

Corporate risk management: a risk and control framework

Objectives:

- Regularly identify the most significant unmitigated risks to the organisation.
- Assess the impact and likelihood of the most significant unmitigated risks realistically and with a reasonable degree of accuracy.
- Identify and implement appropriate mitigating actions – tolerate, treat, transfer, terminate (or take the opportunity) – at the right level of ownership to be effective, at minimum cost.
- Accept only the risks the organisation intends to and has the appetite for.
- Regularly present a systematic summary of the most significant unmitigated risks to the organisation to the appropriate committee and into the public domain.
- Achieve good corporate governance through effective oversight of the Executive Leadership and senior officers, and their accountability to the Council as a whole.

The risk assessment process is therefore the additional work required, beyond normal business management, to capture and document the risks to the organisation's objectives to support effective oversight of risk management by the body charged with governance on behalf of the Council as a whole.

Risks:

The organisation accepts risks it does not intend to because:

- Significant risks to the organisation are not identified – 1
- The impact and/ or likelihood of risks are not adequately assessed – 2
- Insufficient action is taken in response to a risk assessment in the face of more urgent tasks – 3

1 & 2: Significant risks are not identified, and their impact and likelihood are not realistically or accurately assessed because:

- Insufficient time is made available with insufficient notice to plan to consider risk effectively.
- Individuals with an adequate understanding of the issues at an appropriate level are not involved and their views are not heard.
- Issues arising during routine business are not appropriately escalated or, if they are, are not recognised and treated as risks.
- Those involved in formally assessing risk lack an understanding of what they are being asked to do and how to do it.
- There is no common understanding of the organisation's terminology relating to risk.
- Those involved focus chiefly on emerging issues and projects rather than ongoing risks arising from business as usual.

3: Appropriate mitigating actions are not identified or implemented because:

- Priority is not given to risk management and planning in the face of more urgent tasks.
- There is a lack of resources to consider how best to design any mitigating action.
- There is a lack of resources to implement mitigating actions if they are additional to what is already being done.
- The team or individual at the level that has identified a risk is not able to resolve it but does not escalate it to a more appropriate level, or delegate appropriately.
- Senior managers do not hold more junior managers adequately and regularly to account for risk management.
- Elected members do not hold senior officers adequately and regularly to account for risk management.

Elected members do not hold senior officers adequately to account for their management of risk because:

- Elected members lack the knowledge and skills necessary to undertake their own role and understand that of officers in relation to risk management.
- The organisation lacks an effective governance framework within which to consider risk management.
- Information is not available, not held in an intelligible and consistent format, or is incomplete.

The risk register presented to the elected members charged with governance is not an adequate reflection of the organisation's most significant risks because:

- The process by which significant risks to the organisation should be identified is ineffective – 1 & 2 above
- Risks are assigned anomalous scores when compared with other risks.
- Risks that are considered to have been mitigated are not included.
- The elapsed time taken to create the risk register and then clear it for publication renders it obsolete.
- Officers do not have the risk appetite required to put an adequate assessment of risk into the political and public domain.

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<p>Possible controls: →</p> <p>Risks: ↓</p>	<p>The risk assessment process is aligned with and part of the normal business management processes: normal business is considered in terms of risk management.</p>	<p>As part of normal business, unresolved risks are escalated up the management chain. Regular management supervision ensures that all matters are escalated if appropriate.</p>	<p>There is clear sponsorship of and involvement in the risk assessment process at the most senior level.</p>	<p>The risk assessment methodology and terminology are clearly set out, publicised and made available to all involved.</p>	<p>The risk assessment process operates to a routine timetable; established, made known to all individuals involved, and adhered to.</p>	<p>The risk assessment process and methodology are the responsibility of a single senior officer to implement; and they critically assess the output.</p>	<p>A more formal assessment is periodically made by each management team, following the organisation's methodology and terminology, and including risks arising from business as usual as well as new projects and emerging risks.</p>
Significant risks are not identified and their impact and likelihood are not realistically or accurately assessed because:							
<p>Insufficient time is made available with insufficient notice to plan effectively.</p>	<p>Risk is regularly discussed at MTs and is a standing quarterly item on all agendas. Risk is considered as part of the business planning process and is reported as part of quality of service reports.</p>		<p>There is clear sponsorship at both Management Team and cabinet level. Corporate leads have been identified and Heads of Service have been designated Risk Champions</p>		<p>An annual timetable has been published and circulated to all Risk Champions and Directors.</p>	<p>Corporate responsibility for Risk Management lies with the Director of Governance, Finance & Public Services supported by the Head of Legal & Democratic Services. They provide critical challenge and feedback to Risk Champions.</p>	
<p>Individuals with an adequate understanding of the issues are not involved and their views are not heard.</p>	<p>Issues are identified and escalated via 121 supervision sessions, team meetings and business planning sessions.</p>	<p>Issues are identified and escalated via 121 supervision sessions, team meetings and business planning sessions.</p>	<p>There is an appropriate level of understanding and involvement. Risk management approach has been endorsed by MT/Cabinet. Briefing sessions have been completed for MT/Cabinet and are in the process of being rolled out to Risk Champions.</p>				<p>MTs monitor and review service risks and opportunities on an on-going basis with a formal quarterly review. Risk and opportunities that score above the threshold (12) are escalated up to the corporate risk and opportunities register. Risks and opportunities that score below the threshold because of mitigating actions are removed from the corporate register.</p>
<p>Issues arising during normal business are not appropriately escalated or, if they are, are not recognised and treated as risks.</p>	<p>Issues are identified and escalated via 121 supervision sessions, team meetings and business planning sessions.</p>	<p>Issues are identified and escalated via 121 supervision sessions, team meetings and business planning sessions.</p>					<p>MTs monitor and review service risks and opportunities on an on-going basis with a formal quarterly review. Risk and opportunities that score above the threshold (12) are escalated up to the corporate risk and opportunities register. Risks and opportunities that score below the threshold because of mitigating actions are removed from the corporate register.</p>

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<p>Possible controls: →</p> <p>Risks: ↘</p>	<p>The risk assessment process is aligned with and part of the normal business management processes: normal business is considered in terms of risk management.</p>	<p>As part of normal business, unresolved risks are escalated up the management chain. Regular management supervision ensures that all matters are escalated if appropriate.</p>	<p>There is clear sponsorship of and involvement in the risk assessment process at the most senior level.</p>	<p>The risk assessment methodology and terminology are clearly set out, publicised and made available to all involved.</p>	<p>The risk assessment process operates to a routine timetable; established, made known to all individuals involved, and adhered to.</p>	<p>The risk assessment process and methodology are the responsibility of a single senior officer to implement; and they critically assess the output.</p>	<p>A more formal assessment is periodically made by each management team, following the organisation's methodology and terminology, and including risks arising from business as usual as well as new projects and emerging risks.</p>
<p>Those involved in formally assessing risk lack an understanding of what they are being asked to do and how.</p>				<p>Briefing sessions are being held for all Directors, Risk Champions and appropriate members. This is supplemented by a dedicated website and officer support</p>			<p>Risk Champions (HoS), directors and relevant members are in the process of being briefed on the risk management approach and will have an understanding of what they are required to do.</p>
<p>There is no common understanding of the organisation's risk methodology and terminology.</p>				<p>Briefing sessions are being held for all Directors, Risk Champions and appropriate members. This is supplemented by a dedicated website and officer support</p>			<p>Risk Champions (HoS), directors and relevant members are in the process of being briefed on the risk management approach and will have an understanding of what they are required to do</p>
<p>Those involved focus chiefly on emerging issues and projects rather than ongoing risks arising from business as usual.</p>	<p>Systematic recording and monitoring ensures continuing risks are managed until the residual score is acceptable</p>						<p>Formal assessment is made on a quarterly basis and mitigating actions identified and implemented</p>
<p>Appropriate mitigating actions are not identified or implemented because:</p>							
<p>Priority is not given to risk management and planning in the face of more urgent tasks.</p>	<p>Formal assessment is made on a quarterly basis and mitigating actions identified and implemented</p>	<p>Formal assessment is made on a quarterly basis and mitigating actions identified and implemented</p>	<p>Risk Champions identified for each service area</p>		<p>The process is actively managed by the Director of Governance, Finance and Public services supported by the Head of Legal & Democratic Services to ensure adherence to the timetable</p>		<p>Formal assessment is made on a quarterly basis and mitigating actions identified and implemented</p>
<p>There is a lack of resources to consider how best to design any mitigating action.</p>	<p>Issues escalated to MTs for consideration and appropriate resource allocation to design mitigating actions</p>	<p>Issues escalated to MT for consideration and appropriate resource allocation to design mitigating actions</p>					


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<p>Possible controls: →</p> <p>Risks: ↘</p>	<p>The risk assessment process is aligned with and part of the normal business management processes: normal business is considered in terms of risk management.</p>	<p>As part of normal business, unresolved risks are escalated up the management chain. Regular management supervision ensures that all matters are escalated if appropriate.</p>	<p>There is clear sponsorship of and involvement in the risk assessment process at the most senior level.</p>	<p>The risk assessment methodology and terminology are clearly set out, publicised and made available to all involved.</p>	<p>The risk assessment process operates to a routine timetable; established, made known to all individuals involved, and adhered to.</p>	<p>The risk assessment process and methodology are the responsibility of a single senior officer to implement; and they critically assess the output.</p>	<p>A more formal assessment is periodically made by each management team, following the organisation's methodology and terminology, and including risks arising from business as usual as well as new projects and emerging risks.</p>
<p>There is a lack of resources to implement mitigating actions if they are additional to what is already being done.</p>	<p>MTs reallocate resources as appropriate</p>	<p>MTs reallocate resources as appropriate</p>					
<p>The team or individual identifies a risk but is unable to resolve it, and does not escalate or delegate it to a more appropriate level.</p>		<p>Risk is regularly discussed during management supervision so that risks and opportunities are identified and escalated appropriately</p>					
<p>Senior managers do not hold more junior managers adequately and regularly to account for risk management.</p>	<p>Risk is regularly discussed during management supervision so that risks and opportunities are identified and escalated appropriately</p>	<p>Risk is regularly discussed during management supervision so that risks and opportunities are identified and escalated appropriately</p>	<p>Risk Champions in each service area</p>		<p>Risk champions cascade to more junior managers. All information on risk management approach is on the website</p>		<p>Quarterly formal arrangements</p>
<p>Elected members do not hold senior officers adequately and regularly to account for risk management.</p>	<p>Quarterly reports to CCPI and A&GC. Risk also forms part of quality of service reports and hold senior officers and portfolio holders to account</p>	<p>Quarterly reports to CCPI and A&GC. Risk also forms part of quality of service reports and hold senior officers and portfolio holders to account</p>	<p>Risk Register routinely reported to Cabinet/MT</p>				
<p>The risk register presented to the member body responsible for overseeing corporate risks is not an adequate reflection of the organisation's most significant risks because:</p>							
<p>The process by which significant risks should be identified is ineffective.</p>	<p>See all above: risks and controls relating to the identification and assessment of significant risks.</p>						

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<div>Possible controls: →</div> <div>Risks: ↓</div>	The risk assessment process is aligned with and part of the normal business management processes: normal business is considered in terms of risk management.	As part of normal business, unresolved risks are escalated up the management chain. Regular management supervision ensures that all matters are escalated if appropriate.	There is clear sponsorship of and involvement in the risk assessment process at the most senior level.	The risk assessment methodology and terminology are clearly set out, publicised and made available to all involved.	The risk assessment process operates to a routine timetable; established, made known to all individuals involved, and adhered to.	The risk assessment process and methodology are the responsibility of a single senior officer to implement; and they critically assess the output.	A more formal assessment is periodically made by each management team, following the organisation's methodology and terminology, and including risks arising from business as usual as well as new projects and emerging risks.
Risks are assigned anomalous scores.				Risk Champions have been briefed on scoring matrix and template. Information is set out on website		Corporate responsibility for Risk Management lies with the Director of Governance, Finance & Public Services supported by the Head of Legal & Democratic Services. They provide critical challenge and feedback to Risk Champions.	MTs also provide challenge on a quarterly basis
The elapsed time taken to create the risk register and then clear it for publication renders it obsolete.					Routine annual timetable in place. Quarterly reporting to ensure register is up to date and relevant		
Officers do not have the risk appetite required to put an adequate assessment of risk into the political and public domain.	Risk is regularly discussed at MTs and is a standing quarterly item on all agendas. Risk is considered as part of the business planning process and is reported as part of quality of service reports. Formal reports presented to committee	Risk is regularly discussed at MTs and is a standing quarterly item on all agendas. Risk is considered as part of the business planning process and is reported as part of quality of service reports. Formal reports presented to committee	There is clear sponsorship at MT level and Cabinet	Risk Champions have been briefed on scoring matrix and template. Information is set out on website			MTs also provide challenge on a quarterly basis
	See below: risks and controls relating to effective corporate governance.						
Possible controls: →	Those elected members with	Members are selected for	A member body (such as an	The body responsible for	The body responsible for		

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<p>Risks: </p>	<p>specific responsibility for corporate governance are trained following their election and appointment, and periodically thereafter in risk management and their oversight role.</p>	<p>their oversight role on the basis of their prior knowledge and experience where this is available, or their interest in the role.</p>	<p>audit or risk management committee) has specific responsibility to oversee the organisation's and senior officers' management of risk. This body operates in accordance with best practice.</p>	<p>overseeing risk receives regular reports that reflect management's consideration of risk and its mitigation in practice: the output from the control processes set out above.</p>	<p>overseeing risk adopts a positive, supportive but challenging culture.</p>
<p>Elected members do not hold the Executive Leadership and senior officers adequately and effectively to account for their management of risk because:</p>					
<p>Elected members lack the knowledge and skills necessary to undertake their own role and understand that of officers in relation to risk management.</p>	<p>Briefing session to informal cabinet on risk management approach. Risk management approach has also been reported to A&GC</p>	<p>Members are selected by political parties (subject to political balance rules) on the basis of their prior knowledge and experience</p>			
<p>The organisation lacks an effective governance framework within which to consider risk management.</p>			<p>Regular reports (quarterly) are presented to informal cabinet, portfolio holders, CCPI and A&GC</p>		<p>Quarterly reports</p>
<p>Information is not available, not held in an intelligible and consistent format, or is incomplete.</p>				<p>Quarterly committee reports. Information published on website C-First</p>	