

Law and Governance

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To Members of the Audit and
Governance Committee

27 January 2012

Our ref:

Your ref:

Dear Councillor

**AUDIT AND GOVERNANCE COMMITTEE - MONDAY 6 FEBRUARY 2012 -
ADDITIONAL ITEM**

I attach the following report which was not available when the main agenda was dispatched. Please bring this document to the meeting.

Please note that the report for Agenda item 9 "Creditors Audit - Pricewaterhousecoopers (PWC)" will be sent out next week.

Agenda No Item

14 a) Risk Management Quarterly Reporting: Quarters 2 and 3 (Pages 1 - 6)

The Head of Finance has submitted a report giving information about corporate risks during Quarters 2 and 3 of 2011.

Yours sincerely

Mathew Metcalfe
Democratic Services Officer
Encs

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To: Audit and Governance Committee

Date: 6th February 2012

Item No:

Report of: Head of Finance

Title of Report: Risk Management Quarterly Reporting: Quarter 2 and 3 - 2011

Summary and Recommendations

Purpose of report: To provide confirmation that risk reporting for quarter 2 and quarter 3 2011 has been completed and to provide a summary risk profile for Oxford City Council at a corporate and service level as at the end of quarter 3.

Key decision No

Executive lead member:

Policy Framework: Improving value for money and service performance

Recommendation(s):

a) Audit and Governance Committee are asked to note the contents of this report.

Summary

1. This report outlines the role that the Audit and Governance Committee has in relation to risk management.
2. The report provides confirmation that risk reporting in quarter 2 and quarter 3 2011 has been completed.
3. The report also provides an overview of the Council's risk profile as at the end of quarter 2 and quarter 3 2011, at both a corporate and service level.

The Role of the Audit and Governance Committee in Risk Management

Council Constitution

4. Paragraph 7.5 of the Council's Constitution relates to the Roles of Decision Making Committees and in particular the role of the Audit and Governance Committee. In relation to risk the role of the Committee is to:
- Review risk management and in particular the way the Council identifies and deals with key risks
 - Ensure that the Council allocates sufficient resources to audit and risk and takes audit and risk sufficiently seriously

Review of Risk Management Strategy

5. Officers are currently in the process of reviewing the Council's Risk Management Strategy. The Audit and Governance Committee will be asked to review the proposed changes at their meeting in April 2012, ahead of a recommendation being put forward to the City Executive Board for approval.

Corporate Risk Profile:

Quarter 2 and Quarter 3 Corporate Risk Register

6. The Risk Manager has carried out a full review of all Corporate Risks during Q2 and Q3. The table below tracks the number of current risks on the register:

Current Risk	Q1	Q2	Q3
Red	4	4	2
Amber	2	0	4
Green	2	2	0
Closed	0	2	0
Total risks	8	8	6

Corporate Risk Register mapped against the Council's Risk Matrix:

7. The risk profile of the Council is depicted in the risk scoring matrix, which maps the risks against 25 predetermined categories of probability and impact which are then RAG rated as follows

Probability

- 1 Rare
- 2 Unlikely

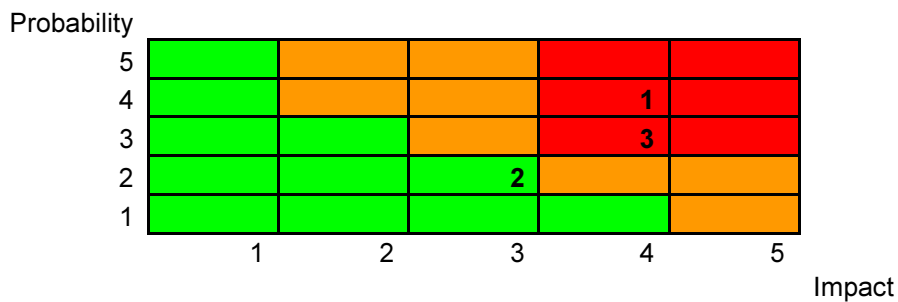
- 3 Possible
- 4 Likely
- 5 Almost Certain

Impact

- 1 Insignificant
- 2 Minor
- 3 Moderate
- 4 Major
- 5 Catastrophic

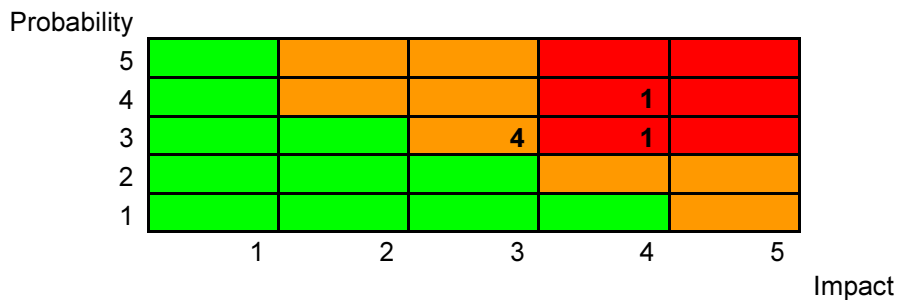
8 Quarter 2 Corporate Risk Register Risk Matrix

Analysis of the CRR as at 30th September 2010 (quarter 2) was as follows



9. Quarter 3 CRR Risk Matrix

Analysis of the CRR as at 31st December 2010 (quarter 3) was as follows



10. There were 8 CRR risks reported in Q2, 2 of which were closed during the quarter and 6 CRR risks reported in Q3. The 2 closed risks were as follows:

CRR 017 Impact of other public sector bodies cutting their services

This risk related to the 2011/12 budget and as such has been closed. An impact assessment will be done of the County Council's 2012/13 budget and any identified risks will be added to the appropriate risk register at that point.

CRR005 Financial Reporting (Accounts qualified)

This risk is being formally reported as closed in Q2, as the accounts have now been signed off by the Audit Commission with an unqualified opinion.

11. No risks were transferred from the Service Risk Registers (SRR) to the Corporate Risk Register (CRR) during either Q2 or Q3.

Service Area Risk Profile

12. A summary of Q2 and Q3 SRR current risks is as follows:

Current Risk	Number of SRR risks Q2	Number of SRR risks Q3
Red	9	6
Amber	49	40
Green	46	54
Total risks	104	100
New Risks	0	2
Closed	15	8

- 13 As can be seen there has been a decrease in the number of 'red' risks and a movement of the risk profile of the Council towards 'green' risks.

SRR mapped against the Council's Risk Matrix

- 14 The risk profile of the Council is depicted in the risk scoring matrix. This maps risks against 25 predetermined categories in a similar way to the CRR:

15 Quarter 2 SRR Risk Matrix

Analysis of the SRR as at 30th September 2010 (quarter 2) was as follows:

Probability

5				1	
4		2	3	3	
3	1	8	32	5	
2		12	21	12	
1	1	1	2		
	1	2	3	4	5

Impact

16. Quarter 3 SRR Risk Matrix

Analysis of the SRR as at 31st December 2010 (quarter 3) was as follows:

5				1	
4		5	4	1	
3		8	25	4	
2	1	17	24	6	
1	1	1	2		
	1	2	3	4	5

Impact

17 Overall there has been a reduction of the number of risks reported between Quarter 2 and Quarter 3 from 104 to 100. There has been a decrease in the number of risks measured with a probability of 3/impact of 3 and probability of 2/impact 4. These amber categories are often used more frequently than they should be, that is as a middle range risk rating and can often be an indication that risks are not being properly assessed. However, the movement seen here has resulted from an improvement in the risk profile of these risks. Showing that risks are actively and positively being managed in this category by the Service Areas.

Financial Implications

18. There are no financial implications directly relevant to this report,

Legal Implications

19. There are no legal implications directly relevant to this report.

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List of background papers:

Version number: 0.2

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