

TRANSPORT FOR LONDON

AUDIT COMMITTEE

SUBJECT: STRATEGIC RISK PLAN 2008/09

MEETING DATE: 11 JUNE 2008

1 PURPOSE AND DECISION REQUIRED

- 1.1 The purpose of this paper is to update the Audit Committee on planned work and development activity for risk management in TfL during 2008/09. The Committee is asked to approve the contents of the plan and to note the report.

2 BACKGROUND

- 2.1 This is the third annual risk management plan that has been submitted for the Committee's approval. All of the elements of last year's plan have been fully completed.
- 2.2 The 2008/09 Risk Management Plan is attached at Appendix 1 to this report. The main elements of the plan (quality control, software roll-out and enhancement and training delivery) reflect the overall change of emphasis from process development to assurance provision and co-ordination of risk management activity across the Group.
- 2.3 In last year's plan a number of pieces of work were specifically included as a result of recommendations made in the Internal Audit review of the risk management arrangements. These deliverables, along with all of the other recommendations from that report, have been completed. A follow-up review by Internal Audit noted the progress made and resulted in an "Audit Closed" report conclusion.

3 RISK MANAGEMENT PLAN

- 3.1 The highlights of the plan are set out below:

3.2 Quality

The work under this heading will seek to provide the Commissioner and the Audit Committee with assurance that the risk management processes and systems are operating as intended. Reviews to be performed will range from detailed analysis of the risk data held on the Active Risk Manager system, to ensure its completeness and accuracy, to more strategic appraisals of our overall risk management approach and direction. We will also seek to promote efficiency and effectiveness

by developing an overall understanding of the use of risk tools across the organisation, bringing together users and sharing knowledge and promoting consistency wherever possible.

3.3 Risk Management Training

Having developed the Business Manager training course and the E-Learning module as part of last year's plan, this year the emphasis will be upon consolidation. We will continue to deliver the Business Manager courses throughout the year to nominated managers. A review of course content is also scheduled for mid-year, where any necessary revisions will be made arising from our feedback process. Usage levels and feedback on the E-Learning module will also be monitored to ensure that it is reaching all areas and levels of the business.

3.4 Risk Management Software

Our aim with the Active Risk Management (ARM) software is to extend its use to all major functions and projects within the Group. This will provide a level of assurance that all key risks have been captured and are given appropriate visibility – to enable escalation or co-ordination with other risks. To this end, we are undertaking a review of ARM usability and reporting. The objective is to make the system as useful and as straightforward to use as possible so as to encourage its rollout to new users – and also help to ensure the current user base are using the system to its full potential.

4 EQUALITIES AND INCLUSION

- 4.1 Risks to the organisation's equality and inclusion objectives have been, and continue to be, assessed as part of the overall strategic risk management process. The risk and mitigation elements are captured as part of the "Quality and quantity of people" strategic risk.

5 CRIME AND DISORDER

- 5.1 The Revenue collection risk, which has been identified by Chief Officers as a strategic risk, includes the risk of fraud – particularly in relation to ticket fraud. However, risks relating to crime and disorder are also considered as part of the general governance arrangements – for example, in the project review and approval process.

6 SUSTAINABILITY

- 6.1 Sustainability represents one element of the “Project delivery” risk and is assessed at project and programme level. It is also very much a part of the “Effective contract management risk” in the form of the sustainable procurement agenda. From a strategic perspective the risk is currently captured as part of the General Counsel Risk Register. As with other risks at this level, it will be monitored to assess any future need for escalation to the TfL Strategic Register.

7 RECOMMENDATION

- 7.1 The Committee is asked to APPROVE the contents of the plan and to NOTE the report.

STRATEGIC RISK MANAGEMENT PLAN 2008/09

<u>Details of Planned Jobs</u>	<u>Time Allocated</u>
<p>Ongoing Risk Management Activity</p> <ul style="list-style-type: none"> • Continue to monitor and maintain the risk management framework and process already in place for the Group. The current framework enables Chief Officers to manage the TfL strategic risks and provides a mechanism for the co-ordination of modal risk management activity • Co-ordinate and service the Risk Management Group. The Group meets quarterly to review strategic risks, provide leadership for risk management development and discuss organisational cross-cutting and emerging risks • Produce quarterly assurance reports for the Commissioner covering the status of the strategic risks and general risk management arrangements • Risk workshops – organize and facilitate workshops for managers across the Group as requested • Provide general advice and assistance on risk identification evaluation, mitigation and monitoring • Promote good practice in risk management through all available internal communication channels 	30
<p>RM Process Development</p> <ul style="list-style-type: none"> • Update Risk Management Policy and obtain Audit Committee approval • Continue to develop the agreed risk appetite at the Group and modal levels • Review the extent to which opportunities are being identified as part of the risk management arrangements across the business, and enhance the processes to do this as required 	10
<p>Risk Management Training</p> <ul style="list-style-type: none"> • Develop an overall Framework and approach for all levels of expertise • Revise and update Business Manager Training Course • Transfer administration for risk management training to L&D 	15

- Key Risk Representative Training

Quality

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- Introduce formal risk analysis regime to include:
 1. Review of the quality of risk content
 2. Cross-directorate systemic risks and trends
- Perform a review of the risk transfer approaches in place for the major contracts
- Organise a survey of risk tool usage (as a basis for a more consistent approach across the organisation)
- Continue to benchmark the risk framework and process with comparable and leading practice organisations
- Perform a customer feedback exercise

Risk Reporting

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- Implement KPI/KRI reporting for strategic risks in conjunction with Business Performance Team
- Develop Panel and Committee reporting

Risk Management Software

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- Agree and introduce minimum standards for risk data entry
- Develop and roll out standard reports
- Establish a project to roll out ARM to the project management community and to the directorate 2nd tier management

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