

Report to Audit committee

Item

23 June 2015

Report of Head of internal audit and risk management, LGSS

Subject Review of corporate risk register

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Purpose

To update members on the review by the corporate leadership team of key risks facing the council, and the associated mitigating actions as noted in the corporate risk register.

Recommendation

To note the corporate risks and the key controls in place and further actions planned to mitigate the risks.

Corporate and service priorities

The report helps to meet the corporate priority “Value for money services”.

Financial implications

None

Ward/s: All wards

Cabinet member: Councillor Stonard – Resources and income generation

Contact officers

Neil Hunter

01223 715317

Steve Dowson

01603 212575

Background documents

None

Report

Background

1. Risk management is a fundamental aspect of the council's business practices. Cabinet has an executive role in the management of risks across the council in its role of ensuring the delivery of the council's priorities.
2. Audit committee provides independent assurance of the adequacy of the council's risk management framework and the associated control environment.
3. In line with the risk management strategy, the template for risk registers includes scoring for inherent risks (before any mitigating controls are considered) and residual risk (after taking account of key controls, which are listed). Any further planned actions to mitigate risks are also shown.
4. The current corporate risk register was previously reported to audit committee on 17 March 2015.

Review of corporate risks

5. In line with the risk management strategy, on 10 June the corporate leadership team carried out its quarterly review of the key risks to achieving the council's priorities and updated the register.
6. The updated corporate risk register is attached at **appendix 1**.

Changes to the corporate risk register

7. There is one major change to the register following the latest review. In view of the current economic outlook for the public sector the residual impact score for risk B1, public sector funding, has been increased from 3 (medium) to 4 (high). The result is that the overall residual risk score is 20, i.e. it exceeds the council's risk appetite. The risk management policy states that "in exceptional circumstances cabinet can approve a residual risk in excess of the risk appetite if it is agreed that it is impractical or impossible to reduce the risk level below 16." Therefore a report will be taken to a future cabinet to explain the actions being taken and to approve the score (in practice cabinet will already be aware of the issues through regular reporting of the transformation programme, budget, medium term financial strategy, etc.).
8. The only other major change is that more detail has been added to risk A4, safeguarding children and vulnerable adults, to demonstrate how the council is actively involved and is complying with its duties and responsibilities.
9. Other changes mainly relate to the updating of some causes and effects in columns three and four and additional/expanded key controls in column ten. New actions to mitigate risks have been added to risks A4, safeguarding children and vulnerable adults; B1, public sector funding; and C5, fraud and corruption.
10. The register attached at appendix 1 highlights in red where changes have been made.

Summary of residual risk scores

11. As with the previous register, a summary is included at **appendix 2** which shows the residual risk level for each of the risks. This demonstrates where each risk sits in relation to the council's risk appetite, ie there should be no risks with a residual score greater than 15, unless specifically approved by cabinet.
12. As mentioned above, the residual risk score for B1, public sector funding has increased to 20 (red), which will be reported to a future cabinet.
13. All other residual risk scores are amber.

Conclusion

14. Risk management processes are well embedded within the council, and members can be assured that the corporate risk register is up to date following review by the business managers group of the key risks to achieving the council's objectives.
15. Each risk shows the owner and the key controls in place or planned to minimise any impact on the council and its provision of services to stakeholders.
16. The risk management strategy requires managers to keep all risks under review, and the corporate risk register will be regularly updated accordingly.