

# TONBRIDGE & MALLING BOROUGH COUNCIL

## AUDIT COMMITTEE

25 June 2007

### Report of the Chief Executive and the Director of Finance

#### Part 1- Public

#### Matters for Recommendation to Cabinet

### 1 REVIEW OF RISK MANAGEMENT STRATEGY

#### Summary

This report requests that Members consider the annual review of the Risk Management Strategy and recommend the endorsement of an updated version for Cabinet, and subsequently Council, approval.

#### 1.1 Background

- 1.1.1 The Council introduced a Risk Management Strategy in 2002. In order to assist in the embedment of Risk Management Members are asked to review the Strategy on an annual basis and to update as required.
- 1.1.2 Following endorsement by Cabinet the Strategy is signed by the Leader and Chief Executive to demonstrate the commitment to Risk Management that this authority has.
- 1.1.3 Risk Management has increased in importance since the introduction of the strategy in 2002 and is now inspected annually as part of the Key Lines of Enquiry review undertaken by the Council's external auditors.
- 1.1.4 As part of the overall Risk Management process Members of this Committee are informed of any significant events that affect Risk Management. This process includes reporting to Members of the effectiveness of Risk Registers, outcome of any investigations arising from the Confidential Reporting Code and any actions arising from Insurance claims history.
- 1.1.5 The latest version of the Strategy is circulated to all staff with access to Groupwise, and is available on the staff intranet and web site.

#### 1.2 Proposed updates

- 1.2.1 A copy of the proposed revised Strategy is attached **[Annex 1]**. All of the proposed changes are designed to raise the profile of risk management and to provide additional evidence of embedment.

- 1.2.2 In order to make it easy for Members to identify the proposed revisions they are show as underlined bold italics in the report.
- 1.2.3 In section a) – Members Responsibilities, a section has been added relating to the reporting requirement that a Risk Assessment is required in all reports to Committees. Risk Management forms part of the Committee Reporting template and inclusion of this section formalises the requirement.
- 1.2.4 In Section b) – Management Team Responsibilities, a section has been added to require Chief Officers to ensure that an annual review of operational risk registers takes place. The original strategy only refers to strategic risk registers in relation to Management Team. This addition reinforces the responsibility of Chief Officers in relation to operational risk registers.
- 1.2.5 In section c) – Service Managers, a requirement for Managers to discuss the Risk Management Strategy as part of the Appraisal process has been added. One of the difficulties in the external audit inspection was providing evidence that an understanding of risk management awareness extends to all levels. This requirement has been added to formalise the requirement that staff understanding of the risk strategy is confirmed as part of the appraisal process.
- 1.2.6 In section d) – Employees Generally, the inclusion of a reference to the understanding of risk management to be confirmed annually has been added to ensure that staff are regularly reminded of their responsibility towards risk management.

### **1.3 Legal Implications**

- 1.3.1 There are no legal requirements associated with this report.

### **1.4 Financial and Value for Money Considerations**

- 1.4.1 Having a sound risk management strategy has no direct cost. However, having an embedded risk management culture has the potential to reduce the likelihood of future expenditure if risks become events. By considering risk and reducing or transferring it the financial outcome of events can be minimised.

### **1.5 Risk Assessment**

- 1.5.1 The need to have a sound risk management strategy is set out in the Key Lines of Enquiry. A failure to have one could lead to the Council scoring badly in external inspection. In addition a failure to manage risks could lead to future avoidable costs falling on the Council.
- 1.5.2 Maintaining a high profile within the organisation of risk management assists in the embedment of a risk management culture enabling risks to be identified and considered in the annual review of risk registers.

**1.6 Recommendation**

1.6.1 Members are asked to review the Risk Management Strategy and to recommend to Cabinet, and thereafter Council, the endorsement of the revision.

Background papers:

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Nil

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Chief Executive

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