



Auditing Risk Management

The client A large Unitary Council facing unprecedented levels of budget cuts and increased demand for services

The challenge The client needed to know why risk management had stalled at the council and how to embed the practice so that it added value, particularly at strategic level.

How do you know that risk management is delivering value for money? Is it just an additional bureaucracy that adds to the burden of already busy management?

The response Liz Taylor Risk Consulting performed a paper based due diligence exercise and interviewed over 25 people in the organisation.

The key areas that were investigated were;

1. Risk Leadership – was there the right kind of leadership for risk management at all levels?
2. Risk Strategies and Polices - was there a strong link between performance management and risk management? Were all actions in managing performance that impacted on risk cross referenced to the risk in the risk register? Were the risks the right ones that either provided a threat or an opportunity? Was there an appropriate recognition of the gaps when demand is forecast to outstrip supply?
3. People, internal resources and communication – had there been sufficient training? Had the training been at the right level with the appropriate learning outcomes? Were people able to manage risks with skill and confidence? Was there sufficient internal expertise to guide and facilitate risk management at all levels?
4. Partnerships and external resources – how well were the risks and opportunities in partnerships and other external resources being managed?
5. Risk processes – how good were these? Was there a proper analysis of the causes and the outcomes of risk? Were the control actions sufficient to respond to these causes and outcomes on a prioritised basis? Were risk registers being used properly? Were they live and active on a day to day basis? Was risk management linked firmly to the goals and objectives? Was there ownership of risk and of risk controls? Was there a good business continuity management system in place and adding value?
6. Risk handling and assurances – was there evidence that risk management was being effective? Were there ongoing measures to ensure that effectiveness could be tracked?
7. Outcomes and delivery – was there evidence that risk management was helping to deliver successful outcomes?

CASE STUDY

The outcome The final report included a number of actions which were prioritised for action over a period of time, including some quick wins for the short term which would add a lot of value to the way in which risk management assisted in delivering savings and efficiencies.

The client was delighted with the output and has implemented the quick wins already.

Key points

- Use an audit of risk management to identify quick wins
- The audit enables the client to focus on wider areas than just the process of risk management
- Senior management become more aware, through participation in the audit process, of how risk management can help them to deliver their stretched targets