

Date: 4 October 2012

Item 13: Risk Management Update

This paper will be considered in public.

1 Summary

1.1 This paper provides an update on risk reporting across TfL.

2 Recommendation

2.1 **The Committee is asked to note the paper.**

3 Risk Update

3.1 Over the last few months a review has taken place of the rationale for and reporting requirements of strategic risk management across TfL. The key requirement has been to provide a single, common process, which enables effective identification, management and reporting of all strategic and significant risks.

3.2 A new format for risk reporting is being developed. This will allow more focus on the status of mitigations rather than listing the risks on a heat map. This will enable improved focus on managing and reducing risk across the organisation.

3.3 The pan-TfL strategic risk register is being further developed. The risks incorporated are sourced from all business areas (Surface, Rail & Underground, Corporate) based on their potential pan-TfL impact. Once the development is complete, the register will go to the Finance Leadership Team for review and feedback to ensure risks have been assessed appropriately and that proposed mitigation measures are robust enough to support cost effective risk management.

3.4 Additional initiatives are planned to achieve step-change improvements to the risk management process. They are to:

- (a) revise the TfL Risk Management Policy to rebalance focus on the quantitative reporting;
- (b) develop a Financial Risk Management Standard to enable quantification of strategic risks; and
- (c) embed quantification of strategic risk and feed the output into the short and long term finance processes (where appropriate).

3.5 These initiatives will inform iterations to the pan-TfL risk register and facilitate the process of developing an integrated view of risk across the organisation.

3.6 The revised pan-TfL Strategic Risk Register will be available to the Audit and Assurance Committee at its meeting on 7 December 2012.

4 Risk Management Oversight

4.1 The Assurance Delivery Group, chaired by General Counsel, continues to assume the role of the Risk Management Group to oversee risk arrangements within TfL on behalf of the Leadership Team.

4.2 Corporate risk professionals are embedded in all business areas to support delivery of risk management initiatives.

List of appendices to this paper:

None.

List of Background Papers:

None.

Contact Officer: Steve Allen, Managing Director, Finance
Number: 020 7126 4918
E-mail: StephenAllen@tfl.gov.uk