

**REPORT TO THE Final Accounts and Audit Committee**

Report No. 11

<b>Date of Meeting</b>	<b>28/06/07</b>
<b>Title of Report</b>	<b>Risk Management Update</b>
Link to Corporate Priorities	No direct link to Corporate plan. Improved risk management will enable the Council to better achieve its priorities and objectives.
Public Report	Yes

**Summary of Report**

This report provides an update on developments in risk management and provides a suggested way forward in implementing the recently approved Risk Management Strategy under the new Council structure.

**Officer Recommendations**

That the update report is noted and the proposed way forward in embedding Risk Management within the Council is supported.

That an update Strategic Risk Register is presented to the next meeting of this Committee.

Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report.

Financial Implications	Legal Implications	Community & Environmental Implications	Human Resources Implications	Equality & Diversity Implications
None	None	None	Yes	None

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## **1. Introduction**

- 1.1 At the previous Final Accounts and Audit Committee held on 16 April 2007, it was resolved that a report be prepared on risk management and the risk register.
- 1.2 This report provides an update on developments in risk management and provides a suggested way forward in implementing the recently approved Risk Management Strategy under the new Council structure.

## **2. Options and Options Appraisal**

- 2.1 Option 1: That the update report is noted and the proposed way forward in embedding Risk Management within the Council is supported.
- 2.2 Option 2: That an alternative approach to risk management within the Council is suggested.

## **3. Background Information**

- 3.1 Following a review of risk management arrangements in early 2006 by Zurich Municipal's risk consultants, a revised Risk Management Strategy was produced and approved by this Committee in February 2007. This strategy and associated guidance took into account Audit Commission guidelines and used best practice from the Chartered Institute of Public Finance Accounting (CIPFA) and the Association of Local Authority Risk Managers (ALARM). It addressed recommendations made by Zurich around strengthening risk management within partnerships and projects and increasing member involvement.
- 3.2 The strategy was developed in consultation with the Risk Management Officer Group, which included Internal Audit and representatives from all business areas and was an off-shoot from the Business Continuity Group.

## **4 Update**

- 4.1 Following the approval of the new Risk Management Strategy at February's meeting, the Corporate Management Board (CMB) responsibility for risk management has passed to the Deputy Chief Executive Officer for Policy, Community and ICT.
- 4.2 A number of actions within the strategy around communicating risk management and developing a training programme for officers have been affected by the current restructure and delivery dates have been extended. A Risk Management Officer needs to be formally nominated and resourced, to successfully embed risk management across the Council and maintain up-to-date risk registers for management and members. This is supported by a recommendation from the Internal Audit report on risk management arrangements issued in March 2007.
- 4.3 Existing risks from the previous four Business Area risk registers have been populated on the new performance management system (Covalent). Officers will be trained to use the system as part of a rolling programme throughout summer 2007.

## **5 Way Forward**

- 5.1 The following steps are considered to be an effective way to implement the Risk Management Strategy and embed arrangements across the Council:
  - 5.1.1 Nominate a Risk Management Officer to implement the Risk Management Strategy and to maintain up-to-date risk registers for management and Members.
  - 5.1.2 Perform risk assessments for all new Service Area Business Plans (when complete), thus ensuring all operational functions and business risks of the Council have been properly assessed. These should be performed via workshops facilitated by the Risk Manager to ensure compliance with guidance and to provide training for officers.
  - 5.1.3 Refresh the Strategic Risk Register through discussions with CMB, Executive, and managers, and escalation of any strategic risks identified from Service Area risk assessments.
  - 5.1.4 Populate updated risks on Covalent performance management system and create report templates for future reporting to CMB and Members.
  - 5.1.5 Train responsible officers to use Covalent, to update risk assessments and add new risks where identified.
  - 5.1.6 Reconvene the Risk Management Group alongside the Business Continuity Group to review risk management arrangements and implement the strategy.
- 5.2 As detailed in the Strategy, all significant risks will be reported to CMB on a monthly basis, while any significant issues will be reported as required. The Risk Management Officer will prepare reports detailing significant risks and issues, which will be reviewed by the Risk Management Officers Group on a quarterly basis and by this Committee every 6 months.
- 5.3 This Committee will also review adequacy of risk management arrangements and annually review and approve the Risk Management and Issue Resolution Strategy.
- 5.4 The updated Strategic Risk Register will be presented at the next meeting of this Committee.

## **6 Implications**

- 6.1 Human Resources – For risk management to be successfully and effectively embedded within the Council, a Risk Management Officer needs to be formally nominated and resourced. In a relatively small organisation such as the Council, this responsibility could be successfully carried out within 0.25 FTE of an officer's time.

## **7 Risk Analysis**

- 7.1 If robust risk management arrangements are not in place, the Council exposes itself to risks to its reputation, its finances and the delivery of services. The proposed way forward provides a framework that will minimise these risks and ensure that any issues arising are promptly communicated and dealt with.

<b>Appendices:</b>	<b>None</b>
<b>Background Documents Used in the Preparation of this Report:</b>	<ul style="list-style-type: none"> <li>• <b>Zurich Municipal recommendation report</b></li> <li>• <b>Audit Commission Use of resources Key Lines of Enquiry 2006</b></li> <li>• <b>CIPFA Better Governance Forum Guidance</b></li> <li>• <b>NWDC Risk Management Strategy</b></li> </ul>

**Previous Decisions Connected with this Report**

<b>Report</b>	<b>Committee &amp; Date</b>	<b>Minute Reference</b>
<b>None</b>		