

Audit Committee – 22 August 2013

7. Risk Management Update (Risk registers and monitoring).

Strategic Director: Mark Williams, Chief Executive
Assistant Director: Donna Parham, Assistant Director (Finance and Corporate Services)
Lead Officer: Gary Russ, Procurement and Risk Manager
Contact Details: gary.russ@southsomerset.gov.uk or (01935) 462076

Purpose of the Report

The purpose of this report is to update members of the Audit Committee on the status of the risk management register and the status of risk management across the council at this time. Members of the Audit Committee will be aware that we have now been running with the new consolidated risk register within the database called TEN for well over a year now. This report seeks to assure members of the committee that we have a robust and challenging risk process in place with I hope and believe a well embedded risk management culture under pinning the risk register. This report will seek to give members a flavour of the activity within the officer group in working with risk management and further demonstrate the better reporting tools and monitoring activity that the new system is developing. In the past too much focus has gone into tweaking the application rather than monitoring risk and risk management understanding. The Procurement and Risk Manager has plans to correct this over the summer, with further training and more significant upgrades to the register.

Members should note this system was not custom made and the risk register had to be built up using all reporting tools from the ground up. There is a continued learning and tweaking of some elements of the system. Many aspects of the recent audit of risk management have reflected on the inconsistencies of some of the reports, however as soon as those anomalies are found they are corrected, the system improves each month.

A recent Internal audit review rated Risk Management at a “partial assurance”, the Audit Committee are required to monitor the application of actions to correct any weakness found by the auditor. Further details on actions to strengthen risk management at the council will be presented to the committee in the coming months in response to the audit report.

In summary the audit has shown up weakness in the following areas.

- Management Board not being made aware of risk profile on a regular basis.
- Confusion over how to use the TEN risk register and inconsistencies with Risk reports.
- A need to update senior management team on the risk Appetite and review if still set at appropriate level.

Recommendation: -

That members:

- 1) Note the report:
- 2) Comment on what aspects of risk management they would like to focus on at the next review.

Report

The SSDC Risk register is set within the TEN data management system and as such has gained greater acceptance and success due to its wide corporate use. The look and feel of the risk register is not very different from working with Equalities or Performance management data, so in many ways, moving the register to the TEN systems has and continues to be positive for all users.

During the previous period Support Services staff alongside the Procurement Officer held 1-2-1 training sessions with Risk owners in order to familiarise them with the system. It did take some considerable time to get to all users; however the training was only going to be relevant and appropriate by working with them on their risk register.

The risk system still accommodates the risk Heat map as used before and is a very good graphical way of expressing the risk profile of the council at a given time. However at this time, TEN is unable to support the drill down feature that was previously used with the old system. A full range of reports are available for risk owners to extract from the system which has recently been modified to allow all risk owners to see all risks and how others are treating similar risk types.

Risk owners can only edit risks to which they have responsibility.

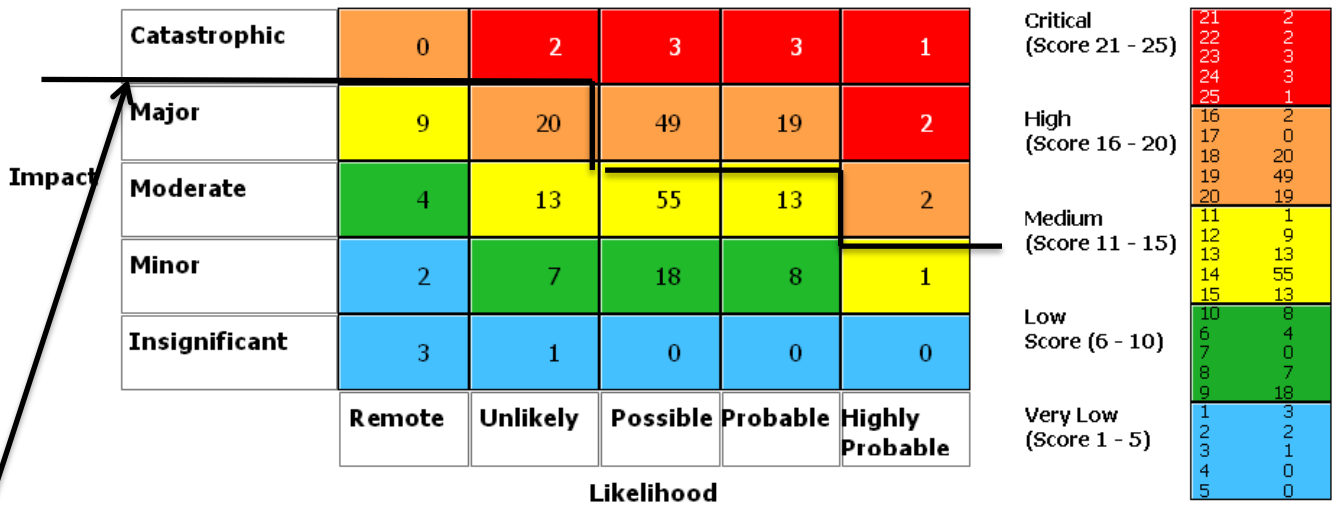
A major stumbling block with the system has been the need for users of the system to affectively create three separate sets of information and then manually link these together. The sets of information have been Risk, Control, Action; this has led to some confusion and missing data. It is hoped that in the autumn of 2013 we may be able to correct this with a major upgrade of the system,

The sample inserted overleaf is a screen shot of the online report and as such a drill down into the risk identified in the various boxes cannot be shown, however the risk details have been inserted for information.

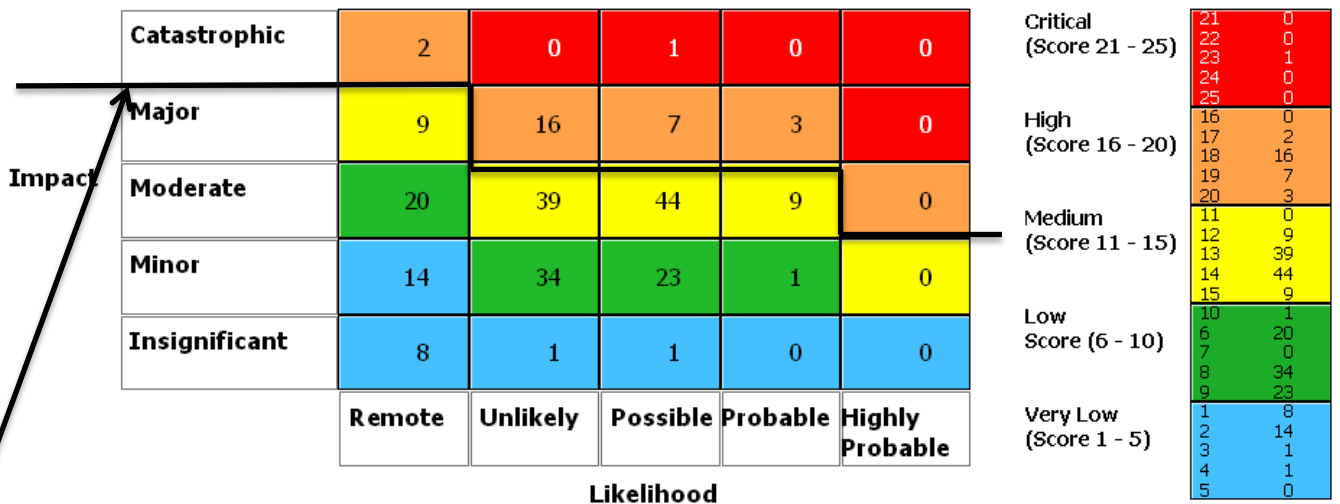
Inserted below is a sample of the risk Heat Map as recorded on the 21st June, Members can clearly see that the residual risk map broadly correlates to the position under **Magique**, although many of the risks are now different.

Current Status Monday, 12th August 2013

Inherent All Risk Heat Map



Residual All Risk Heat Map



Risk Appetite line

•**Risk capacity:** the amount and type of risk an organization is able to support in pursuit of its business objectives. (Burden that directly falls on managers and officers at the council)

•**Risk appetite:** the amount and type of risk an organization is willing to accept in pursuit of its business objectives.

•**Risk tolerance:** the specific maximum risk that an organization is willing to take regarding each relevant risk.

•**Risk target:** the optimal level of risk that an organization wants to take in pursuit of a specific business goal.

•**Risk limit:** thresholds to monitor that actual risk exposure does not deviate too much from the risk target and stays within an organization's risk tolerance/risk appetite. Exceeding risk limits will typically act as a trigger for management action.

Risk Appetite/ above the line

We currently have just one risk scoring at critical or Red (one closed)

R 384 - Management of former landfill site - Birchfield Park.

Birchfield Park is a former landfill site where the following risks could occur without necessary precautions:

- a) High levels of gas adjacent to residential property at Romsey Road.
- b) Gas Extraction plant failure
- c) Unauthorised encampments
- d) Pollution from leachate. The following controls should prevent these major issues from occurring

Engineering & Property Services Critical Critical

We currently have an additional 28 risks identified within the register as Amber or High

See Amber risk report list.

Whilst Risk Management remains a useful and sensible business tool, many officers still appear to struggle to see the worth of using it as a preventative tool. Much more focus by the Procurement and Risk Manager will now need to be applied to risk management to recover us back to where we were a year ago.

Current risk status

Current number of open or active risks is 244
Current number of open or active controls is 432
Current number of open or active actions is 302
Current number of risk due for review 48

Background Papers: Audit Committee – 28th March 2012 Risk management report