

Risk Maturity Assessment Action Plan

Core Area	Ref	Recommendation
Section 1 – Leadership and Management	1	<p>The Council should determine how frequently it will seek to evaluate the effectiveness of its risk management framework / risk maturity against ALARM guidance (e.g. three-yearly). There may be scope to review less regularly the further up the maturity scale the Council finds itself at?</p> <p>Responsibility for the review should be clearly defined. Given that this assessment has been carried out by LCC staff, albeit reporting through to independent reporting lines (independent of IA management), a decision should be taken whether every <i>nth</i> assessment should be commissioned externally.</p> <p>The recommendations arising from this assessment should be shared with appropriate governance streams, e.g. CRMG, CGC.</p>
Section 2 – Strategy and Policy	2	<p>The Council should establish a programme / timetable for review for its risk management framework, e.g. policy and strategy, roles and responsibilities. The ALARM guidance suggests that this should be annually, even if this process is just a brief review to determine that the framework remains fit for purpose. There may be scope to review less regularly the further up the maturity scale the Council finds itself at?</p> <p>Responsibility for the review should be clearly defined.</p> <p>The roles and responsibilities should be revised to reflect the new role of Internal Audit for overseeing risk management within the Council.</p> <p>Consideration should be given to whether the role of the Insurance Manager and Insurance Section should be defined in the Risk Management Roles and Responsibilities document.</p> <p>In addition, it is understood that the Head of Internal Audit has some well-developed thoughts on further developments to the Policy and Strategy, for example regarding defining risk appetite and reaffirming the link between risk management and the annual service planning process.</p>

Section 2 – Strategy and Policy	3	<p>The Council's Risk Management framework should detail clearly the Council's risk appetite and what it determines to be an "acceptable" level of risk. This should be reviewed regularly, including the key 'Impact' and 'Likelihood' indicators that exist within the Council's RM framework (Risk Assessment Measurement Criteria) to guide managers how risk should be scored.</p> <p>Consideration should be given as to whether the Council should work towards adopting different levels of risk appetite for different <i>categories</i> of risk (e.g. its appetite for human risk may be lower than its appetite for reputational risk), although it is acknowledged that this can be influenced to a degree through the key 'Impact' and 'Likelihood' indicators that exist within the Council's RM framework (Risk Assessment Measurement Criteria) which are categorised – financial / reputational / people / operational etc .</p>
Section 2 – Strategy and Policy	4	<p>The role of the Corporate Risk Management Group (CRMG) should be reassessed, given that it no longer meets. This process should include giving consideration to whether there should be a different role for such a group comprising departmental risk champions, for example to challenge (each other's) departmental risk registers, risks and controls by peer review or by providing a "buddying" system where more experienced risk champions can provide steering to new and developing ones. The CRMG should play an important role in benchmarking best practice across all departments and in the process promoting and assuring a consistent approach to RM throughout the organisation.</p> <p>The frequency that the CRMG should meet should be considered. For example, it may be that an annual meeting would suffice, scheduled to coincide with the annual review of RM policies, strategies, roles & responsibilities.</p>
Section 3 – People	5	<p>Consideration should be given as to whether there is benefit in commissioning specific learning & development (e.g. e-learning module) for managers in risk management (e.g. the identification, recording, scoring, mitigation and review of risk).</p> <p>Consideration should be given as to whether the Council's Corporate Induction processes adequately covers what (predominantly) non-managers need to know about risk management (e.g. that all staff have some form of responsibility or another in relation to risk management).</p>
Section 3 – People	6	<p>Managers should be reminded to frequently discuss with staff both service level risks (and the controls in place to mitigate them) and, where relevant, departmental and corporate risks.</p> <p>Managers, through processes such as Team Briefings, should regularly remind all staff that risk is everybody's business and that all staff are encouraged to report incidents, challenge practices and raise risk issues. This process should also reflect the current climate of the Council working with every decreasing resource, and thus also seek to identify instances of inefficiency / over controlling and where well-managed risk taking may be an option.</p>

Section 3 - People	7	The Head of Internal Audit should keep a watching brief on the membership of the Corporate Governance Committee. Whilst at present, its membership comprises well trained Members, skilled in the governance of risk, future changes, for example to the Chairmanship, may require targeted training to be delivered.
Section 3 - People	8	Departmental Risk Champions, with support from Internal Audit if necessary, should arrange informal training sessions with individual DMTs to take the opportunity to reaffirm their responsibilities for departmental risk management. This training is especially important where DMTs have new membership.
Section 4 - Partnerships, Shared Risks and Resources	9	There is some evidence that new processes in relation to partnerships and partnership risk are becoming embedded as business as usual, at least within some departments, although this needs to be progressed further to cover the remaining departments too (A&C, Corporate Resources). In particular, these departments should progress identifying their partnerships of 'significance', agreeing these with individual DMTs, and ensuring that the risks associated with these partnerships have been appropriately assessed and, if necessary, included on departmental risk registers.
Section 4 - Partnerships, Shared Risks and Resources	10	Given that processes concerning the assessment of partnership risk have been overhauled recently, consideration should be given to undertaking a specific piece of internal audit work in the 2015/16 financial year to review how effective these processes have become embedded across all departments.
Section 4 - Partnerships, Shared Risks and Resources	11	Given that processes concerning the assessment of partnership risk have been overhauled recently, consideration should be given to running specific workshops on partnerships, risk and risk governance, in conjunction with the Chief Executive's Policy Team, specifically targeted at risk owners, partnership leads and departmental risk champions.
Section 4 - Partnerships, Shared Risks and Resources	12	The CIS pages on partnerships should be refreshed to reflect current (recently revised) practices and processes.

Section 5 - Processes	13	The Council should determine its appetite to develop its processes to achieve Level 5 (“Driving”). In particular, the Council should in the medium-term future consider the benefits of automating its risk management processes, which would effectively make for "real time" risk management. Investment in dedicated risk systems helps keep risk registers current and effective.
Section 5 - Processes	14	Consideration should be given to amending the format of the Council's risk registers to include a column stating how the risk will be managed (i.e. Treat, Tolerate, Terminate, Transfer). By asking risk owners to consider the 4Ts strategy, this amplifies the issue that 'treating' (internal controls) is not the only solution and that 'toleration' can be a logical strategy in some instances.
Section 5 - Processes	15	The Head of Internal Audit Service should keep a watching brief on any future review of the BC/RM/Insurance arrangements within the Council to provide independent assurance that they remain robust and fit-for-purpose. Any significant changes to core areas should be brought to the attention of the Corporate Governance Committee. A new standard Organisational Resilience – BS65000 has just been published (December 2014). The Business Continuity Team should analyse the standard in depth and benchmark current procedures against recommended best practice, developing current procedures where relevant.
Section 5 - Processes	16	Internal Audit should consider the costs vs benefits of subscribing to ALARM membership each year.
Section 5 - Processes	17	Consideration should be given to adding a standard set of questions on RM to all routine internal audits undertaken to challenge at operational level how well RM is understood.
Section 5 - Processes	18	Consideration should be given to publishing the latest Corporate Risk Register and Departmental Risk Registers on the risk pages of CIS on a quarterly basis.
Section 5 - Processes	19	Consideration should be given to revising the standard committee report template to include a paragraph on "Risk Implications", similar to what exists on "Financial Implications" and "Equal Opportunities Implications". This is so that Members can understand the risk issues right at the outset in relation to major decisions that they are being asked to take.

Section 6 – Risk Handling and Assurance	20	<p>In order to move forward to levels 4 & 5, the Council needs to be able to demonstrate a clear link between risk management and the achievement of outcomes, aims and objectives. As an example, an annual report might be compiled, including assessment against pre-determined performance indicators, to assess whether risk management processes are effective. Pls might include metrics such as:</p> <ul style="list-style-type: none"> - % of routine IA opinions of ‘substantial assurance’ or above - % of recorded risks that then developed into adverse issues (i.e. where risk management failed) - % of unforeseen issues of significance arising in year that were not on the radar of routine risk management - % of risks de-escalated (scored downwards) throughout the year as a result of the introduction of controls - % of departmental objectives achieved in year <p>Examples of innovative risk taking, and where this has led to positive outcomes (e.g. cash savings through self-insurance schemes)</p> <ul style="list-style-type: none"> - Etc.
Section 6 – Risk Handling and Assurance	21	When monitoring strategic risks, e.g. those of sufficient significance to be recorded on the Corporate Risk Register, part of the process should be a consideration of the costs of controlling the risks, and whether those costs are justified.
Section 6 – Risk Handling and Assurance	22	There should be proactive promotion of the Council’s risk-aware appetite, e.g. promotion of innovation whilst managing risks effectively, avoidance of a blame culture when things go wrong (following well managed risk taking).
Section 7 – Outcomes and Delivery	23	There should be development of a clear link between areas of poor performance as highlighted in the Annual Performance Report and the risk management framework (i.e. consideration whether areas of poor performance need to be formally recorded on risk registers moving forward, a good example being concerns regarding staff sickness and the financial and reputational risk to the Council of this not being appropriately managed moving forward).

ALL	24	For each of the seven areas, the Council should determine its appetite to move forward to the next level and, if there is the appetite, how to develop further towards that level, e.g. the use of risk to drive forward organisational excellence, and how this effectiveness can be measured; and a more proactive approach required in supporting and driving a culture embracing well-managed risk-taking. Achieving a maturity level across the board of 5 would undoubtedly bring with it a resource cost. Therefore, in the context of an authority with scarce resources, there may be desire to simple remain at the current level(s) of maturity.
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