



Audit Advisory Committee
26 June 2017

**Report from the Chief Finance
Officer**

For Information

Wards Affected: ALL

**Draft Risk Management Strategy 2017-2019 and Strategic
Risk Register**

1. Summary

- 1.1. This report provides an update on the review of Risk Management and sets out the draft Risk Management Strategy for 2017-2019 an implementation plan to embed the new strategy and the updated Strategic Risk Register.

2. Purpose of the Report

- 2.1 In accordance with the terms of reference for the Committee, the report is presented to *'enable the Committee to monitor the effective development and operation of risk management and corporate governance in the Council.'*

3. Recommendations

- 3.1. The Audit Committee approve the 2017/19 Risk Management Strategy at Appendix A to this report.
- 3.2. The Audit Committee note and comment on the draft implementation plan to embed the new Strategy at Appendix B of this report.
- 3.3. The Audit Committee notes the current Strategic Risk Register at Appendix C of this report.

4. Detail

Risk Management Strategy 2017/19

- 4.1. The Corporate Management Team (CMT) and Audit Committee, during 2016/17, have asked that the good work to identify and manage risk within the Council is properly captured and communicated effectively. This should further embed good practice across the organisation and maximise the assurances available to management and Members.
- 4.2. A review of arrangements reported at the March Audit Committee, gave positive assurance regarding the management of risk. However, opportunities were identified to strengthen arrangements - in particular ensuring that communication between interrelated risks at the operational level is enhanced; risk is linked more closely to performance data ensuring that risk is monitored and reported at the right level of the business in line with an approved appetite and tolerance.
- 4.3. As a result of the review and feedback from Members and Corporate Management Team, the Strategy has been refreshed with some key principles in mind. The process needs to be as simple and efficient as possible; guidance available will need to be reviewed as part of the implementation plan; and Audit Committee Members requested that (Strategic) risk management activity is more visible to other Members including the Cabinet.
- 4.4. The draft strategy is attached as Appendix A.
- 4.5. Since the last meeting of the Audit Committee, there has been further input to the process from the Risk Management Group and the Council's Performance Team. As a result, it has been identified that, should the new strategy be agreed and processes amended to include risk reporting to Cabinet, then reporting of risk could be ultimately incorporated into periodic performance reporting as opposed to being a separate report.
- 4.6. It has also been noted that the links to the Borough Plan are relevant and these links will be developed as the Strategic Risk Register evolves.

Implementation Plan

- 4.7 To support the implementation of the new strategy, an implementation plan has been drafted and is included as Appendix B. Progress towards completion of the plan will be provided to the Audit Committee as part of scheduled periodic reporting.

Strategic Risk Register

- 4.8 Anew Strategic Risk Register has been developed with risks linked to the objectives outlined within the Council's 2020 Vision.
- 4.9 The risk register has been developed with input from the council's Performance Team, Risk Management Group, Internal Audit and Corporate Management Team.
- 4.10 The inherent risks the Council faces and owned and monitored at the Departmental level within the Risk Management arrangements. This includes:
- Safeguarding (Children and Adults);
 - Business Continuity;
 - Information Governance;
 - Legislative Compliance;
 - Fraud and Corruption;
 - Financial Stability;
 - Health and Safety.

These risks will be incorporated into the Strategic Risk Register when net or mitigated risk ratings are deemed to be of a level that exceeds the appropriate tolerance. At June 2017 when the Strategic Risk Register has been reviewed and discussed at Corporate Management Team, with input from Internal Audit and other assurances available, none of these inherent high risks are currently rated as over 20 and therefore 'Red'. As part of the implementation plan and the on-going development of the Risk Management Framework the thresholds for escalation will be reviewed and agreed with Corporate Management Team and Members, to ensure for each risk an specific threshold is set.

5. Financial Implications

- 5.1. The Strategy does not seek to increase the resources required to manage risk or facilitate the reporting of risk. It recognises the need for streamlined processes as resources within the Council reduce. The Audit and Investigation Service do not currently have dedicated risk resources. This can be considered as part of a planned restructure. The cost of implementing the new Strategy can be achieved within the wider Finance budgets of which Audit and Investigations is part.

6. Legal Implications

- 6.1. All Local Authorities are required to have in place arrangements for managing risks, as stated in the Accounts and Audit Regulations 20015:

“A relevant authority must ensure that it has a sound system of internal control which:

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk.”

7. Diversity Implications

- 7.1. None

8. Background Papers

- 8.1. None

9. Contact Officer Details

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