

## **RISK MANAGEMENT – ASSESSMENT OF FRAMEWORK**

### **SUMMARY**

- 1.1 A desk-top review of the Council's risk management framework has been carried out by the Council's insurer's Zurich Municipal. The review compared the framework to best practice.
- 1.2 The final report makes a number of positive statements about the risk management framework in place, and provides recommendations to further enhance it.

### **RECOMMENDATIONS**

- 2.1 To note the report from Zurich Municipal.
- 2.2 To request that the action plan is brought to the next meeting of the Committee.

### **REASONS FOR RECOMMENDATIONS**

- 3.1 The Audit and Accounts Committee is responsible for providing assurance to the Council on the effectiveness of the governance arrangements, risk management framework and internal control environment.

### **SUPPORTING INFORMATION**

- 4.1 At the meeting on 1 December 2011, Members were made aware that had we invited the Strategic Risk Practice at our insurers Zurich Municipal (ZM) to assess the overall adequacy of the Council's risk management framework. This would involve a strategic document "desk-top" review that would encompass:
  - A review of key documentation against industry best practice and guidance
  - Stakeholder meetings with key officers to ascertain the Council's current approach to risk management; and
  - Production of a risk management health check report, identifying existing best practice and where applicable challenging the current approach in a positive and constructive manner.

4.2 The review has now been finalised and the full report is attached at Appendix 2. The Strategic Risk Group received a presentation on the findings from ZM on 23 December 2011.

4.3 The key findings from the review of the information and guidance produced by the Risk Management team were positive and included :

- The Council has a strong / positive commitment to ensure that risk management is a practical and robust tool.
- The council uses a risk management methodology which follows best practice and includes a clear and simple approach to identifying, prioritising and managing risks.
- There is a risk management handbook which outlines the approach and methodology for undertaking risk management across the Council.
- There are clearly defined objectives which illustrate the need to balance negative and positive risk management.
- The design and format of the corporate risk register is succinct yet at the same time gives exacting detail.
- Partnership and project risks are clearly defined.
- The benefit of embedding risk across the Councils is clearly expressed.

4.4 The key recommendations made by Zurich Municipal to further strengthen and add value to the risk management framework concentrated on specific areas as defined below:

Recommendations for the risk management team:

- Building on the value of the risk management handbook and other risk guidance provided
- Assessment of the Council's actual and desired risk appetite.
- Identification and assessment of emerging risks
- Further development of risk management training

Recommendations to be addressed corporately:

- Alignment and harmonisation of risk methodologies and practices in line with corporate guidance.

To get a full understanding of the recommendations they need to be read in conjunction with the review findings in the report at Appendix 2.

4.5 The next step for the Risk Management team is to produce an action plan to address the recommendations made. The original report was charged with reviewing the framework itself, but raised a few issues concerning the way the framework is communicated and embedded. The Strategic Risk Group has requested that Zurich Municipal review the embedding of the framework and the way it is communicated throughout the Council with the aim of identifying any areas of weakness and recommendations on improvements.

## OTHER OPTIONS CONSIDERED

5.1 N/A

This report has been approved by the following officers:

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	
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<b>For more information contact:</b>  <b>Background papers:</b> <b>List of appendices:</b>	Richard Boneham, Head of Governance and Assurance, 01332 643280 <a href="mailto:richard.boneham@derby.gov.uk">richard.boneham@derby.gov.uk</a> None Appendix 1 – Implications Appendix 2 – Zurich Municipal Report
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<b>IMPLICATIONS</b>
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**Financial and Value for Money**

- 1.1 None directly arising.

**Legal**

- 2.1 None directly arising.

**Personnel**

- 3.1 None directly arising.

**Equalities Impact**

- 4.1 None directly arising.

**Health and Safety**

- 5.1 None directly arising.

**Environmental Sustainability**

- 6.1 None directly arising.

**Asset Management**

- 7.1 None directly arising.

**Risk Management**

- 8.1 The effective management of risk is a core principle of good governance.

**Corporate objectives and priorities for change**

- 9.1 The functions of the Committee have been established to support delivery of corporate objectives by enhancing scrutiny of various aspects of the Council's controls and governance arrangements.