

# **Report to the Audit & Governance Committee**



**Epping Forest  
District Council**

**Report Reference: AGC-028-2009/10.**

**Date of meeting: 29 March 2010.**

**Portfolio: Performance Management.**

**Subject: Effectiveness of the Arrangements for Risk Management.**

**Responsible Officer: Bob Palmer (01992 564279).**

**Democratic Services Officer: Gary Woodhall (01992 564470).**

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## **Recommendations/Decisions Required:**

**That Members consider the effectiveness of the arrangements for Risk Management.**

## **Executive Summary:**

The terms of reference for this committee include "To consider the effectiveness of the Council's Risk Management arrangements". This contrasts with the role of the Finance and Performance Management Cabinet Committee, which is required "To advise and make recommendations to the Cabinet on Risk Management and Insurance issues".

The external auditors have concluded, as part of their Use of Resources work, that the arrangements for Risk Management are adequate. However, Members should consider the evidence provided in this report and form their own view.

## **Reason for Proposed Decision:**

Members are requested to consider the effectiveness of the Council's arrangements for Risk Management, to comply with the terms of reference for this Committee.

## **Other Options for Action:**

If this Committee is to fulfil its functions there are no other options for action.

## **Report:**

1. This is the third annual review of the effectiveness of the Council's arrangements for Risk Management. Following the first review the format of reports was changed to give greater prominence to Risk Management. Last year the Committee resolved:

*(1) That the Council's arrangements for Risk Management be considered effective;*

*(2) That the challenges to the Council's arrangements for Risk Management be noted; and*

*(3) That a report be submitted to the next meeting of the Committee regarding the strategic issues facing the Council in respect of recruitment and retention.*

2. The report requested by the Committee was presented by the Assistant Director (Human Resources) at the next meeting on 22 June 2009.

## Risk Management in Directorates

3. The internal arrangements for Risk Management have not changed during the year. Each directorate has a nominated champion for risk management, usually at Assistant Director level. This individual acts as the lead on Risk Management for the directorate and represents their directorate at the Risk Management Group (RMG).

4. All directorates are required to have a section on Risk Management in their business plans. This section will contain details on the directorate's key risks, a risk matrix and action plans for dealing with the risks that are above the risk tolerance line.

5. All directorates are required to have Risk Management as a standing item on management team meeting agendas. This is to ensure that directorate risk registers are kept up to date with any new items and that existing action plans, both for directorate and corporate risks, are monitored. The regular discussion of risks allows directorate champions to report back on discussions at the RMG and also to bring forward items from their directorates that they feel should now be included, or if already included updated, on the Corporate Risk Register.

## Corporate Risk Management

6. The RMG meets quarterly to discuss Risk Management issues and recommend alterations to the Corporate Risk Register to the Corporate Governance Group. The Director of Finance and ICT, or in his absence the Senior Finance Officer (Risk and Insurance) chairs the RMG. All of the group have received training in Risk Management.

7. The annual updating and approval of the terms of reference for the RMG was considered by the Finance and Performance Management Cabinet Committee on 25 January 2010 and adopted by Cabinet on 1 February 2010. The same meetings also approved the Risk Management Strategy and the Risk Management Policy Statement.

## Corporate Risk Register

8. As mentioned above, the RMG will consider updates to the Corporate Risk Register and make recommendations to the Corporate Governance Group (which consist of the Chief Executive, the Deputy Chief Executive, the Monitoring Officer, the Deputy Monitoring Officer, the Director of Finance and ICT and the Chief Internal Auditor).

9. Recommendations on updating the Corporate Risk Register are considered by the Finance and Performance Management Cabinet Committee; the most recent updates are shown in the table below. For information only, the Corporate Risk Register is attached as Appendix 1.

<u>Date of Meeting</u>	<u>Updates Considered</u>
15 June 2009	Updated for new Executive Priorities and Members requested an additional risk on gypsy and traveller pitch provision.
5 October 2009	Two new risks added, scored and named. One score amended.
25 January 2010	Three risk scores amended.
15 March 2010	Members requested additional risk in relation to disruption caused by the Olympics. This will be constructed for scoring and agreement at the June meeting.

## Audit Assessments

10. Internal Audit has recently commenced an audit of Insurance and Risk Management and the conclusion is not yet available. An oral update will be provided.

11. External Audit reviews the arrangements for Risk Management as part of their Use of Resources work. New criteria were introduced this year making the assessment more challenging and not directly comparable to previous assessments. Against the new criteria the Council scored a 2, performing adequately.

**Resource Implications:**

No additional resource requirements.

**Legal and Governance Implications:**

No legal implications. Risk Management is an important part of the Council's overall governance arrangements and that is why this Committee considers the adequacy of the overall arrangements on an annual basis.

**Safer, Cleaner, Greener Implications:**

There are no implications arising from the recommendations in this report for the Council's commitment to the Nottingham Declaration for climate change, the corporate Safer, Cleaner and Greener initiative or any Crime and Disorder issues within the District.

**Consultation Undertaken:**

No formal consultation has been undertaken but the views of both Internal and External Audit are included in the report.

**Background Papers:**

Relevant appendices are attached.

**Impact Assessments:**

Risk Management

If the adequacy of the arrangements for Risk Management were not considered regularly a significant weakness in the overall governance arrangements could arise.

Equality & Diversity

*Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?* No

*Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?* N/A

*What equality implications were identified through the Equality Impact Assessment process?*  
N/A

*How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?*  
N/A