

AUDIT AND GOVERNANCE COMMITTEE

Wednesday, 28th July 2021

REPORT OF THE ASSISTANT DIRECTOR FINANCE

RISK MANAGEMENT QUARTERLY UPDATE

Purpose

To report on the Risk Management process and progress for Quarter 1 of the 2021/22 financial year. To present the revised report format, and a revised Risk policy document for approval. The report also includes comments and recommendations from a recent audit review of the risk process.

Recommendations

- That the Committee endorses the revised Corporate Risk Register.
- That the Committee approves the revised Risk Policy document.
- That the Committee notes the Audit recommendations.

Executive Summary

One of the functions of the Audit & Governance Committee is to monitor the effectiveness of the Authority's Strategic risk management arrangements. The report includes the actions taken to manage those risks. Corporate risks are identified, managed and monitored by the Corporate Management Team (CMT) on a quarterly basis.

The previously reported review of the Strategic risk reporting structure is now completed and is attached as **Appendix 1**. The new format reflects the organisational structure and gives focus and clarity to the key areas of concern. It also introduces target risk positions along with direct links to the Corporate Strategic objectives. Responsibility for each area of Risk is allocated to an Executive Director and each control measure within that risk area is assigned to an Assistant Director. The top 4 to 6 causes, consequences and controls are included and these will change to reflect current circumstances.

The report monitors the strategic risks and provides for key operational risks to be referenced for information as a note within the relevant risk area.

This report also includes the revised Risk Policy as **Appendix 2**. The revised policy introduces a section on Risk Finance and develops the section on Risk Appetite. It also extends the responsibility for Risk management to all staff, and provides a mechanism for significant operational issues to be included in the quarterly strategic report.

The Risk Management process was recently the subject of an audit report. The reports' recommendations have largely been addressed by the ongoing review. The report recommends:

- The updating of the Risk policy; this has been done see **Appendix 2** attached.
- A programme of risk management training; this commenced with a workshop for CMT and will be extended to operational managers.
- The organisation should set the expectation regarding sub strategic and project risks; this is recognised and will be included in the next stage of the review as it moves to review the operational risks process.
- The recommendation included in the report but which does not form part of the review was the review of risk comments on committee reports. No specific action was considered necessary at this time, as every committee report provides opportunity for a comment on risk and the reports are reviewed by senior managers and comments included. However, risk will be subject to a greater detail of scrutiny in the future to ensure consistency in reports to members

To support risk management the Zurich Municipal risk consultant resource is still available and will provide a resource to support training and, as a critical friend, to review some contract/project work.

The current major Risk items of note in the quarter period remain as; the continued and changing effect of Covid-19 on the operations of the Authority, and the impact it could have on income levels.

Options Considered

None.

Resource Implications

None.

Legal / Risk Implications

There are no direct legal implications from this report but failure to manage strategic risks could lead to issues in delivering strategic priorities.

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

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LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 New Corporate Risk Register

Appendix 2 Revised Risk policy