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Appendix A

Risk Management Policy

1. Policy Statement

- 1.1 Norfolk County Council will ensure that risks to the delivery of its priorities are appropriately managed in accordance with the Council's Risk Management Framework in order to fulfil the Financial Regulations (part 4.3), as set out in the Council's Constitution (part 7.7). The policy and framework of procedures will comply with the Accounts and Audit (England) Regulations 2015 (Part 2, Internal Control 3(c)) and the Public Sector Internal Audit Standards.

2. Purpose and Principles

- 2.1 Risk Management, alongside Performance Management and Financial Management, plays an important role in delivering the Council's priorities, the Council Plan, and supports the objectives of the Medium Term Financial Plan. The policy will set out the definition of risk, the roles and responsibilities within Risk Management, the approach taken to risk management within Norfolk County Council, the monitoring and audit of the policy, and its review.

- 2.2 The Risk Management Policy and Procedures form part of the overall Performance Management Framework, which incorporates all Risk Management documentation and activity, (i.e. Risk Management training), approved by the Council in August 2015.

- 2.3 Risk can be defined as **“an uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives”**.

The terms 'risk' and 'issue' are occasionally confused with each other so here are some points to consider when determining whether something is a risk or an issue:

- Issue may be defined as 'a previously uncertain event that has occurred'
- A risk relates to an uncertain event that has yet to occur
- An issue relates to a certain event or situation
- A risk is a potential issue, an issue is a risk that has occurred
- Risks are to be mitigated in case they happen, issues are to be resolved.

- 2.4 The purpose of the risk management policy is to establish and support the internal controls of the Council's strategic and departmental risk management

function, including the provision of assurance and governance. The policy will set out the following;

- the definition of risk,
- the roles and responsibilities within Risk Management,
- the approach taken to risk management within Norfolk County Council
- the monitoring and audit of Risk Management within the Council
- the review of the Policy itself

2.5 The following principles are drawn from Internal Audit principles and are appropriate for being applied to Risk Management throughout the County Council, and for relationships with connected third parties, through the application of the framework of procedures:

1. **Creates and protects value**
2. **Is an integral part of our organisational processes**
3. **Is part of our decision making**
4. **Explicitly addresses uncertainty**
5. **Is systematic, structured and timely**
6. **Is based on the best available information**
7. **Takes human and cultural factors into account**
8. **Is transparent and inclusive**
9. **Is dynamic, iterative and responsive to change**
10. **Facilitates continual improvement and lessons learned**

2.6 Further details of the Risk Management Principles above can be found in Appendix 1 to this Policy.

3. **Roles and Responsibilities**

3.1 This policy applies to:

- **All staff** (including all permanent and temporary employees, agency and casual staff)
- Third parties doing business with the County Council (for example contractors), or acting jointly or in partnership with the County Council
- Volunteers, students, interns, and trainees doing placements with the County Council

3.2 It is the **responsibility of everyone** who works for Norfolk County Council, or who has a vested interest in the Council's objectives, to be alert to the potential risks that the Council is able to control. Within the Council, Committee members approve the risk appetite and tolerance for the Council, with Executive Directors or other nominated senior managers as appropriate as the designated risk owners for corporate risks. There are groups and officers with specific responsibilities:

- Committee Members (County Councillors)
- The County Leadership Team and Departmental Management Teams
- The Executive Director of Finance and Commercial Services
- The Chief Internal Auditor
- The Risk Management Officer
- Departmental Risk Coordinators
- Departmental Managers

Further details of the Risk Management roles of the above stakeholders can be found in Appendix 2 below.

4. Approach Taken

- 4.1 We will implement, manage, and report on this policy by following the framework of seven procedures and supporting documents listed in the Procedures Index in Appendix 3.
- 4.2 This policy and accompanying procedures will be made available to all staff at Norfolk County Council via the County Council intranet site.
- 4.3 The Risk Management Officer or appropriate senior manager should present quarterly Risk Management reports to Committee, detailing the Committee's risks. These reports should contain risks reported by exception (all of the Committee's current corporate or departmental level risks with a score of 12 or more, with the prospects of meeting the target score by the target date at amber or red), with Committees receiving a full risk register containing all of their Committee's corporate or departmental level risks once or more per financial year.
- 4.4 A training needs analysis will be undertaken with staff affected by this document. Based on the findings of that analysis, appropriate training will be provided to staff as necessary.

5 Monitoring and Audit

- 5.1 Compliance with the policies and procedures will be monitored by the Risk Management Officer and Risk Coordinators.
- 5.2 Given the structural relationship between Risk Management and Internal Audit (Risk Management is part of Internal Audit), external audits will be carried out periodically to provide external assurance of effective risk management within Norfolk County Council.

6. Review of Policy

- 6.1 This policy should be reviewed regularly, and as a minimum, once every two years.

7. Definition of Terms

- 7.1 There is a separate Risk Management glossary which can be found alongside the Risk Management Procedures, listed at Appendix 3.

8. References

Council Constitution Part 7.4 Risk Management (part 4.3)

The Accounts and Audit (England) Regulations 2015, and the Public Sector Internal Audit Standards (Part 2, Internal Control 3(c)).

Decker, A. and Galer, D. (2013) *Enterprise Risk Management Straight to the Point*, ERMSTTP, LLC

9. Version Control

Version Number	Revision Date	Change Description	Changed Name	Approved Name	Comments
0.1	17/10/16	Draft Version	Thomas Osborne		
0.2	22/11/16	“ “	Thomas Osborne		Feedback from Risk Coordinators factored in to revisions made.
0.3	28/07/17	“ “	Thomas Osborne		Feedback from Chief Internal Auditor

Appendix 1

1. Creates and protects value

We will ensure that risk management supports the achievement of our objectives at all levels and the improvement of our performance in areas such as financial management, health and safety, security, legal and regulatory compliance, public acceptance, environmental protection, customer services, project and partnership management, business continuity, governance and reputation.

2. Is an integral part of our organisational processes

We will ensure that risk management is part of our management responsibilities and an integral part of all of our processes, including strategic and service planning as well as financial, partnership, project management and change management.

3. Is part of our decision making

We will ensure that risk management helps decision makers deliver informed choices, prioritise actions and distinguish between alternative courses of action.

4. Explicitly addresses uncertainty

We will ensure that risk management explicitly takes account of uncertainty, the nature of that uncertainty and the ways it could be addressed, through treating, preventing, transferring, or ignoring.

5. Is systematic, structured and timely

We will ensure that a systematic, structured and timely approach to risk management contributes to improved efficiency and consistent, comparable and reliable results.

6. Is based on the best available information

We will ensure that the inputs to the process of managing risk are based on valid and relevant information sources such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgement.

7. Takes human and cultural factors into account

We will ensure that risk management recognises the capabilities, perceptions and intentions of all stakeholders, both external and internal, that could facilitate or hinder the achievement of our objectives.

8. Is transparent and inclusive

We will ensure the appropriate and timely involvement of stakeholders at all levels throughout the County Council.

9. Is dynamic, iterative and responsive to change

We will ensure that risk management continually anticipates and responds to change, both internally and externally, to ensure it remains relevant and up-to-date.

10. Facilitates continual improvement

We will continually review, develop and implement processes to improve the risk management maturity throughout the County Council, including considering lessons learned.

Appendix 2

The roles of the stakeholders with specific responsibilities for Risk Management are as follows;

Committee Members (County Councillors)	<p>Committee Members:</p> <ul style="list-style-type: none">• Approve the Council's risk appetite and risk tolerance, and provide challenge and steer on the risks that their committee departments face.• Consider and approve the work that Executive Directors undertake to ensure that the risk management function demonstrates continued assurance to committee that risks are being effectively managed within the Council.
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Audit Committee	<p>The Audit Committee has an important oversight role to perform for corporate Risk Management. Audit Committee Members:</p> <ul style="list-style-type: none"> • Scrutinise and challenge; <ul style="list-style-type: none"> ○ options for managing corporate risks ○ risk scores ○ risk mitigations
County Leadership Team / Departmental Management Teams	<p>Executive Directors:</p> <ul style="list-style-type: none"> • Form part of the County Leadership Team, taking ownership of, and having input into, their department's risks and corporate risks. <p>The Departmental Senior Management Teams:</p> <ul style="list-style-type: none"> • Support, challenge, and provide steer on the mitigation of the departmental risks that are formally documented in their departmental risk registers.
The Executive Director of Finance and Commercial Services	<p>The Executive Director of Finance and Commercial Services:</p> <ul style="list-style-type: none"> • Has executive responsibility for risk. • Is responsible (as delegated by the Managing Director) for ensuring effective systems and processes are in place to deliver the information security agenda. • Is responsible for reporting any relevant information risk to the County Leadership Team.

Chief Internal Auditor	<p>The Chief Internal Auditor:</p> <ul style="list-style-type: none"> • Is the head of the risk management function, representing risk management at senior management level (County Leadership Team) board meetings at Norfolk County Council. • Evaluates and reports risk management activity for Norfolk County Council.
Risk Management Officer	<p>The Risk Management Officer:</p> <ul style="list-style-type: none"> • Directly supports the Chief Internal Auditor in the operation and delivery of the risk management function for Norfolk County Council. • Is responsible for setting and delivering the risk management policy, framework, and strategy. • Is responsible for reporting and presenting risk management reports to Committee boards.
Departmental Risk Coordinators	<p>Departmental Risk Coordinators:</p> <ul style="list-style-type: none"> • Support the Risk Management Officer in delivering the risk management policy and strategy within their department.
Departmental Managers	<p>Departmental managers:</p> <ul style="list-style-type: none"> • Identify risks within their service department and act upon these by either logging the risk on their service risk

	<p>register, or if it is a very low level risk, managing it within their team until it has been mitigated.</p> <ul style="list-style-type: none"> • Manage the risks affecting their service area day to day.
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Appendix 3

Index of Procedures and other related documents

- Introduction to the Risk Management Policy and Procedures
- Changes to the existing Risk Management Policy
- Risk Management Policy Procedure - Categorising Risks
- Risk Management Policy Procedure - Review of Risks
- Risk Management Policy Procedure - Risk Appetite and Tolerance
- Risk Management Policy Procedure - Risk Reporting
- Risk Management Policy Procedure - Risk Scoring
- Risk Management Policy Procedure - Training and Development
- Risk Management Policy Procedure – Risk Management Process
- Technical Notes
- Risk Management Glossary