity

  There is a tendency for the authority to concentrate on the Treat option i.e. to solve the problem when it can be equally appropriate, and less resource demanding, to consider the other options.

- Stage 6 – Monitor Risks: **Implemented.** The monitoring arrangements described in paragraph 4.5 are comprehensive.

- Stages 7/8 – Review and Report/ Communicate and Consult: **Ongoing.** Discussion, review and reporting of risk are taking place at regular management and team meetings. Key risks and action progress is reviewed at these meetings as determined by the severity of the risk.

5. EQUALITIES IMPLICATIONS

5.1 The Local Government Measure defines fairness and access as one of the criteria that constitutes 'improvement' within the Wales programme for Improvement 2009

6. FINANCIAL IMPLICATIONS

6.1 There are no financial implications associated with this report

7. PERSONNEL IMPLICATIONS

7.1 There are no personnel implications associated with this report

8. CONSULTATIONS

8.1 There are no consultees that have not been included in the overall report.

9. RECOMMENDATIONS

9.1 It is recommended that Audit Committee notes the progress on the implementation of the Risk Management Strategy as described in paragraph 4.6.

9.2   It is recommended that Audit Committee note that a Risk Management Group has not been established, for the reason(s) described in paragraphs 4.4 and 4.5 and endorse this approach.

10.   REASONS FOR THE RECOMMENDATIONS

10.1   To ensure compliance with the Council's Risk Management Strategy

11.   STATUTORY POWER

11.1   Local Government Measure 2009, Wales Programme for Improvement 2010

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Background Papers:
Risk Management Strategy & Guidelines