Report to the Audit & Governance Committee

Report Reference: AGC-003-2013/14
Date of meeting: 27 June 2013

Epping Forest District Council

Portfolio: **Finance and Technology**

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

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

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

Recommendations/Decisions Required:

(1)   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".

Due to the greater priority given to completing financial systems audits, the Internal Audit of risk management scheduled for 2012/13 will now be taking place early in 2013/14. The internal audit of this area in 2011/12 concluded with a score of "Substantial Assurance".

Reason for Proposed Decision:

Members are requested to consider the effectiveness of the Council's arrangements for Risk Management to provide assurance to the Council on the functioning and adequacy of this important internal control.

Other Options for Action:

Members could ask for additional information or make recommendations to improve processes where they feel existing arrangements are inadequate.

Report:

Previous Reviews

1.   The review of the effectiveness of the Council's arrangements for Risk Management is an established part of the work programme for this Committee. Last year the Committee resolved:

(i)   That the Council's arrangements for Risk management be considered effective.

Risk Management in Directorates

2.   The internal arrangements for Risk Management have not changed during the year. It is common practice within directorates for risk assessments to be conducted on new or changed activities and capital projects. 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).

3.   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.

4.   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

5.   The RMG meets quarterly to discuss Risk Management issues and recommend alterations to the Corporate Risk Register to the Corporate Governance Group. During 2012/13 meetings were held in May, September, November and February. 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.

6.   The agenda for the RMG has a number of standard items including, updates on service risk registers, updates on corporate risks and any changes in insurance information. This allows each member of the group to obtain feedback on any new or changing issues within their own area and benefit from the wider perspective of the group as a whole. In this way any changes to service items can be evaluated and assessed to see if they justify inclusion in the corporate register. The discussion then moves on to consider any changes in the descriptions, triggers and vulnerabilities of existing corporate risks and the updating of the action plans for risks that are scored above the tolerance line.

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 21 March 2013 and a report recommending their adoption will go to a subsequent meeting of Cabinet. The meeting on 21 March also approved the Risk Management Strategy and the Risk Management Policy Statement.

Corporate Risk Register

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

9.   The Corporate Governance Group receive the minutes of the RMG and discuss in detail any proposed changes. A separate review of the Corporate Risk Register is then undertaken to ensure that all necessary changes have been captured by the RMG and that the Corporate Governance Group is not aware of any other new risks for inclusion.

10.   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 an appendix.

Date of Meeting	Updates Considered
25 June 2012	Updated for Council Key Objectives 2012/13. Risk relating to changes to the benefits system has scores for likelihood and impact increased. Risk covering production of the Local Plan has score for likelihood increased.
22 November 2012	Risks relating to embedding performance management and disruption from the Olympics deleted. The score for likelihood on the sickness absence risk is reduced.
21 January 2013	Following a number of initiatives by the new Data Protection Officer, the risk relating to loss or theft of data has a reduction in the score for likelihood.
21 March 2013	A new risk is added to cover the problems evident with the Gazetteer and the urgent need for their rectification. This issue has been covered in a report to Cabinet and supplementary funding has been approved by Council. As the recruitment restrictions have now been lifted this risk was deleted.

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.

Background Papers:

None.

Impact Assessments:

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

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

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

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.