Audit Committee

30 June 2011

Risk Management Improvement Plan

Durham County Council

Report of Don McLure, Corporate Director, Resources

Purpose of the Report

1. The purpose of this report is to inform the Audit Committee of the proposed Risk Management Improvements for 2011/12, as requested by the Committee following the recent review of the Council's strategic risk management framework by Zurich Municipal.

Background

2. Appendix 2 sets out a number of key improvements that the Corporate Risk Management Group (CRMG) have identified to continually improve the management of business risk across the Council.

Review of the Plan

3. CRMG have approved these improvements, which include outstanding actions carried over from 2010/ 11, and a number of new actions, including improvements recommended in the review of the Council's strategic risk management framework by Zurich Municipal.

4. Zurich also recommended that:

   ➢ The Council should cease using Gross risk from corporate and service strategic risk assessments, as they consider it to be a theoretical assessment only. CRMG did not agree this recommendation, as they believe it is an important component in developing our risk-based approach to auditing.

   ➢ For each risk, the Council should set a target score when the risk will be at an acceptable level. CRMG believe that this adds complexity to the assessment process, and therefore should not be implemented at the present time.

Recommendations and reasons

5. To note the Risk Management Improvements for 2011/12 attached in Appendix 2.

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Appendix 1: Implications

Finance - Addressing risk appropriately reduces the risk of financial loss.

Staffing - Staff training needs are addressed in the risk management training plan.

Equality and Diversity - None

Accommodation - None

Crime and disorder - None

Human rights - None

Consultation - None

Procurement – None.

Disability Discrimination Act – None.

Legal Implications – None.

Appendix 2: Risk Management Improvements

The following are the key improvements for risk management up to April 2012.

By November 2011, we aim to have completed the following (items 8 to 11 are recommendations from the Zurich review of risk management arrangements):

Proposed Improvement
1. Improve risk management links into the budget setting cycle
2. Develop corporate approach to managing risks around bids for funding
3. Develop training plan for Officers and Members.
4. Develop computer-based training of risk management.
5. Develop corporate approach to managing Operational risks
6. Develop process for identifying and reporting of incidents/ failures/ financial losses to the CRMG and Audit Committee
7. Develop process for risk management of outsourced providers (including PFI)
8. Proposed mitigating actions for service and corporate strategic risks should be reported to CMT and the Audit Committee.
9. Consideration should be given as to how best to ensure risks relating to programmes are identified and managed appropriately.
10. Consider publishing the current risk register for each Service on the Intranet.
11. Develop a process to ensure that actions identified when risk assessing key decisions are carried over into an appropriate plan, risk register or other document.

By April 2012, we aim to have completed the following (items 19 to 26 are recommendations from the Zurich review of risk management arrangements):

Proposed Improvement
12. Improve process for identifying and effectively reporting new/ emerging risks
13. Develop process to effectively highlight opportunities raised by managing risk
14. Formalise approach for managing risk in the County Durham Partnership.
15. Formalise approach for managing risk in the Area Action Partnerships.
16. Support VCS sector to establish effective risk management arrangements
18. Develop process for risk management of key Supply Chains
19. New ways of keeping risk management relevant to managers should be explored, such as using CRMG in a different way to look at current topics in a bit more depth, or by inviting in 'expert' speakers.
20. Further improve links between performance management and risk management.
21. Ensure that key strategic risks arising in areas external to the Council are considered as part of the risk management process
22. Roll-out short briefing session outlining Member responsibilities and how to effectively challenge and scrutinise risk management information.
23. Provide Members with a short toolkit outlining the process, their responsibilities and the key questions they should be asking when presented with risk information.
24. Closer alignment with other risk management functions in the Council
25. Improve links into business continuity planning arrangements of the Council
26. Streamline the formal reporting process to ensure the information Members receive is not out of date.