

Report to: Audit Committee
Date of meeting: 9th January 2008
Report of: Director of Finance
Title: Risk Management Progress Report

1.0 **SUMMARY**

1.1 This report sets out progress in implementing risk management arrangements, including the updated position on the Zurich Municipal report action plan.

2.0 **RECOMMENDATIONS**

2.1 Committee notes the contents of the report.

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Report approved by: Janice Maule, Director of Finance

3.0 **DETAILED PROPOSAL**

- 3.1 The last progress report was presented on 25th June 2007. It was agreed at that meeting that lack of progress in implementing items in the Zurich Municipal (ZM) action plan would be reported to this meeting.
- 3.2 An Internal Audit review of risk management arrangements has been undertaken with the final report being submitted to the Risk Management Group (RMG) in October 2007. The audit concluded that, of the applicable ZM recommendations:
- 5 had been implemented
 - 9 had been partially implemented
 - 3 had not been implemented.
- The partially implemented category relates to those recommendations where some, but not all, Services have taken action.
- See Appendix A for the audit findings.
- 3.3 The RMG set deadlines of the end of either November or December for implementing outstanding recommendations but accepted that those relating to business continuity planning would take longer.
- 3.4 The main issue is the lack of evidence that risk management is being kept under adequate review, e.g. failure to mark up Risk Registers with the date when last reviewed or to minute discussions at management team meetings. While it is important to avoid “box-ticking”, where compliance with processes can give a false sense of security, it is hard to demonstrate that risk management is being addressed consistently when compliance is patchy.
- The issues about inconsistency in the Service Plan process should be resolved for 2008/09 as clear guidance has been given.
- 3.5 The Herts County Council Emergency Planning Officer assisting the Council in continuity planning has reviewed individual service continuity plans and compared these to the corporate business continuity plan. Improvements have been recommended to bring the two sets of plans into a common format and to strengthen individual plans.
- 3.6 Arrangements are being made to re-tender the Council’s insurances. The existing provider is Zurich Municipal. The new contract will come into effect on 1st April 2008. The transfer of the housing stock will significantly affect the size of the total premium and the claims handled, with implications for staffing.

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 The Head of Finance comments that there are no implications in this report.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Legal and Democratic Services comments that there are no implications in this report.

4.3 **Potential Risks***

4.3.1 There are no implications in this report.

Appendices

A – Audit Report Findings

Background Papers

Audit report

RMG Minutes

File Reference

None

Follow-up Report: Zurich Municipal Action Plan

Recommendation	Comment (Reported Audit Committee 25 th June 2007)	Implementation By	Target Date (Reported Audit Committee : 25 th June 2007)	Status of implementation as at September 2007
<p>1 The existing Risk Management (RM) documentation needs to be updated and redrafted</p>	<p>Agreed. The documentation has been revised and is now to be discussed by service management teams. The final version will be completed at the next meeting of the Risk Management Group (RMG).</p>	<p>Led by Risk and Insurance Manager (R&IM)</p>	<p>1st August.</p>	<p>Implemented</p> <p>Risk Management Group (RMG) has approved revised papers submitted by the R&IM in August 2007. The revised Risk Management Strategy is to be submitted to Audit Committee.</p>
<p>2 A two page laminate highlighting the key aspects of the RM process should be introduced.</p>	<p>Not agreed. It is felt that such a laminate would not have any lasting affect.</p>			<p>N/A</p>
<p>3 Risk prompts should be used when identifying risks.</p>	<p>Agreed. This will help focus on key risks and help widen the range of risks considered. The prompts suggested by ZM are now set up on the Intranet.</p>	<p>All involved in identifying risks.</p>	<p>Ongoing</p>	<p>Partially implemented : May 2007</p> <p>Information was published on the intranet regarding risk prompts in May 2007.</p> <p>Not all services have up-dated their risk registers.</p>

<p>4 The risk identification process should involve a number of key relevant people.</p>	<p>Agreed. We are working towards this. The involvement of key staff, e.g. via brainstorming sessions, will help ensure that a wide range of risks will be identified. Ways of doing this were raised at RMG on 21st March.</p>	<p>Individual services and CMB with input from RMG.</p>	<p>Ongoing</p>	<p>Partially Implemented</p> <p>Heads of Services reported that risks were discussed at General Management Team meetings. However, there was a lack of documentary evidence to confirm this.</p>
<p>5 Ensure the root cause of risks is identified and articulated.</p>	<p>Agreed. The wording used to describe risks needs to be reviewed by individual Services as risk registers are updated. Further guidance from ZM to be sought.</p>	<p>Guidance to be sought by R&IM. All Services then to review their registers.</p>	<p>Guidance by end of June</p>	<p>Partially implemented</p> <p>Not all risk registers have been updated.</p>
<p>6 Consider removing “raw” or “abstract” assessment section from risk registers, considering risks with current and future controls in place.</p>	<p>It is proposed not to change the layout of risk registers so that those who find the “raw” assessment helpful may continue to use this approach and record the outcome.</p>			<p>N/A</p>
<p>7 Use a risk matrix as a key element of the RM process.</p>	<p>This will be left to the discretion of individual services. A matrix covering all Council risks is available.</p>			<p>N/A</p>
<p>8 Sort risks into priority rather than numerical order in risk registers.</p>	<p>Agreed. Individual registers to be updated.</p>	<p>Compilers of registers</p>	<p>Next review of registers.</p>	<p>Not implemented</p> <p>Risk registers have not been sorted in risk priority order.</p>
<p>9 Adopt a more robust process of</p>	<p>Agreed at RMG 30 May</p>	<p>Compilers of registers.</p>	<p>Next review.</p>	<p>Partially implemented</p>

action planning to address identified risks.	2007. Items 9, 10 and 11 to be raised with all services.			Not all risk registers have been updated.
10 There is a need for consistency in RM activity within the Council, particularly in service planning.	Agreed. The Better Performance Unit has already run workshops to raise awareness of risk management in the service planning process.	Compilers of registers.	Next review.	Not implemented There is a lack of consistency in format and terminology used in risks recorded in the Medium Term Service Plan. The review found that risks were listed in the Medium Term Service Plan but not detailed in the risk register and vice-versa.
11 Ensure there is a regular review and management of risk as part of service planning.	Agreed. This should already be happening.	Compilers of registers.	Next review.	Implemented Medium term service plans are updated on a yearly basis. There is a need to ensure that risk registers are also updated.
12 Consider including the top 4 – 5 risks from service registers in service plans, including those scoring 9, 12 or 16.	We will continue to include only risks scoring 9, 12 or 16 as service plans are high level documents and we need to focus on most significant risks.			Not implemented Services were recording low risk issues in Medium Term Service Plans.

13 Better define terms of reference of RMG.	Agreed – see recommendation above.	Led by R&IM	1 st August.	Implemented Risk Management Group (RMG) has approved revised papers submitted by the R&IM in August 2007.
14 RM roles and responsibilities should be recognised in job descriptions /performance appraisals where appropriate.	Not agreed. Not practical and likely to be of little value.			N/A
15 Integration of Business Continuity Management into work processes at strategic and departmental levels.	Agreed. Future progress will be monitored by RMG.	RMG	Ongoing	Partially implemented. The Council's first Corporate BCP and service plans were published on the intranet in March 2007. At the time of the Audit a review of the above plans was being carried out by the Hertfordshire County Council Emergency Planning Officer and the findings of this review are due to be published in September 2007.
16 Clear links between the strategic risk register and major projects/partnerships.	Agreed. Arrangements have recently been introduced to link project risk management and service planning. Partnership risk management was discussed by RMG in March and advice fed back to BPU for inclusion in the partnership toolkit.	BPU	No date set, depends on other commitments.	Partially implemented. Not all services refer to projects/partnerships in their strategic risk register.

<p>17 Develop consistent approach to RM in partnerships.</p>	<p>See above re partnership working.</p>			<p>Partially implemented.</p> <p>Examples of risk management being effectively applied to partnerships have been seen. However, there is no corporate approach concerning the use of risk management in respect of partnerships. BPU stated that a partnership toolkit will be developed during 2007/08 which will address the issues of risk management concerning partnership arrangements.</p>
<p>18 Identification of a lead member for RM.</p>	<p>Councillor Razzaq has been appointed (and has attended a meeting of the RMG).</p>			<p>Implemented</p>
<p>19 There should be RM training for members.</p>	<p>A training session was held prior to the last Audit Committee meeting.</p>			<p>Partially implemented</p> <p>The officer presentation was open to all members but not all attended..</p> <p>In addition, the Member Risk Champion has raised the profile of risk management with Members.</p>
<p>20 There should be consistent completion and detail of risk section within committee reports.</p>	<p>Agreed. Members of RMG reminded at the March meeting. Councillor Razzaq to seek views of members re. the usefulness of comments made in the risk section.</p>	<p>Individual services. Councillor Razzaq.</p>		<p>Implemented</p> <p>Risk issues are detailed in committee reports in the "potential risk section" if applicable.</p>

<p>21 RM training for risk champions and other key officers.</p>	<p>Partially agreed. Training requirements are regularly discussed at RMG. Training has been given for senior officers in seven of the ten services with the others to follow. Human resources to consider options for spreading training wider.</p>	<p>R&IM and Human Resources.</p>	<p>Ongoing.</p>	<p>Partially Implemented</p> <p>The R&IM has provided training to seven of the ten service management teams. Also 4 members of staff have attended the Zurich Municipal training courses.</p> <p>In the three service areas where training has not been provided to Service Management teams. The Heads of Service stated that senior officers in their services have acquired risk management training as part of their training on project management.</p> <p>For most staff, Health and Safety issues pose the main risk and a programme of training have been carried out, including refresher training for senior managers.</p>
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