

Audit Commission implementation checklist

Questions	Yes/No	Responsible Officer	Comments
MEMBERS			
Is there sufficient member involvement in, and support for, risk management?			
Has the structure by which members plan and monitor risk management been agreed?			
Have members approved a risk management policy?			
Has a strategy been approved by members, summarising the key elements of implementation?			
Has the commitment of senior management been secured?			
Have sufficient resources been deployed?			
Have members agreed a list of the most significant risks?			
Do members regularly receive reports on Risk Management and:			
<ul style="list-style-type: none"> • is risk embedded within regular reporting routines? 			
Has responsibility been assigned for reporting risks?			
Are there ongoing monitoring procedures for risk and control?			

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MEMBERS (CONT)			
Have procedures been agreed for the annual assessment of effectiveness? Does the annual assessment consider the changes since the last annual assessment in the nature and extent of significant risks?			
The scope and quality of management's ongoing monitoring of risks and of the system of internal control?			
The extent and frequency of the communication of the results of the monitoring to the council?			
The incidence of significant control failings or weaknesses identified at any time during the period and the extent to which they could have impacted on the council's financial performance or condition?			
The effectiveness of the council's public reporting process?			
Has an approval process been agreed for public disclosures on effectiveness?			
Have roles and responsibilities been clearly identified?			

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OFFICERS/IMPLEMENTATION			
Have the officers who will serve as risk assessment champions been identified and briefed?			
Has the role of internal audit in the process been defined?			
Is the proposed system reasonably simple?			
Does the process fit with your authority's circumstances and culture?			
Is the process 'top-down' rather than 'bottom-up'?			
Are officers focusing on performance improvement rather than on compliance?			
Does the formalised risk management system build on existing processes rather than on introducing new ones?			

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<p>RISK IDENTIFICATION</p> <p>Has proper emphasis been given to the identification of objectives?</p>			
<p>Has a clear link been made between objectives and risk?</p>			
<p>Has an attempt been made to consider risk in the broadest context giving consideration to factors such as:</p>			
<ul style="list-style-type: none"> • the services that the authority provides 			
<ul style="list-style-type: none"> • partnerships 			
<ul style="list-style-type: none"> • the business process risks 			
<ul style="list-style-type: none"> • how people might behave in different situations 			
<ul style="list-style-type: none"> • the quality of the management team 			
<ul style="list-style-type: none"> • the changing external environment 			
<ul style="list-style-type: none"> • the changing internal environment 			
<ul style="list-style-type: none"> • likely reactions of the public, the local community or relevant service users? 			
<p>ASSESSING THE SIGNIFICANCE OF RISKS</p>			
<p>Has an attempt been made to prioritise risks according to impact and likelihood?</p>			
<p>During the risk identification process has an attempt been made to make the likelihood and impact scales comprehensible to all users?</p>			
<p>Are the lower priority risks regularly reviewed?</p>			

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<p>RISK EXPOSURE/CONTROL STRATEGIES</p> <p>Do officers know the risk profile and how to manage it?</p> <p>Has consideration been given to whether:</p> <ul style="list-style-type: none"> • control strategies are appropriate • early warning mechanisms are adequate • those responsible for managing the risk and maintaining and monitoring the controls have been identified • the council should accept/tolerate the level of exposure? <p>Is there a written record of who is responsible for correcting control weaknesses?</p>			
<p>CONSULTATION</p> <p>Have the views of the following stakeholders been taken into consideration:</p> <ul style="list-style-type: none"> • employees at all levels including trade union representatives • other departments with whom there is a strong interface • other internal experts • external audit? 			
<p>COMMUNICATION</p> <p>Have all employees been made aware of the importance of risk management and their role in promoting better risk management?</p> <p>Has an attempt been made to actively involve all of those affected by the proposed changes?</p> <p>Has the chief executive publicly committed to the process?</p>			

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CHANGE MANAGEMENT			
Has an attempt been made to explain why and over what period of time the change is being made?			
Have people been fully informed about how they will be affected by the change?			
Has the change process been planned so that early successes are visible?			
Has an attempt been made to set meaningful and realistic milestones?			
Has an attempt been made to present the change as an ongoing process rather than as a single event?			
Has consideration been given to the management of inter-relationships (for example, dependent human resources processes)?			

Discussion Report for the
Risk Management Group
and Management Team

**South Derbyshire
District Council**

ACTION PLAN

Reference:	sddc2a Discussion Report for the Risk Management Group and Management Team 02-03 Final Version BN/DJW
Date:	12 May 2003

Page	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	<p>R1 Agree:</p> <ul style="list-style-type: none"> a risk assessment methodology for use within normal service and corporate planning a standard process for this and output expected 	3	<p>Management Team (MT)</p> <p>In discussion with the Risk Management Group (RMG)</p>	Agreed	<p>Next year (2004/2005) Service Plans will include a section on risk management. This will require all Divisions to identify key risks and consider how they will address them as part of the Service Planning Action Plan</p> <p>Preparation of Service Plans for 2004/2005 commences in August 2003.</p>	June 2003
	<p>R2 Establish clear terms of reference for the RMG, MT and others within the RM framework.</p>	3	<p>MT</p> <p>In discussion with the Risk Manager (RM)</p>	Actioned	<p>Policy Statement for Risk Management has been approved by Finance & Management Committee.</p> <p>RMG minutes considered by CMT.</p>	May 2003
	<p>R3 In particular, establish the role of the management team, including for:</p> <ul style="list-style-type: none"> a risk management champion within MT a risk management portfolio holder at member level identifying overall corporate risks from the service planning process acting on and communicating information on corporate risk profiling. 	3	<p>MT and RMG</p>	Agreed	<p>Director of Community Services will act as Risk Management Champion at CMT level.</p> <p>The Chair of Finance & Management will also be included as a member representative on the RMG and receive minutes of the group.</p> <p>In terms of identifying corporate risks through service planning, this is covered in the response to R1.</p> <p>We would aim to communicate information through the circulation of RMG minutes and other monitoring information referred to elsewhere in the response to this Action Plan.</p>	May 2003

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	<p>R4 Establish (risk management) reporting for service heads, management team and members which:</p> <ul style="list-style-type: none"> uses existing reports arising from the normal performance management process records progress with addressing risks, and the impact of risks on achievement of corporate objectives. 	2	<p>RMG In discussion with MT</p>	Agreed	<p>The Terms of Reference for the Risk Management Group provide for annual reporting/monitoring of risk management issues. We will change this to half-yearly reporting, which will be more appropriate.</p>	December 2003
	<p>R5 In respect of RM strategy:</p> <ul style="list-style-type: none"> carry out a full risk profiling and prioritising exercise, engaging as many staff as practical devise a strategy and action plan, including issues such as resourcing, mitigation measures, staff responsibilities and timed actions. 	3	<p>MT and RMG jointly</p>	Actioned	<p>Work on this is underway as part of the risk assessment process being undertaken by the risk management group.</p>	September 2003
	<p>R6 Ensure that risk management responsibilities are included in all relevant job descriptions.</p>	1	<p>MT</p>	Agreed where relevant	<p>This will be referred to the Personnel & Development Manager for consideration but is not viewed as a priority. Raising awareness within the Council is seen as a much higher priority.</p>	March 2004

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R7	Deliver training which covers management of insurable and operational risks to a wide cross section of staff and members.	1	RMG	Agreed	SDDC will focus on providing specific training that stems from the risk assessment work that is currently underway. General Risk Management Training has already been provided to the RMG. Additional Training will be provided as the process unfolds.	March 2004
R8	Review how to ensure that Internal Audit consideration of risk management is robust.	2	RM, MT and IA Manager	Agreed	Internal Audit is kept informed of the work of the risk management group via minutes of RMG meetings.	December 2003
R9	Consider: <ul style="list-style-type: none"> the extent to which the human resource management systems and procedures open the authority to operational risks put in place measures to reduce any significant risks identified. 	3	RMG and Personnel Manager	Actioned	The Council has already reviewed a range of personnel policies and procedures. The issue is less about the development of policies and procedures and more about ensuring that they are applied consistently across the Council.	July 2003
R10	Consider how to use existing data sources and measures of performance to identify risks.	3	All service heads, with RMG input	Actioned	This is part of existing risk profiling for the risks identified as priority high risks.	August 2003
R11	Set up systems for assessing the extent of risk and liability on SDDC in contractor and partnership relationships which are not governed by normal insurance checks.	3	RMG and MT jointly	Agreed and being actioned	This risk has been identified as a priority risk area to consider.	August 2003

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	R12 Develop a systematic approach to: <ul style="list-style-type: none"> assessing the financial implications of risks determining and documenting appropriate responses (toleration, termination, treatment, transfer). 	3	RMG and Finance Manager jointly	Not agreed	It would not be realistic to spend a considerable time in assessing the exact financial consequences of risk. The assessment criteria sets out to establish the adverse impact if a risk arises compared with the likelihood that the risk will occur. This is considered sufficient. In terms of determining appropriate responses, this will be undertaken as part of the prioritised risk assessments and included within the action plan.	September 2003
	R13 Promote budget holder ownership of risks by allocating losses (and relevant portion of any insurance premiums paid) back to the originating departments.	2	Finance Manager	Agreed	To be implemented for the financial year 2004/2005.	March 2004 onwards
	R14 Develop: <ul style="list-style-type: none"> reporting from the current claims management system which can be used to identify business/corporate risks recording and reporting for 'near misses' a system for feeding this information back into the performance management and business planning system, and also into Best Value reviews. 	2	Finance Manager	Agreed	To be implemented for the financial year 2004/2005.	March 2004 onwards

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	R15 Develop pro-active controls for managing the rising numbers of work related stress cases.	3	RM and Personnel Manager	Actioned	<p>The Council does not suffer from rising numbers affected by work related stress. We do however appreciate that this is an issue in some absences but not to a disproportionate extent.</p> <p>In any event personnel has reviewed relevant policies for Absence Management and the Scheme of Leave entitlements to help to address these issues.</p> <p>Further arrangements have been made to undertake prompt occupational health assessments and extend access to outside counselling.</p>	August 2003
	R16 Develop pro-active controls in anticipation of more claims from external third parties.	1	Relevant Service Heads/RMG	Agreed	Will develop monitoring arrangements in line with Risk Management Strategy.	March 2004
	R17 Consider whether there should be a defined fund or reserve to cover losses.	1	Finance Manager	Actioned	This has been considered in conjunction with our existing insurers. In view of the Council's claims history this is not considered to be cost effective.	March 2004
	R18 Consider establishing the Risk Management group with a budget to fund specific projects agreed by them during the year.	3	MT	Agreed	Aim to identify resources by the end of June 2003.	May 2003