

CAA/14/2007

KENNET DISTRICT COUNCIL

RESOURCES EXECUTIVE COMMITTEE
to be held on 20th March 2007

Report by Janet Ditte, Chief Accountant & Auditor
On behalf of the Risk Management Group

Risk Management Update 2007-08

1. Purpose of Report

The purpose of the report is to provide members with an update on the Council's Risk Management function, including recent action taken by the Corporate Risk Management Group.

2. Financial, Staffing and Legal Implications

There are no implications for this report.

3. Risk Implications

Risk Management is an integral part of the good corporate governance of any organisation. Therefore, the effective management of risk is essential to the management of the Authority. It is also important that Members of the Committee receive reports on the Council's Risk Management arrangements so that they can be satisfied that the arrangements in place are appropriate and effective.

4. Background

The corporate Risk Management Group oversees the Risk Management Strategy for the Council and considers all Risk Management issues on behalf of the Council. The group is a multi-disciplinary group, chaired by the Financial Services Manager, with external advisors.

The day-to-day administration of the risk management function is managed within the Corporate Finance Section, under the overall supervision of the Chief Accountant & Auditor. The Principal Internal Auditor post currently has specific responsibility for risk management.

The Corporate Finance Scrutiny Sub-Committee has responsibility for scrutinising the Risk Management Function and receives regular updates to all of its meetings.

The Council has developed a Corporate Risk Register, which has identified the top ten risks and which has assigned “ownership” to appropriate officers. Progress to mitigate these risks is reported to the Risk Management Group. In addition, other miscellaneous risk management issues are discussed at the group, and action plans agreed, as appropriate.

5. Risk Management Strategy

The Council has a formal Risk Management Strategy that was approved by the Resources Policy Committee at its meeting on 21st March 2006. It is appropriate that the policy should be reviewed regularly. The document has been reviewed for the coming financial year and no changes have been made. A copy is attached as Appendix C for information.

6. Risk Management and Internal Control

The Council’s Risk Management arrangements are a fundamental element of the Council’s internal control environment. As such, they are subject to review through the Council’s review of its internal control environment, reported on in the Statement of Internal Control, and also through the Use of Resources Assessment.

Key to both of these reviews is the degree to which risk management has been embedded within an organisation and also the need to continually strive for improvement. In reviewing the internal control environment and also the Use of Resources assessment, a number of improvements have been identified in the area of risk management, as follows:

1. The Council’s procedure notes on the “Woolfe” Principles will be reviewed to ensure they are still current;
2. The Council should continue to embed the Risk Management culture across the authority (for example, the minutes to the Risk Management group will be published on the Intranet);
3. The Risk Management arrangements for partnerships will be reviewed as part of a larger county-wide review of the corporate governance arrangements of the county’s partnership arrangements.

The Risk Management Group and officers will be implementing these actions during the coming financial year.

7. Summary of Key Actions in 2006-07

A detailed list of the main actions of the Risk Management Group since March 2006 has been attached as Appendix A. The following is a summary of the main points:

- The group has monitored the progress that has been made against the risks identified within the risk register;
- The corporate risk register has been fully reviewed and updated;
- The group has endorsed a new Winter Maintenance Policy for the Council;
- The group has reviewed the impact of a number of legislative changes, relating to “Working at Height” and Fire Safety, ensuring that the Council complies with the requirements.

8. Corporate Risk Register

As indicated, the Risk Management Group completed a full review of the Council’s Corporate Risk Register during the year. A copy of the new Risk Register is attached as Appendix B.

The risks are now sub-divided into strategic or operational risks. Each risk has been assigned an “owner”, who is responsible for preparing a Risk Action Plan for each risk. These action plans are still being prepared. The Risk Management Group will monitor progress against these action plans to ensure that the Council continues to manage its risks effectively.

In addition, the Risk Register will feed into the Council’s internal audit plan. When preparing the audit brief for all audits, the register will be reviewed to identify any risks pertinent to the audit and will be reflected in the audit process.

The Corporate Risk Register has been reviewed and agreed by the Corporate Finance Scrutiny Sub-Committee.

9. Conclusions

The Council has an active and effective risk management function, which is set out in a formal Risk Management Strategy. The Council has been actively managing its risks throughout the year through the Risk Management Group. In addition, the Council has an action plan in place for improving its Risk Management arrangements.

10. Recommendations

IT IS THEREFORE RECOMMENDED THAT the committee

- Consider and note the contents of the report and Appendices A and B.

March 2007