

Audit Committee– 28th June 2012

6. Follow Up Report - Risk Management Update including Partnering (suppliers, other agencies etc.)

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Purpose of the Report

To update members of the Audit Committee on the state and nature of the partnering risk logged onto the risk register, now referred to as the TEN risk register, and to invite comment from members of the committee on the process for tracking commercial suppliers from a risk perspective.

Recommendation

That members of the Audit Committee note the contents of the report.

Background

At the last meeting of the committee at which the Procurement and Risk Manager presented, comment was made by the officer in response to member questions that maybe he should come back to the committee at a future date to explain how he was tracking the commercial partners that we deal with and how any risk associated with them may be indicated. The process used is as follows:

- Step 1 Identify the risk!
- Step 2 Assess the risk!
- Step 3 Develop mitigation or controls
- Step 4 Assess risk
- Step 5 Apply an action to ensure all above are working and stable.

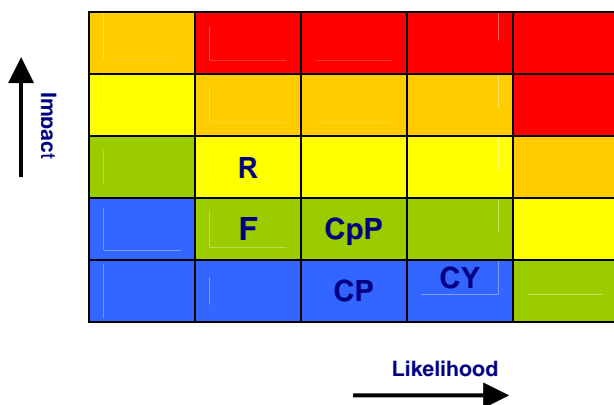
Clearly using the steps indicated above we can see a number of areas where the risk implications both in terms of risk spotting and risk identification could or can be problematic. Clearly in an organisation that does not have central control over procurement it's often difficult for any corporate function to be able to see what is going on let alone objectively comment on any risk associated with commercial activity.

Unfortunately risk associated with commercial suppliers and or other partner agencies that do not make it up on the corporate risk register cannot at this time be reported on, as they do not have a tag (Partnering risk) to be able to filter them from the whole.

However to overcome this and to address a number of procurement information issues this council has invested in some diagnostic tools that greatly assist in this regard.

1. All 4th tier managers have been asked to complete a risk register for the service they manage. Staff in support services update this periodically and chase managers for any updates.
2. We have a supplier analysis tool that looks at where and with whom the authority is spending money.

After investment in analysis tool



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

Background Papers: Report to Audit Committee and Minutes – 22nd March 2012