

AUDIT AND GOVERNANCE COMMITTEE

28 MAY 2010

Risk Management Annual Report 2009/2010

Report of the Director of Financial Resources

1. Purpose of the Report

- 1.1 This report sets out the arrangements in place for the management of risk during 2009/2010, proposals for future improvement and the review of the Risk Management Policy and Strategy.

2. Background

- 2.1 Risk Management is defined as

“The co-ordinated activities to direct and control an organisation with regard to risk”

Source: ISO 31000

- 2.2 Good risk management assists the Council to effectively manage strategic decision-making, service planning and delivery to safeguard the well being of its stakeholders and increase the likelihood of achieving objectives.
- 2.3 Effective risk management is an essential element of good management and a sound internal control system and therefore necessary if the Council is to be able to demonstrate that it has sound systems of Corporate Governance. The aim is to manage risks that cannot be economically eliminated or transferred.

3. Risk Management Policy and Framework - Review

- 3.1 The Risk Management Policy and Strategy were reviewed by the Corporate Risk Management Group in April 2010, and this review took account of new guidance issued by the International Standards Organisation in November 2009.
- 3.2 As a result of the review the Policy and Strategy have been combined and redrafted to better reflect the new guidance. The opportunity has been taken to refresh the document focusing on the core objectives.
- 3.3 A copy of the updated Policy and Strategy is attached at Appendix 1.

4 Performance

Embedding Risk Management

4.1 Risk Management is included in its own right in:

- The Constitution
- The Sunderland Strategy
- The Strategic Planning Process and Corporate Improvement Plan
- The Medium Term Financial Strategy
- Service/Business Plans
- Local Code of Corporate Governance
- Code of Practice on Partnerships
- Project Guidance
- Reports to support key policy decisions
- Performance Management arrangements
- Financial Management arrangements

Training and Awareness

4.2 The Council's risk management team have continued to provide various forms of formal training to over 100 staff (including Head Teachers and School Governors) during 2009/2010. Training has again been made available to Councillors.

4.3 Three further editions of the magazine Risk Watch were produced to raise awareness and keep staff and Councillors informed of issues during the period with emphasis on managing risks to improve opportunities.

Directorate Risk Register / Plans

4.4 Directorate Risk Management Plans were produced and support and guidance provided by the corporate risk management team.

Programmes and Projects

4.5 The corporate risk management team have worked closely with the Programme and Project Office to develop risk registers for the Council's Transformation Programme and underpinning Projects. Additionally, the corporate risk management team has been closely involved with major projects e.g. Building Schools for the Future and the Sunderland Strategic Transport Corridor.

Partnerships

- 4.6 During the course of the year the corporate risk management team has provided support in relation to the production and maintenance of risk registers for significant partnerships.

Risk Management in Schools

- 4.7 The corporate risk management team has continued to successfully work with schools. The pro-forma risk register and general approach has been improved and expanded after consultation with Head Teachers / Governors and Council Services. The register includes issues relating to extended schools and also the targets for schools highlighted in the 5 outcomes of the Every Child Matters Agenda. A total of 58 schools have been visited and have updated their risk management plans. This is part of a 3 year rolling programme
- 4.8 The DCSF who previously included the Sunderland approach to Risk Management on the Teachernet website as an example of good practice have requested and been supplied with our latest approach to update this website.
- 4.9 Additionally CIPFA's Better Governance Forum now features the Council's approach as good practice on its national website.
- 4.10 A member of the risk management team has presented on the Council's approach at a CIPFA Better Governance Forum national workshops during the year.

Benchmarking

- 4.11 The Council is a founder member of the Tyne and Wear Risk Management Group which enables officers in the sub-region to compare good practice and approaches to overall improve risk management within their individual organisations and examine opportunities for joint working. The group has been extended to include members from Durham and Northumberland.
- 4.12 The Council participates in a regional risk management benchmarking group comparing risk management approaches and practices in various areas and overall scored 87% (the highest score recorded).

External Views

- 4.13 During the year the Council was again awarded the top score of 4 for the Risk Management and Internal Control element of Audit Commission's Use of Resources Assessment (now 1 of only 2 Authorities to have achieved this since the inception of the regime).

5. Future Developments in 2010/2011 and onwards

- 5.1 The corporate risk management team is transferring to the Audit and Procurement Division within Financial Resources from 1st April 2010, which will facilitate closer working with the internal audit function.
- 5.2 The Risk Manual and training programme will be refined to take account of the new ISO 31000 Risk Management guidance.
- 5.3 The corporate risk management team will continue to work with the Programme and Project office to provide support and guidance to programmes and projects, particularly the Business Transformation Programme, Community Leadership Programme and Economic Master Plan / Regeneration Programme

6. Conclusion

- 6.1 The arrangements as set out in the Risk Management Policy and Strategy have been undertaken throughout the year and it is considered that the Council continues to maintain robust risk management arrangements.
 - 6.2 The corporate risk management team will continue to develop the service to meet the changing needs and pressures that the Council faces.
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