

**North Wiltshire District Council**

**Risk Management and Issue Resolution Strategy**

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**Appendix 1 Risk Assessment Guide**

**Appendix 2 Risk Assessment Template (Excel document)**

**Appendix 3 Issue Log Template (Excel document)**

## **1. Aims and Objectives**

This Strategy aims to implement and develop a culture and processes that effectively manage opportunities and threats to the Council, enabling the Council to better achieve its objectives.

The overall objective of this strategy is to ensure that the Council adopts the best practices in the identification, evaluation and cost effective control of risks to ensure that they are eliminated or reduced to an acceptable level. It aims to introduce systems that track and report upon existing and emerging risks that could cause damage to the Council or its stakeholders, and react to opportunities.

This strategy also outlines the Council's approach to issue resolution, to ensure that issues are resolved or managed in a cost effective way and to minimise the impact on Council services and damage to its reputation.

Risk Management protects and adds value to the Council and is a key element of a well managed authority. This strategy outlines roles and responsibilities for managing risk within the Council and describes the framework in which it will be implemented.

This strategy aims to develop a framework that meets CPA requirements and fits the needs of the organisation. Practical guidance on how to carry out a risk assessment is provided at Appendix 1.

## **2. Roles and Responsibilities**

### **Executive**

#### Role:

- To oversee the effective management of strategic risks to the Council

#### Responsibilities:

- To require officers to develop and implement an effective framework for managing strategic risks
- To assist in the identification of strategic risks to the Councils corporate objectives.
- Review significant strategic risks on a quarterly basis
- To ensure risks are considered for all key decisions in Executive committee reports
- To review issues escalated and recommend appropriate action

### **Final Accounts and Audit Committee**

#### Role:

- To provide independent assurance to the Council on the effectiveness of risk management

#### Responsibilities:

- Review adequacy of risk management arrangements
- Annually review and approve risk management strategy
- Review significant risks and make recommendations to the Executive where appropriate
- Review significant issues and make recommendations to the Executive where appropriate

### **Members**

#### Role:

- To ensure all risks are considered when making decisions

#### Responsibilities:

- To gain an understanding of risk management and its benefits
- To require officers to develop and implement an effective framework for risk management
- To ensure risks are considered for all key decisions and committee reports

### **Corporate Management Board**

#### Role:

- Ensure that risk is managed effectively through the development of an all encompassing corporate strategy

#### Responsibilities:

- Gain an understanding of risk management and its benefits
- Communicate strategy to elected members/executive board members
- Review significant risks on a monthly basis and report to the Final Accounts and Audit Committee
- Review significant Issues on a monthly basis and report to the Final Accounts and Audit Committee
- Monitor and review effectiveness of strategy
- Agree any inputs and resources required to support the work corporately

## **Risk Management Group**

### Role:

- Share experience on risk, risk management and strategy implementation across the Council

### Responsibilities:

- Communicate risk management strategy and share good practice
- Feed into strategy review
- Drive process of risk profiling/assessment
- Participate in and develop risk management training
- Regular review of risk registers and monitor significant risks.
- Report on significant risks to Final Accounts and Audit Committee and CMB
- Regular review of issue log and monitor significant issues.
- Report on significant issues to Final Accounts and Audit Committee and CMB
- Review significant insurance claims and risks and share best practice.

## **Team Leaders**

### Role:

- Manage risk effectively in their service area on a day to day basis

### Responsibilities:

- Implement detail of the Risk Management Strategy
- Perform and maintain a risk assessment for their service area
- Identify ownership for risks and ensure responsible officers deliver actions.
- Share relevant information with colleagues in other service areas
- Feedback on experience of strategy implementation
- Ensure that all issues are identified, assessed, communicated and managed

## **Insurance Officer**

### Role:

- Manage insurance risks to the Council

### Responsibilities:

- Review insurance claims on a regular basis and report significant risks to the Risk Management Group
- Provide an annual review of arrangements for insurance to demonstrate the effective management and control of risk within the Council
- Liaise with insurers

## **Project/Programme Managers**

### Role:

- Implement detail of the Risk Management Strategy

### Responsibilities:

- Ensure that risk management and issue resolution activities are operating effectively in the programme/project environment
- Ensure that risks and issues facing the programme/project are dealt with at the appropriate level

## **All Officers**

### Role:

- Assess and manage risks in their jobs and report risks to Team Leaders

Responsibilities:

- Implement control measures as directed
- Ensure all relevant risks are identified
- *Ensure any issues are identified and communicated*

**Internal Audit**

Role:

- Review adequacy and effectiveness of risk management arrangements

Responsibilities:

- Consider, as part of audits, whether appropriate action is being taken in areas under review.
- As part of the audit opinion, provide a view on the adequacy of risk management arrangements and whether they were implemented.

**Partners**

Role:

- To have robust risk management arrangements in place

Responsibilities:

- Provide assurance that effective risk arrangements are in place and adhered to.
- Make the Council aware of any risks associated with the partnership or to the delivery of any objectives.

### **3. Scope of Risk Management**

Anything that could prevent the Council from achieving its objectives falls within the scope of this strategy, including risks associated with partners and contractors who undertake work or services on the Council's behalf. This includes both operational and strategic risks.

**Strategic Risks:** These concern the long term strategic aims and key corporate priorities of the Council. All strategic risks are held on the strategic risk register.

**Operational Risks:** These concern the day-to-day issues that the Council is confronted with as it strives to deliver its strategic aims and corporate priorities. Operational risks will be held on Business Plan Risk Assessments and Business Area Risk Registers.

Areas that require a risk assessment include:

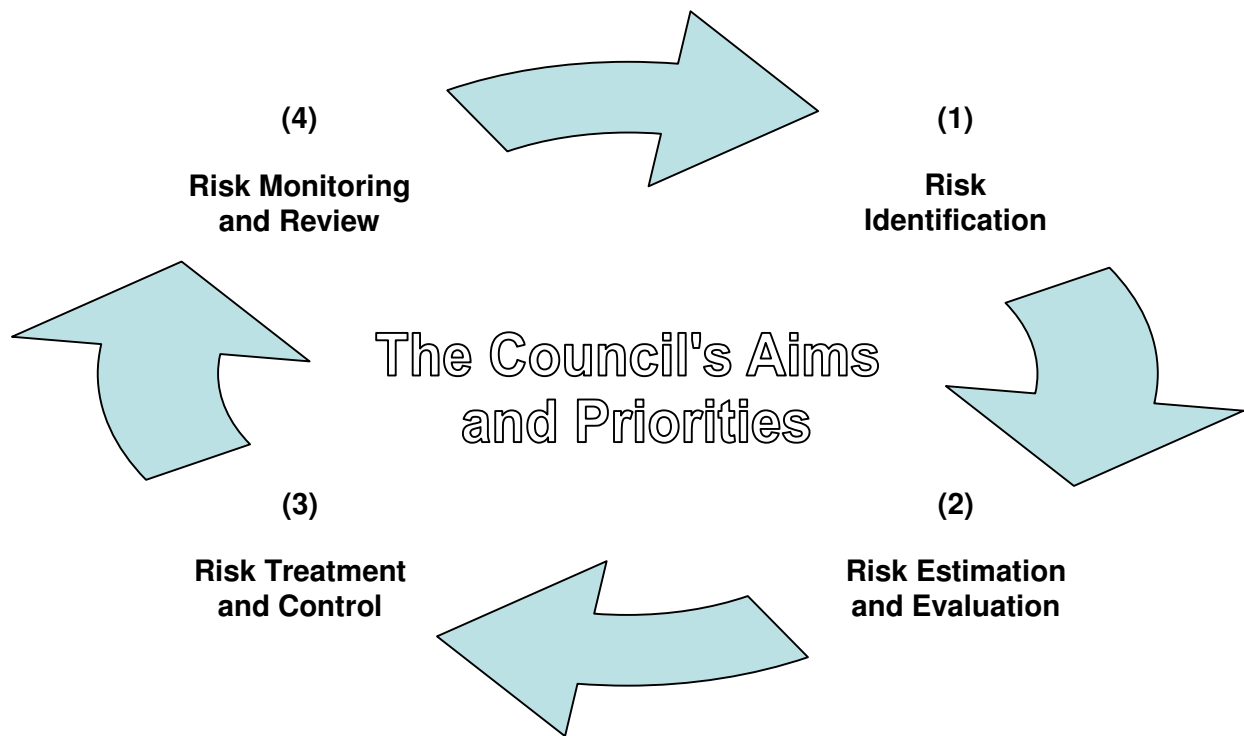
- Business Planning
- Policy/Strategy development
- All projects and programmes
- Decision making/committee reports
- Procurement
- Partnership working
- Fraud and corruption

This strategy also deals with risk management that relates to insurance claims and risk financing arrangements. This includes an annual review of insurance risk arrangements and more specifically, vehicles, signage and other high-risk areas.

Where risks actually occur this is defined as an issue. Different levels of response will be required depending on the scale and impact of the issue. This strategy describes the framework for identifying, assessing and reviewing issues and the process for escalating them to the appropriate level so that action can be taken.

This Strategy does not cover health and safety risk assessment, business continuity or disaster recovery, which are all dealt with under separate guidance.

#### 4. Risk Management Process



The risk management process for the Council, shown above, is a planned and systematic approach containing four stages; risk identification, risk estimation & evaluation, risk treatment & control and risk monitoring & review. Guidance on how to perform a risk assessment is provided at appendix 1.

##### **Risk Identification**

This involves the identification of risks using the various risk identification techniques available, describing the risks and recording them in risk registers.

##### **Risk Estimation and Evaluation**

This involves an estimation of the likelihood and impact of identified risks and determining whether the risks are within or outside the Council's appetite or tolerance for risk.

##### **Risk Treatment and Control**

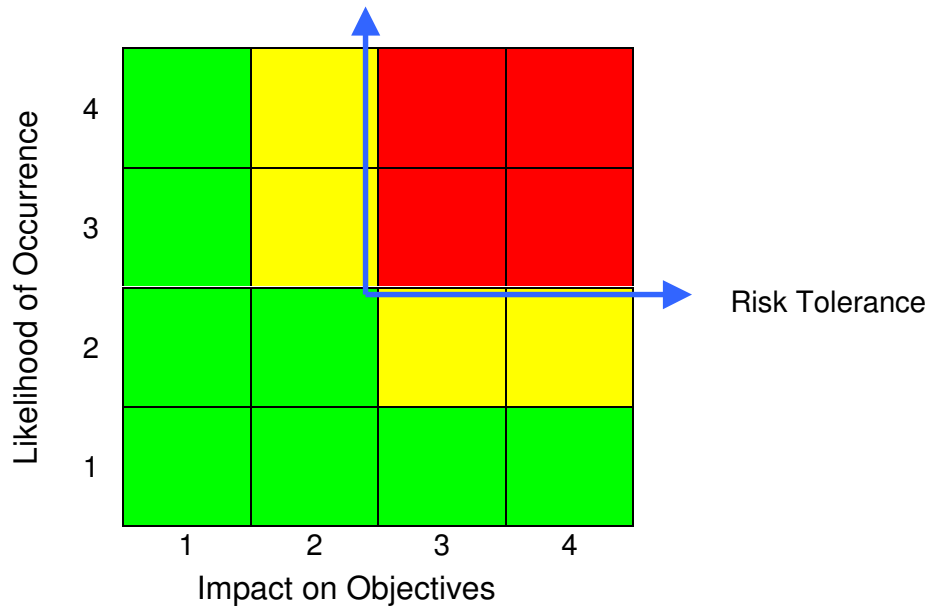
This involves the identification and implementation of control measures to mitigate the impact of risks and the cost effectiveness of implementing these measures.

##### **Risk Monitoring and Review**

Progress in managing risks should be monitored and reported on to ensure actions are carried out, to review the effectiveness of control measures and to inform decision-making.



## 5. Risk Tolerance - Significant Risks



Risk Scores	
9 to 16	Significant Risk
5 to 8	Medium Risk
1 to 4	Low Risk

The result of the risk estimation and evaluation enables us to score risks and produce a risk profile such as the one shown above. This gives a significance ranking to each risk and provides a tool for prioritising risk control efforts and monitoring.

All high risks (scored 9 –16) are deemed significant and should be managed down to an acceptable level of risk where possible. Significant risks, which are above the Council’s risk tolerance, will be reported to the Audit Committee and Executive on an exception basis.

## **6. Risk Management Framework**

The risk management framework ensures that all risks within the scope are assessed, reported and monitored. A flowchart is shown on page 12. This covers four main areas of risk relating to business objectives, member decisions, projects and partnerships.

Partnership risk is an emerging area that needs to be addressed as the Council increasingly uses partnership working to deliver its priorities and services.

### **Business objective risks:**

These can be both strategic and operational risks, the majority of which will be identified at the business planning stage by Team leaders and members of the team. All Business Plans will be supported by a risk assessment, which are collated in Business Area Risk Registers on the Z drive. Guidance for carrying out risk assessments is provided at Appendix 1 and the risk assessment template is given at Appendix 2.

Business Area Risk Registers should be updated by teams on a monthly basis to reflect the current levels of risks and control measures being taken. Any newly identified risks should also be added.

All significant risks (those of score 12 and above) will be reported to the Final accounts and Audit Committee on a 6-monthly basis.

Any risks that are deemed strategic, those which concern the long term strategic aims and key corporate priorities of the Council, will be escalated to the Strategic Risk Register.

The Strategic Risk Register will be initially populated by CMB and Executive workshops as part of the process for producing the Corporate Plan. It will be owned by CMB and reviewed by Executive and the Final accounts and Audit Committee on a 6-monthly basis.

### **Decision making:**

All committee papers are supported by risk assessments, using the same guidance as for business plan risk assessments (Appendix 1). This enables members to make informed decisions, by providing sufficient information on all the risks and planned controls associated with the options and recommendations in reports. It also provides assurance that officers have considered what risks will be incurred and how they will be mitigated.

On member approval or resolution, any relevant risks should be added to the appropriate Business Area Risk Register.

### **Project Risks:**

Project risks are potential issues that threaten the delivery of specific project outcomes. All Council projects will be managed within a standard methodology based on PRINCE 2, which will ensure that all project risks are identified and evaluated, and captured on risk logs. Risk logs are updated by Project Managers and monitored by Project Boards.

The majority of project risk will not appear on Business Area Risk Registers, as they will only be relevant to specific facets and outcomes of projects. High level risks relating to the delivery of Council projects will be included on Business area and/or the Strategic Register.

### **Partnership Risk:**

As the Council increasingly uses partnership working to deliver its priorities and services, it is essential that:

- the risks associated with working in partnership with other organisations have been identified and are being appropriately managed
- partnerships have effective risk management procedures in place.

A risk assessment should be performed prior to entering into any partnership arrangement (using guidance at Appendix 1) and risks should be effectively monitored and managed throughout the lifetime of the partnership. These arrangements will be specified in the Council's partnership toolkit.

Partnership risk assessments will be held on a Partnerships Risk Register and owned by the Council.

Partnerships can involve contractual arrangements or SLAs, such as the CAB, or can be joint arrangements to deliver shared objectives, such as the LSP.

It is worth remembering that the Council cannot transfer the risk to its reputation, or service delivery to its partners. Where a key or statutory service is being supplied by a partner organisation it will, therefore, usually be necessary (as part of the risk control process) to draw up contingency plans in the event of partner failure.

### **Issue Resolution**

It is essential that all issues that affect the Council's services and resources are identified and dealt with at the appropriate level. The flowchart at page 13 outlines how issues are assessed, escalated to the appropriate level, and monitored. It is important that every issue is escalated to a level that has the necessary budget, resource and authority to resolve it.

Any issues that are deemed strategic, those which concern the long term strategic aims and key corporate priorities of the Council, will be escalated to the Executive via CMB. All significant issues will be reported to the Final accounts and Audit Committee on a 6-monthly basis.

The Risk Management Group will monitor and review the Issue Log and ensure that Issues have been escalated to the appropriate level and are managed. The issue log proforma is provided at Appendix 3.

### **Fraud & Corruption:**

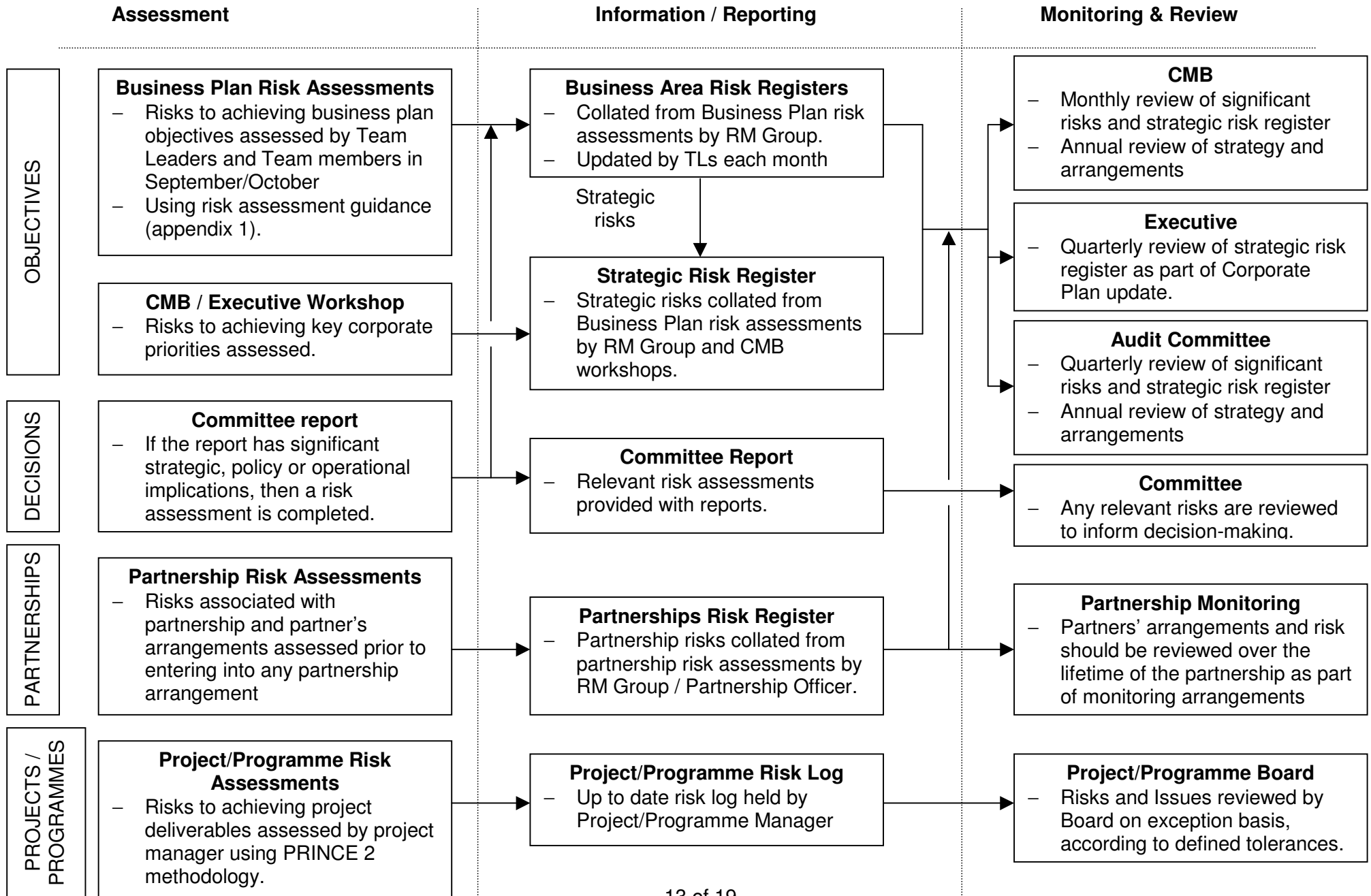
All organisations typically face a variety of fraud and misconduct risks. Like a more conventional Council-wide risk assessment, a fraud and misconduct risk assessment

helps management understand the risks that are unique to its business, identify gaps or weaknesses in control to mitigate these risks, and develop a practical plan for targeting the right resources and controls to reduce risk.

The challenge for the Council is to develop a comprehensive effort to:

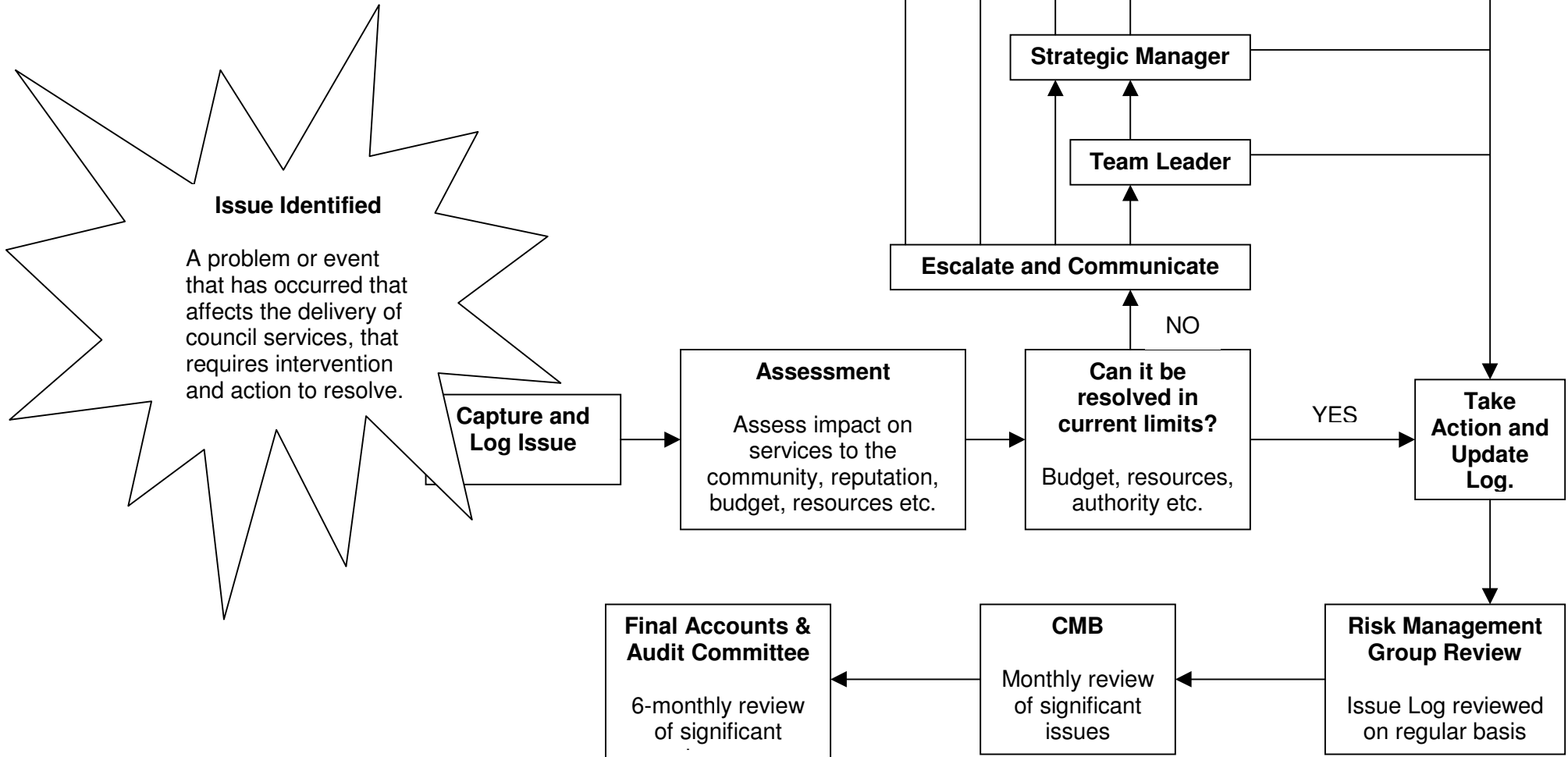
- Understand all of the various control frameworks and criteria that apply to them.
- Categorise risk assessments, codes of conduct, reporting and whistle blowing mechanisms into corporate objectives.
- Create a broad ranging program that manages and integrates fraud prevention, detection and response efforts.

# Risk Management Framework





**Issue Resolution Flowchart**







## **7. Risk Management Action Plan**

Delivery of the Risk Management Strategy can be split into 3 main objectives:

1. To embed risk management as part of the Council's culture
2. To provide a robust and systematic framework for identifying and managing risk
3. To ensure all significant risks are monitored and reviewed and that adequate arrangements are in place

<b>1. To embed risk management as part of the Council's culture</b>		
Action	Who?	When?
1.1 Approve Risk Management Strategy and Risk Assessment Guidance	RMG CMB Audit Committee	January 2007 January 2007 February 2007
1.2 Inform lead Member of responsibilities.	Graham Wilkie	January 2007
1.3 Communicate Risk Management Strategy and Risk Assessment Guidance	RMG / Risk Mgr?	Mar – May 2007
1.4 Programme of Risk Management Training for officers	RMG / Risk Mgr? Julie Matthews	May 2007 onwards
1.5 Risk Management awareness sessions for members	RMG / Risk Mgr? Julie Matthews	Jun – Aug 2007

<b>2. To provide a robust and systematic framework for identifying and managing risk</b>		
Action	Who?	When?
2.1 Carry out Business Plan Risk Assessments	TLs/Teams Risk Manager?	Via training and then to coincide with business planning
2.2 Carry out Committee Report Risk Assessments	Report Author	As required
2.3 Carry out Partnership Risk Assessments	Responsible officer	Prior to commitment
2.4 Strategic Risk Workshop	CMB / Executive	Prior to publication of Corporate Plan
2.5 Populate Risk Registers	Risk Manager?	Aug 2007
2.6 Regular updates of Risk Register	TLs/Teams	Monthly
2.7 Significant risk and issue reports prepared	Risk Manager?	Quarterly

<b>3. To ensure all significant risks are monitored and reviewed and that adequate arrangements are in place</b>		
Action	Who?	When?
3.1 Peer review of Strategy	N-Somerset	May 2008
3.2 Significant risks (strategic and operational) reviewed	CMB Audit Committee	Monthly 6-monthly
3.3 Significant Strategic risks reviewed	Executive	Quarterly

<b>3. To ensure all significant risks are monitored and reviewed and that adequate arrangements are in place</b>		
<b>Action</b>	<b>Who?</b>	<b>When?</b>
3.4 Committee report risks assessments	Committee	Before member decision
3.5 Review of risk management arrangements	Internal Audit	Per audit plan
3.6 Statement of Internal control	Internal Audit	Per audit plan
3.7 CPA judgement on arrangements	External Audit	
3.8 Annual Review of Strategy and arrangements	Audit Committee	Annually

## **8. Risk Management Group Terms of Reference**

### **Membership:**

**Meetings:** Quarterly (prior to Final Accounts and Audit Committee meetings)

### **Terms of Reference**

1. To develop and implement risk management strategy
2. Communicate risk management strategy and share good practice
3. Review Strategy at least annually
4. Drive process of risk profiling/assessment
5. Participate in and develop risk management training
6. Regular review of risk registers and monitor significant risks
7. Report on significant risks to Final Accounts and Audit Committee and CMB
8. Regular review of issue log and monitor significant issues.
9. Report on significant issues to Final Accounts and Audit Committee and CMB
10. Review significant insurance claims and risks and share best practice
11. Review of arrangements for insurance to demonstrate the effective management and control of risk within the Council on an annual basis
12. Ensure risk management is effectively embedded in new performance management software