

AUDIT COMMITTEE

5 JULY 2011

REVIEW OF RISK MANAGEMENT

Report from: Robin Cooper, Director of Regeneration, Community & Culture and Chair of Strategic Risk Management Group

Author: Joy Kirby, Quality Assurance and Client Manager

Summary

This report updates to Committee on the progress of the Council's risk management activities.

1. Budget and Policy Framework

- 1.1 Good corporate governance requires that local authorities identify all their significant strategic and operational risks, and put effective risk management and internal control systems in place. All local authorities are now obliged to publish an annual statement on their systems of governance, which include risk management and internal control.

2. Background

- 2.1 In February 2006, the Council recognised that the existing risk strategy and risk management would not meet the criteria for the then CPA assessments. A number of measures were agreed that would affect a culture change and ensure that risk management processes were robust and embedded into the organisation. These have been incorporated into the action plan within the Risk Management Strategy.
- 2.2 The Council uses a risk management methodology and model that was developed by an external consultant. Each year Internal Audit carries out an annual review of the Council's progress in adopting and embedding this method for the identification, evaluation and recording of risk.
- 2.3 The Council's risk management activities continue to be co-ordinated by the Strategic Risk Management Group (SRMG), which is chaired by the Director of Regeneration, Community & Culture and includes the Chief Finance Officer and representatives from the service directorates and various support functions.

3. Advice and analysis

- 3.1 Cabinet undertook the annual review of the strategy on 30 November 2010 and agreed the strategy and officers' recommendations that no significant changes needed to be made at that time.
- 3.2 The Risk Management Audit 2010/2011 confirmed that risk management arrangements are satisfactory. However it identified that training and arrangements regarding the creation of directorate risk registers require further development.
- 3.3 These two issues were outstanding actions from the plan reported to the Audit Committee in March 2010.
- 3.4 Service risks continue to be recorded in service plans and monitored by Service Managers and through Assistant Directors quarterly reports. It was agreed that adding risks to Covalent, the Council's performance management system, should be in a later phase of implementation (2011/12) and that training would be provided to assist managers in using Covalent to manage risks.
- 3.5 The Strategic Risk Management Group, in consultation with the Research and Review team (who manage Covalent), have agreed a phased approach to take this forward.
 - 3.5.1 Phase 1: Service-level risks identified as part of the divisional business planning process will be uploaded into Covalent (together with mitigating controls where possible). To be completed end of July 2011
 - 3.5.2 Phase 2: Data to be extracted by division via Covalent reports to determine quality and training needs. To be completed end of August 2011
 - 3.5.3 Phase 3: Draft risk registers to be put to DMTs for comment together with the escalation process. Throughout September 2011
 - 3.5.4 Phase 4: Train officers in relation to updating risk assessments and providing progress commentary on mitigating actions. Throughout October and November 2011
 - 3.5.5 Phase 5: Undertake first updating cycle. Throughout December 2011.
 - 3.5.6 Phase 6: Incorporate any remaining mitigating actions from service plan risk registers that can be uploaded into Covalent. Throughout December 2011

- 3.5.7 Phase 7: Produce directorate risk registers that meet the criteria as set out in the escalation procedure. February 2012
- 3.5.8 Phase 8: Undertake a further programme of training for managers and members. March 2012 onwards
- 3.6 In-house training for Members is planned for July 2011.

4. Financial, legal and risk implications

- 4.1 There are no direct financial, legal or risk implications arising from this report although clearly the inability to control or mitigate risks could have a financial or legal impact.

5. Recommendation

- 5.1 Members are asked to note progress on the Council's risk management activities.

Lead officer contact

Joy Kirby: Quality Assurance & Client Manager
Ext 1422 /email joy.kirby@medway.gov.uk

Appendices: none

Background papers

Internal Audit's management action plans from the risk management audits 2006/07, 2007/08, 2008/09, 2009/10, 2010/11

Copies of paperwork available upon request from Joy Kirby: Quality Assurance & Client Manager Ext 1422 /email joy.kirby@medway.gov.uk