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Meeting	Audit Committee
Date	26 April 2012
<b>Subject</b>	<b>Corporate Risk Management Policy Statement and Strategy</b>
Report of	Assistant Director of Finance – Audit and Risk Management
Summary	This report seeks to inform the Audit Committee of the revised Risk Management Policy Statement and Strategy

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Officer Contributors	Maryellen Salter, Assistant Director of Finance – Audit and Risk Management
Status (public or exempt)	Public
Wards Affected	None
Key Decision	No
Reason for urgency / exemption from call-in	Not applicable
Function of	Council
Enclosures	Appendix A: Risk Management Policy Statement and Strategy

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## **1. RECOMMENDATIONS**

- 1.1 That the revised Risk Management Policy Statement and Strategy be noted as the policy and procedure by which the Authority will identify, manage, monitor and report risks.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 The risk management policy statement and strategy was last approved at Audit Committee in March 2011 as the policy and procedure by which the Authority will continue to manage and monitor risks.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The presence of strong risk management policies and procedures is paramount to the authority achieving all of its corporate priorities.
- 3.2 The requirement of a Risk Management Strategy and strong risk management processes and procedures underpins a strong internal control environment.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 Without consistent guidelines surrounding the application of risk management appropriate mitigation strategies to minimise risk may not be used, exposing the Council to loss, damage or injury.
- 4.2 Without a risk management strategy decisions could be made without due consideration to the risks involved to the various option proposed.
- 4.3 Policy and procedures require updating to ensure practice does not deviate from the approach approved by Members.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 The council's revised Risk Management Strategy will support the council's approach to managing equalities and further demonstrate that a consistent approach is used to embed equalities and diversity in service delivery, where that risk has been identified within a service.

## **6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

- 6.1 When used appropriately risk management strategies can ensure that resources are used effectively within the organisation and effective decision making can take place. In addition, coupled with a rigorous assurance process to test the controls identified within the individual risk registers it can foster a positive control environment that can assist the Council to self-regulate. Given the move away nationally from external inspection this is particularly important.

6.2 The management of risk should consider all use of resources implications for that particular risk to ensure the level of mitigating action is appropriate to the resource implications.

## **7. LEGAL ISSUES**

7.1 None in the context of this report.

## **8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)**

8.1 Constitution part 3 responsibility for functions, section 2 responsibility for Council functions, details the terms of reference for the Audit Committee to provide independent assurance of the adequacy of the risk management framework.

## **9 BACKGROUND INFORMATION**

9.1 The Council faces a changing profile of risks in future years due mostly to the decline in central government funding.

9.2 The Assistant Director of Finance – Audit and Risk Management instigated a research exercise to consider how the existing risk management policies and procedures are currently viewed and implemented. The research took the form of an online survey for Audit Committee members and for senior officers within the Council, and was carried out during February 2012. The survey highlighted a number of strengths and weaknesses regarding risk management at the present time.

9.3 The most significant weaknesses were 1) a lack of consensus regarding who has the primary responsibility for managing risk and discussing risk, and 2) an indication that in some areas risk management is not fully embedded in decision-making processes.

9.4 The strengths identified were 1) a clear appetite for further training on risk management, and 2) good levels of engagement amongst senior officers in using JCAD, the Council's online risk management tool.

9.5 The changing risk profile of the Council precipitated the need for the existing policy to be updated with a particular reference to commissioning services. In addition, the findings of the survey have led to some additional modifications.

9.6 The most significant change to the policy is the inclusion of Section 5 of the risk management strategy titled 'risk management when commissioning services' that specifically addresses the risk management processes that need considering when modifying the delivery of a service. The section of the policy is intended to provide guidance to those involved with commissioning and subsequent contract management for outsourced services. It includes

guidelines on identifying new risks, understanding which risks will continue to be retained by the Council and provides officers with a checklist.

- 9.7 Regarding the findings of the survey roles and responsibilities have largely not been revised. However a new section of the report sets out the duties of all relevant parties and Committees with regards to risk management to ensure better clarity.
- 9.8 The correct procedure for involving Council members in decisions regarding the response to risk have been expanded as part of more detailed guidance on the process for escalating risks.
- 9.9 The definition of a 'serious incident' in terms of risk has been clarified; this reflects the need for measurable standards that can be consistently applied across the Council and any delivery partners.
- 9.10 The Strategy and guidelines are available to all officers and management through the intranet, in addition the risk management system is a 'live' system called JCAD that can be updated at any time.
- 9.11 Based on the acceptance by CRC of the revised Risk Management Strategy a programme of activity focussed on further embedding risk management across the Authority will ensure compliance. This will be supported by the Annual Audit Plan which is focused on giving assurances to the Audit Committee on those areas identified as high risk across the Council.

## **10. LIST OF BACKGROUND PAPERS**

- 10.1 None.

<b>Cleared by Finance (Officer's initials)</b>	<b>PJ</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>MGC and JH</b>