

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

21 June 2010

Joint Report of the Chief Executive & Director of Finance

Part 1- Public

Matters for Recommendation to Cabinet

1 RISK MANAGEMENT STRATEGY

Summary

This report informs Members of the latest review of the Council's Risk Management Strategy and requests that the Audit Committee recommends endorsement by Council.

1.1 Background

- 1.1.1 The Council introduced a Risk Management Strategy in 2002 and, in order to assist in the embedment of Risk Management, Members are asked to review and update the Strategy as necessary on an annual basis.
- 1.1.2 Following endorsement by Cabinet the Strategy is signed by the Leader of the Council and the Chief Executive to demonstrate the Council's commitment to Risk Management.
- 1.1.3 Risk Management is now recognised as an accepted consideration for all Council activities and has been subject to inspection as part of the Key Lines of Enquiry review which was undertaken annually 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 on the effectiveness of Operational Risk Registers, the outcome of any investigations arising from the Confidential Reporting Code and any actions arising from periodical reviews of the Council's insurance claims history.

1.2 Review Outcome

- 1.2.1 Members will be aware that the Risk Management Strategy has undergone a significant review in the last two years including a more detailed reporting regime. This revised strategy appears to be working well and it is therefore considered that there is no necessity for any significant changes to the strategy.

- 1.2.2 One area that did require changing was a requirement for managers to review and update risk registers on a quarterly basis. This was found to be impractical as there was already a requirement for any movement of risk to the red zone to be reported to Management Team and then to Audit Committee. It was therefore decided to opt for half-yearly reviews of risk registers.
- 1.2.3 As a result there is only one minor amendment required. This is shown in bold italics on the second page of the draft Strategy document attached at **[Annex 1]** to this report.
- 1.2.4 The usual route for this document is for the Audit Committee to consider and then recommend acceptance by Cabinet for recommending endorsement by Council. Because of the timing of Cabinet and Audit Committee this usual route would delay the document. The draft strategy has already been considered by Cabinet and the proposed recommendation was that Cabinet recommend endorsement by Council subject to any subsequent changes identified by the Audit Committee being considered by Council.

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 The promotion of risk management and a risk aware culture within the Council will reduce the number of avoidable incidents and costs incurred thereon by both the Council and its insurers.

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 maintain a robust and effective Strategy could result in the Council receiving a poor assessment when subjected to external inspection. By having such a Strategy the Council will be better placed to identify areas of concern and to take appropriate steps to mitigate any problems.

1.6 Policy Considerations

- 1.6.1 Health and Safety, Business Continuity/Resilience, Asset Management

1.7 Recommendations

- 1.7.1 Members are requested to consider the draft Risk Management Strategy attached at **[Annex 1]** to this report and to recommend its endorsement subject to any proposed changes identified by this Committee.

Background papers:

contact: David Buckley

Nil

David Hughes
Chief Executive

Sharon Shelton
Director of Finance