

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

03 April 2007

Report of the Director of Finance

Part 1- Public

Matters for Information

1 RISK MANAGEMENT 2006/07

Summary

This report informs Members on the steps taken to ensure that an adequate and effective risk management system has been in place during 2006/07 as evidence for the Statement on Internal Control.

1.1 Background

1.1.1 One of the requirements of the Key Lines of Enquiry and the Statement of Internal Control is that the Council has an adequate and effective system of risk management in place. This report informs Members of the actions taken during 2006/07 to evidence this.

1.2 Risk Management Strategy

1.2.1 The Council has operated a Risk Management Strategy for several years. In order to demonstrate commitment to risk management this strategy is reviewed on an annual basis and is signed of by the Leader and Chief Executive.

1.2.2 The Risk Management Strategy was reviewed by Members of the Audit Committee at their April 2006 meeting. The Committee recommended that there should be no changes to the Strategy and forwarded it to Cabinet.

1.2.3 Cabinet considered the Strategy in their June 2006 meeting and recommended to Council that the Strategy remained unchanged. The Strategy was agreed at the full Council meeting of 11 July 2006.

1.2.4 The Strategy is published on the staff Intranet and on the Council website.

1.3 Risk Registers

1.3.1 The Council has a requirement for Risk Registers to be completed at Strategic and Operational level. These are monitored by the Insurance Officer and are subject to annual review or amendment as new circumstances arise.

- 1.3.2 Any significant events are reported to Management Team and to Members of the Audit Committee. Members of the Audit Committee have been regularly informed on the progress of insurance claims. In addition the Insurance Officer circulates advice from the Council's insurers of any trends in claims that could affect the Council.

1.4 Members Involvement in Risk Management

- 1.4.1 As detailed in the previous paragraphs, Members are heavily involved in the process for approving the Risk Management Strategy.
- 1.4.2 All reports to Members contain a section on risk management so that they are informed of the risks that have been considered for the decision making process.
- 1.4.3 Members of the Audit Committee are updated on the risk management process by the Insurance Officer who reports on the progress of the Risk Registers review. In addition the insurance claims history of the Council is also regularly reported to the Audit Committee with any action taken to prevent similar events from happening.
- 1.4.4 During 2006/07 two specific training sessions were given to Members on the Risk Management process of the Council. The session was initially given to the Audit Committee as part of their training programme and was then extended to all Members as a specific training event.

1.5 Managers Involvement in Risk Management

- 1.5.1 All managers are involved in the preparation of risk registers and are encouraged to involve their staff in the process.
- 1.5.2 In every audit undertaken the Auditor is required to check that there is an up to date Risk Register in place. A copy of the audit report is sent to the Manager and Chief Officer of the service being audited.
- 1.5.3 Managers are required to consider risk management as part of every report that is presented to Members. A Risk Assessment is a requirement of the report template.
- 1.5.4 If there is an incident that results in an insurance claim the manager is required to complete an insurance incident report and this will include consideration of the action required to reduce the risk of similar incidents occurring.

1.6 Staff Involvement in Risk Management

- 1.6.1 All new staff are informed of the Risk Management Strategy as part of their induction process. All new Members will be given training on Risk Management through the Member Induction process.

- 1.6.2 Managers are encouraged to seek staff views when undertaking their annual review of risk registers.
- 1.6.3 From April 2007 the appraisal process will include a discussion of awareness of Council Policies and Strategies including the Risk Management Strategy. The staff appraisal document will require staff to acknowledge that they are aware of the Risk Management Strategy by signing the appraisal document.

1.7 Stakeholder Involvement in Risk Management

- 1.7.1 The Risk Management process is included in the Council's Annual Plan "Spotlight". As part of the process for preparing the plan the action taken to improve the risk management process is considered and the plan is updated accordingly.
- 1.7.2 Managers are required to inform contractors of the Council's Risk Management Strategy. The need for contractor involvement in Risk Management is included in the procurement manual that has been issued to all relevant staff.
- 1.7.3 The Risk Management Strategy is published on the Council website.

1.8 Legal Implications

- 1.8.1 The failure to operate an adequate and efficient risk management system could lead to the Council breaching legislation. Members will note that Legal implications are considered in every Committee report.

1.9 Financial and Value for Money Considerations

- 1.9.1 The risk management process is an aid to ensuring financial efficiency. One of the objectives of the risk register process is to identify potential risks and to minimise or offset them.

1.10 Conclusion

- 1.10.1 The Council has continued to consider risk management as a key element of the decision making process.
- 1.10.2 The process of embedding risk management is ongoing and each year the process is being improved.
- 1.10.3 In the opinion of the Chief Internal Auditor the Council has an adequate and effective system of risk management.

Background papers:

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Audit files

Audit Committee Reports

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