

## AUDIT COMMITTEE – 27 November 2016

<b>Title of paper:</b>	<b>Review and Improvement of the Delivery of Strategic Risk Management</b>	
<b>Director(s)/ Corporate Director(s):</b>	Geoff Walker, Strategic Director for Finance Glen O’Connell, Corporate Director of Resilience	<b>Wards affected:</b> All
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<b>Other colleagues who have provided input:</b>		
<b>Recommendation(s):</b>		
<b>1</b>	To approve a review of the current policy, strategy and process for the delivery of strategic risk management.	
<b>2</b>	To agree to an updated and improved policy, strategy and process to be presented to Audit Committee on the 26 February 2016 and the 6 May 2016.	

### **1 REASONS FOR RECOMMENDATIONS**

- 1.1 The review is recommended to produce an improvement in the current management of risk process, providing a greater guarantee and assurance that the identification, assessment and mitigation of strategic risk is effective.

### **2 BACKGROUND**

- 2.1 The council currently has a risk management framework, policy and process which provide a mechanism for identifying, measuring and recording strategic risk. The process is currently being used by senior managers as a mechanism for meeting the risk management reporting process but there is no clear evidence that the methods used are improving outcomes or that risk management is being effective. The process is cumbersome and not supportive of a proactive approach to risk mitigate and control. There is a lack of resource provided to supporting risk management and a lack of corporate understanding on risk identification, appetite and risk tolerance.
- 2.2 It is proposed that a thorough review of the entire process is undertaken with the objective of implementing improvements to -
- Governance and infrastructure arrangements
  - Risk management process
  - Risk management culture and integration
  - Project Risk management

- 2.3 The review will be conducted by the Audit and Risk Team with support from external partners and in consultation with Audit Committee, CLT and senior managers of the council.
- 2.4 The review and refresh of the risk management infrastructure is undertaken to ensure it is fit for purpose and adds value to the changing needs of the council; to ensure alignment with the councils business model, governance model and decision making process. It is proposed that a revised policy and strategy is expected by the 31 January 2016.
- 2.5 A review and refresh of the risk management process is undertaken covering the identification, assessment, controls, recording, monitoring and reporting effectiveness; to simplify the process and ensuring it forms an integral part of the business planning and delivery process. It is proposed that a revised process is expected by the 31 March 2016.
- 2.6 A review of the councils risk appetite and risk tolerance policy is undertaken and a defined and understood vision of risk appetite is expected by the 31 March 2016.
- 2.7 There is a refocus on embedding risk management as a vital tool in effectively delivering the councils strategic priorities and statutory duties. A strategy for assimilation of risk management into the council's culture is expected by the 31 March 2016.
- 2.8 In partnership with Major Programmes, produce proposals for the effective management of risk in projects and major programmes expected by the 31 January 2016.
- 2.9 Alongside the above will be a review of the current risks identified on the Corporate Risk Register, updated and reported at the next Audit Committee.
- 2.10 With a best practice model properly applied, risk management will support the council to effectively deliver strategic objectives, achieve better outcomes and demonstrate good governance. A robust identification, mitigation and governance of risk process are particularly key in this difficult economic climate; with the development of our commercial portfolio and with greater pressure to be innovative to improve efficiencies and generate income.

### **3 BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING EXEMPT OR CONFIDENTIAL INFORMATION**

3.1 None

### **4 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

4.1 None