

<h1>AUDIT COMMITTEE</h1> <p>10 APRIL 2006</p>	<p><b>AGENDA ITEM</b></p>
<h2>CORPORATE RISK MANAGEMENT – ANNUAL REVIEW</h2>	
<p><b>Summary of report:</b> This report summarises the main risk management activities over the last year demonstrating our continued progress.</p>	
<p><b>Recommendations:</b> (1) To note the contents of the report.</p> <p><b>Signed:</b> .....</p> <p><b>Executive Director: Carole Evans                      24 March 2006</b></p>	
<p><b>Resource and legal considerations</b> Risk management is a key aspect of our governance framework and an integral part of service planning. It enables resources to be targeted appropriately, projects to be managed effectively and our risk exposure to be minimised, while ensuring the organisation is able to seize and maximise opportunities. Effective risk management also helps to reduce insurance costs, mitigate legal claims, and ensure we meet our statutory obligations under regulation 4(1) and 4(2) of the Accounts and Audit Regulations 2003.</p>	
<p><b>Citizen impact:</b> Effective risk management enables risks to be proactively managed and opportunities to be maximised, which benefits service users and residents. A cohesive approach to risk management with partners such as WBSP, New Deal, and Serco supports unified service delivery for the people of Walsall.</p>	
<p><b>Performance and risk management issues:</b> The risk management function is an integral part of the corporate performance management service and CIPPF framework, embedding it within mainstream corporate planning, performance and service delivery. Sound processes and activities are in place. Key developments over the last year are:</p> <ul style="list-style-type: none"> <li>• Cabinet, Audit Committee and EMT have all approved and endorsed the new risk management strategy.</li> <li>• Audit committee formally acknowledged its responsibility to ensure risk is identified and managed effectively.</li> <li>• Strategic risks are prioritised and actions agreed.</li> <li>• Audit Committee ensure that appropriate action is being undertaken to manage corporate business risks.</li> <li>• Cabinet formally acknowledged collective and individual responsibility for actively considering risk management issues in the decision making process and there is an agreed member reporting arrangement.</li> <li>• The corporate risk management action plan addresses inspection feedback, best practice, and new CPA requirements, and is reviewed and updated each quarter.</li> </ul>	

- The established robust risk management framework is being used systematically and a comprehensive understanding and awareness of risk management has developed at both councillor and officer level.
- The council is less risk averse due to having a greater understanding of its risks and has become more innovative.
- Budget documents ensure that risks to changes in service are identified.
- Performance Boards take place in all directorates which include risk management.
- Trained officer risk champions promote the approach and attend a forum where best practice, experience and concerns are discussed and actions agreed.
- Risk management is part of member and management development programmes.
- A member champion has been identified and will work with senior officers to jointly champion and take overall responsibility for embedding risk management throughout the council.
- The Audit Committee risk review has been undertaken.
- Project initiation documents include a risk assessment.

As a robust risk management strategy and framework is in place, the council has significantly reduced its vulnerability in that it is more aware of current and future risk exposure and has as a result reduced the chance of financial and reputational losses and criticism. This makes the delivery of services more secure and the ability to identify and maximise opportunities greater.

### **Looking Ahead**

Key areas of work planned to be delivered in the next twelve months are:

- Strengthen and refine the main areas identified within the CPA key lines of enquiry.
- Establish and strengthen the way in which risk is dealt with within partnership arrangements. A review and workshops are programmed for later this year to include an audit of risk management and a risk assessment of a major partnership e.g. WBSP.
- Scrutiny – Strengthen the link between risk management and scrutiny enabling scrutiny panels to participate by monitoring registers and establishing a clear link between risks identified within cabinet reports and relevant registers and establishing procedures whereby scrutiny can assess risks before referring to cabinet for decisions to be made.
- Training for both members and officers will continue as will the raising of awareness throughout the organisation. Training will reflect the needs of the organisation and ensure new managers, partners, employees are all involved in ensuring risk management continues to assist the organisation in the deliver of its services and the achievement of its vision. Further risk champions have been identified and will receive the appropriate training to enable them to fulfil their role.
- A corporate healthcheck was undertaken in August 2004 and recommendations implemented. A follow up healthcheck will take place later this year. The cost of this work will be met by utilising the loss control provision included within the council's arrangements with its insurer.
- Strengthen the management of risk within projects ensuring that all projects are selected and commenced using a risk based criteria in addition to other considerations.
- Ensure all projects undertaken within the transformation agenda are thoroughly risk

assessed and monitored.

**Equality implications:**

None arising directly from this report.

**Consultation:**

Managers and colleagues at all levels across the council are involved in the preparation and monitoring of risk registers and the effective management of identified risks. There is also a risk champions' forum where all directorates are represented and best practice, new initiatives and information is discussed and shared.

**Vision 2008:**

The council is aware that organisations that manage risk most effectively are those where senior managers are actively involved in and take responsibility for the identification and management of risks. Risk management is identified as key to sound governance and to the council's vision of becoming an excellent authority by 2008.

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