

# Agenda Item 5

**To:** Audit and Governance  
City Executive Board

**Date:** 16th April 2012  
23<sup>rd</sup> April 2012

**Report of:** Head of Finance

**Title of Report:** RISK MANAGEMENT STRATEGY

## Summary and Recommendations

**Purpose of report:** To present an updated Risk Management Strategy for consideration

**Key decision** No

**Executive lead member:** Councillor Ed Turner

**Policy Framework:** Council's Corporate Plan

**Recommendation(s):** That the Audit and Governance Committee consider the Risk Management Strategy and make recommendations as appropriate to City Executive Board

**Appendix A** Risk Management Strategy  
**Appendix B** Terms of Reference for Risk Management Group

## Summary

- 1 Paragraph 18.17 of the Finance Rules in the Councils' Constitution require the Head of Finance to:  
  
'Periodically review and present for adoption the Risk Management Strategy'
- 2 The Risk Management Strategy was last reviewed in 2010 and it is now considered appropriate to review and update the strategy to ensure it remains fit for purpose. In particular to:
  - Confirm how risk is evaluated and scored
  - Take into account recent changes in management structures
  - Take into account changes in monitoring arrangements arising from the implementation of risk reporting on the Council's performance monitoring system CORVU

## Summary of Changes in Risk Management Strategy

- 3 A summary of the main changes to the risk management strategy are set out in the table below:

<b>Substantive Changes to Risk Management Strategy</b>	
<b>Section</b>	<b>Change</b>
3.0	Remove requirement for full council approval and replace with City Executive Board
6.0	Removal of statement of internal controls and replace with Annual Governance Statement
9.2	Add in 'Principles of' for section on Prince 2
9.6	Corporate Risk Register to be reported and reviewed Corporate Management Team quarterly
9.6	Service Risk Register to be reported quarterly to Corporate Management Team not Performance Board. Also reference to CORVU for recording and monitoring of risk
12	Remove Audit Commission – replace with Industry review & guidance. Remove reported to performance board and replace with reporting in periodic review of strategy
19.0	Remove Risk Group reporting into Performance Board; add in responsible for supporting risk management practice in the Council
19.0	Benchmarking should be annually

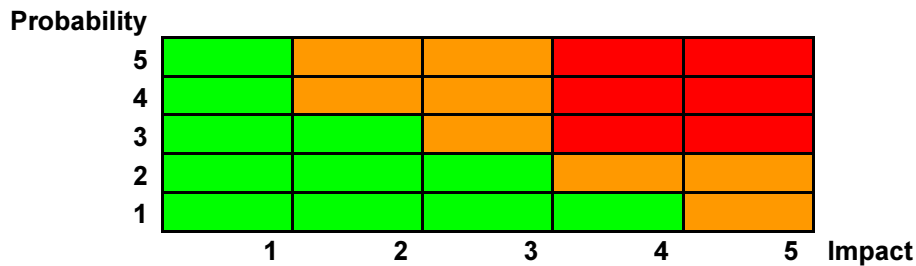
### Reporting

- 3 Some of the more significant changes are around the reporting and monitoring of risks. Recent changes in the Corporate Management Team mean its membership now includes the Directors and all Heads of Service. Service Risk Registers are updated on a regular basis and high risks as previously can be escalated to the Corporate Risk Register. The Corporate Risk Register is reviewed quarterly by the newly formed CMT before being submitted for review by Audit and Governance and City Executive Board
- 4 Audit & Governance are accountable for ensuring that risk management and risk management training is delivered on behalf of the City Executive Board.

### Monitoring

- 5 Since the previous review of the strategy the Council has introduced an on-line performance management system, CORVU to facilitate the integrated monitoring of finance, performance and risk. The previous risk management monitoring system was 'spreadsheet' based and has been replaced with:
- An interactive on-line system available to all staff and Members which facilitates a self service approach to risk management
  - A system which allows an audit trail of changes
  - A system which streamlined the approach to risk management saving administration time

- A system which allows transparent monitoring of risk mitigating actions and progress against each action
- Reminder emails to risk owners to update risk areas
- The system continues with the use of the Red, Amber, Green (RAG) risk matrix as shown below with 'red' risks having the potential for escalation to The Corporate Risk Register



### Risk Management Group

6 Whilst risk management should be seen to be part of the 'day job' there is still a need for a body of officers to periodically review the degree of embeddedness and also take proactive actions to ensure that Risk Management is at the forefront of service delivery. The Risk Management Group has met on a number of occasions recently and has revisited the Terms of Reference for the Group as shown in Appendix B together with the workplan for the coming year including

- Re-affirm the terms of reference for the risk management group
- Undertakes a periodic review of the Risk Management Strategy to inform reporting and approval of strategy by Corporate Management Team and City Executive Board
- Reviews the risk operating framework which supports the Risk Management Strategy
- Promotes formal Directorate discussions of Service Risk Registers, Project, Programme and Contract Risks (including sharing best practices and benefits)
- Ensure meaningful risk reporting to CMT and CEB now utilising Corvu
- Implement best working practice for management of risk within contracts and procurements.
- Ensure a consistent risk management approach for projects and programmes which is aligned to the operating framework.
- Fully utilise Risk Group members to embed risk management, champion best practice and operate as check and challenge
- Provide confirmation, of risk reporting cycle to A&GC
- Carry out 2012/13 benchmarking exercise of risk management practices

- Ensures the provision of appropriate risk management refresher training.
- Investigate the use of E-learning for risk management

### **Financial Implications**

- 7 Good risk management practices will ensure that the Councils finances are monitored and protected..

### **Legal Implications**

- 8 There are no legal implications relevant to this report.

### **Equalities Impact**

- 9 There are no equalities implications relevant to this report

### **Climate change/environmental Impact**

- 10 There are no climate change implications relevant to this report

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**List of background papers: None**