

	Item no: 8
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SUBJECT:	RISK MANAGEMENT – STRATEGIC RISK REGISTER
DECISION-MAKER:	AUDIT COMMITTEE
DATE OF DECISION:	8 TH FEBRUARY 2007
REPORT VERSION No:	1.0

FORWARD PLAN No: N/A

KEY DECISION? NO

STATEMENT OF CONFIDENTIALITY

Not applicable

WARDS/COMMUNITIES AFFECTED:

None

SUMMARY

Level 2 of the 'Internal Control' section of the 'Comprehensive Performance Assessment - Use of Resources' requires that 'the Council maintains and reviews a register of its corporate business risks linking them to strategic business objectives and assigning ownership for each risk'.

A Strategic Risk Register (Appendix 1) has been developed for 2006/07 based on a range of key strategic documents and taking into account the output from the Directorate Risk Registers together with a review of the Council's 2005/06 Strategic Risk Register. The document has been developed in consultation with both the Policy Co-ordinators Team ("PCoT") in their capacity as the Council's 'Risk Management and Controls Assurance Group' and the Chief Officers Management Team ("COMT").

It should be noted that the risks listed represent the 'inherent risk' i.e. before the impact of any existing controls or risk reduction measures have been considered.

RECOMMENDATIONS:

The Audit Committee is asked to:-

- (i) Review the Strategic Risk Register (Appendix 1) in order to be satisfied that the document adequately reflects the key strategic risks facing the Council and/or highlight any other significant key risks that may need to be considered;
- (ii) To approve the proposed arrangements in respect of the ongoing review and updating of the Strategic Risk Register.

REASONS FOR REPORT RECOMMENDATIONS

1. The report is presented to the Audit Committee in their capacity as the member body with responsibility for providing independent assurance to the Standards and Governance Committee on the adequacy of the risk management framework and the internal control and reporting environment, including (but not limited to) the reliability of the financial reporting process and the statement of internal control.
2. The Audit Committee is also responsible for providing assurance to the Standards and Governance Committee that appropriate action is being taken on risk and internal control related issues identified by the internal and external auditors and other review and inspection bodies.

BACKGROUND

1. Effective risk management is a key element of corporate governance, and is recognised as such in:-
 - (i) The CIPFA/SOLACE Corporate Governance Framework;
 - (ii) CIPFA's guidance on the Statement on Internal Control; and
 - (iii) The Audit Commission's Use of Resources assessment for Comprehensive Performance Assessment ("CPA").

The Accounts and Audit (Amendment) (England) Regulations 2006 also state that the Council is "responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions, and which includes arrangements for the management of risk".

2. The Strategic Risk Register, which comprises the list of key strategic risks together with the associated risk management action plans ("RMAPs"), is intended to capture those key strategic risks that may either prevent or have a significant adverse affect on the achievement of the Council's key objectives. The document is based on a range of key strategic documents and takes into account the output from the 2006/07 Directorate Risk Registers together with a review of 2005/06 Strategic Risk Register. The document also makes explicit reference to the 'organisational value(s)' to which each of the key strategic risks relate.

In line with corporate guidance, each Directorate has developed its own 'Directorate Risk Register' which is intended to capture the key operational or strategic risks that may prevent or have a significant adverse affect on the achievement of the Directorate's key objectives.

3. The 2006/07 Strategic Risk Register was developed from an initial draft list of risks based on a range of key strategic documents and taking into account the output from the Directorate Risk Registers together with a review of the Council's 2005/06 Strategic Risk Register. Workshop sessions were then held with "PCoT" to review and further refine the initial list of key risks. "PCoT" was also asked to provide information on the policies, procedures and controls in place within individual directorates to support the management of these risks.

A paper was then taken to "COMT" on 5th December 2006 asking them to

review and agree the draft register of key strategic risks, allocate a 'risk owner' against each risk (with the 'risk owner' being responsible for ensuring that the risk is managed and monitored over time) and to ensure that the relevant "RMAPs" were completed in terms of identifying actions or plans already in place and any further actions required to manage the risk.

A further paper was taken to "COMT" on 16th January 2007 where the updated register of key strategic risks and the associated completed "RMAPs" were reviewed and agreed.

CONSULTATION

The Strategic Risk Register has been developed in consultation with both the Policy Co-ordinators Team ("PCoT") in their capacity as the Council's 'Risk Management and Controls Assurance Group' and the Chief Officers Management Team.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

None

DETAIL

1. Risk Management can be defined as the "the culture, processes and structures that are directed towards effective management of potential opportunities and threats to the organisation achieving its objectives".
2. Risk Management is not simply a compliance issue. It should be a continuous and developing process that methodically addresses all significant business risks at both strategic and operational levels with a view to meeting objectives and supporting continuous improvement.

The Strategic Risk Register should be reviewed on a periodic basis with the in order to:-

- (i) Monitor whether the risk profile is changing;
 - (ii) Gain assurance that risk management is effective, and to identify when further action is necessary; and
 - (iii) Consider any new or emerging risks i.e. as a result of new initiatives, new legislation, changes in the political or social environment etc.
3. The Risk Register should be seen as a tool for communicating risk information and the output can be assessed in terms of how well stakeholder and internal objectives are supported; and how well stakeholders and the organisation are safeguarded (in terms of the capacity to achieve objectives).
 4. The Strategic Risk Register for 2006/07 is attached as an appendix to this report.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

None

Revenue

None

Property

None

Other

None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

The Audit Commission Act 1998 and the Accounts and Audit (Amendment)(England) Regulations 2006 require the Council to adopt Good Governance arrangements in respect of the discharge of its functions. The above arrangements are intended to meet those responsibilities.

Other Legal Implications:

None

POLICY FRAMEWORK IMPLICATIONS

None

SUPPORTING DOCUMENTATION

Appendices

1.	Strategic Risk Register
2.	

Documents In Members' Rooms

1.	None
2.	

Background Documents

Title of Background Paper(s)

Relevant Paragraph of the
Access to Information
Procedure Rules / Schedule
12A allowing document to be
Exempt/Confidential (if
applicable)

1.	None	
2.		

Background documents available for inspection at:

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2007\February 2007 meeting