

AUDIT COMMITTEE

29 SEPTEMBER 2016

REVIEW OF RISK MANAGEMENT

Report from: Richard Hicks, Director of Regeneration, Culture, Environment and Transformation - Chair of Strategic Risk Management Group

Author: Anna Marie Lawrence Head of RCET Performance & Intelligence

Summary

This report updates Audit Committee on the progress of the Council's risk management activities.

1. Budget and Policy Framework

- 1.1 Good corporate governance requires that local authorities identify all their significant strategic and operational risks, and put effective risk management and internal control systems in place. All local authorities are now obliged to publish an annual statement on their systems of governance, which include risk management and internal control.
- 1.2 The Risk Management Strategy underpins all aspects of the Council's work and is fundamental to the Performance Plan in terms of "giving value for money".

2. Background

- 2.1 The Council uses an industry standard risk management methodology and model. The Audit & Counter Fraud Team work to an annual risk based plan which includes an allowance to provide assurance over the council's risk management arrangements every year.
- 2.2 The Council's risk management activities continue to be co-ordinated by the Strategic Risk Management Group (SRMG), which is chaired by the Director of Regeneration, Culture, Environment and Transformation and includes a representative from each directorate.

3. Advice and analysis

- 3.1 **Risk Management Strategy** - The 2014-2015 audit review of risk management arrangements assessed compliance with the Council's risk management strategy. The audit opinion found this to be 'satisfactory'.

3.2 The Risk Management Strategy has completed its annual review. The following amendments have been made and were agreed by the Strategic Risk Management Group on 22 July 2016 and Corporate Management Team on 10 August 2016:

- The document has been formatted i.e. front cover, contents page
- Minor amendments have been made to the wording
- Pictures have been updated to aid understanding
- At the request of the Portfolio Holder the risk matrix has been developed with descriptions for likelihood and impact
- Appendix D has been added to aid understanding of how risk is incorporated into the Councils governance arrangements

3.3 **The Risk Management Audit** – In 2015-16, due to the implementation of the shared service with Gravesham, the Audit and Counter Fraud Team did not have the resources to deliver all work planned for the year. As risk management had been audited at the end of the 2014-15 financial year and the audit gave an opinion of 'sufficient', no audit of risk management took place in 2015-16.

3.4 The Audit & Counter Fraud Team consider risk management in all reviews, and will comment and make recommendations where this could be improved.

3.5 The Annual Governance Review and Annual Governance Statement consider the success of risk management arrangements.

3.6 Whilst the 2014-15 audit confirmed that risk management arrangements are sufficient, it identified two recommendations:

3.7 A) Service managers should be reminded of the importance of identifying risks to service objectives, and mitigating actions, during the service planning process, and that these should be recorded in the service plan.

3.8 B) Risks identified in service / divisional plans should be monitored, and updated if necessary, as part of the AD quarterly reporting process.

3.9 Both recommendations have been addressed through Performance and Intelligence Managers for directorates issuing service planning guidance including the need to identify risks as part of the annual service planning and the requirement to conduct service manager and AD quarterly reviews.

4. Financial, legal and risk implications

4.1 This report brings forward the annual review of the Council's risk management strategy that is integral to the Council's approach to risk management.

4.2 There are no direct financial or legal implications arising from this report although clearly the inability to control or mitigate risks could have a financial or legal impact. Risk rating for this report is E3 (Likelihood: very low, Impact: Marginal).

5. Recommendation

5.1 Members are asked to note progress on the Council's risk management activities.

Lead officer contact

Anna Marie Lawrence: Performance & Intelligence Manager
Ext 2443 /email annamarie.lawrence@medway.gov.uk

Appendices:

Appendix A – Current Risk Management Strategy

Appendix B – Draft revised Risk Management Strategy

Background papers

None