AUDIT COMMITTEE

28 SEPTEMBER 2017

REVIEW OF RISK MANAGEMENT

Report from: Richard Hicks, Director of Regeneration, Culture, Environment
                 and Transformation

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                 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.

2.3   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**   - 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.

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

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

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

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.

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

3.5   Both recommendations were 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.

3.6   The Strategic Risk Management Strategy has completed its annual review.

3.7   At the meeting of the Business Support Overview and Scrutiny Committee held on 13 April 2017 a Member reiterated a point made when the Committee last considered the Risk Register that a better approach to risk would be to combine risks and mitigations in one place. This would allow Members to see what was being done to mitigate a risk, what the timescales were, what progress was being made and what the residual risks were. The Chief Legal Officer advised that the Strategic Risk Management Group would look at its next meeting whether it was the right time to move to a broader approach to risk, including whether the Risk Register should include opportunities and mitigations as well as risks.

3.8   Corporate Management Team agreed on 19 July 2017 to include more detailed updates on the progress of actions to mitigate risk from January 2018. For the longer term work has commenced to develop a joint approach to the management of risk, finance and performance.

3.9   **The Risk Management Audit August 2017** – The review considered the effective arrangements that are in place for the management of operational risk in line with the Risk Management Cycle in the Council's Strategy.

3.9.1 The review found information is available on the intranet to help Service Managers understand their role in the Risk Management Framework and how to produce a service plan. All nine services knew how to identify, analyse and prioritise risks one service did not have an up to date service plan. Service Managers demonstrated inconsistencies in their risk rating, the templates they use to report risks and the majority were not using Covalent, which supports the opinion of some Service Managers that more training is required.

3.9.2 Four medium priority recommendations were identified in relation to providing training and introducing arrangements to ensure all services complete service plans and appropriately scored risk registers consistently.

3.9.3 Training arrangements have been reviewed and all managers will receive Risk Management Training by 30 April 2018. A process has been established to confirm all Service Plans have been completed by 1 April 2018.

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.

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Appendices:

Appendix A – Risk Management Strategy

Background papers

None