

Report to the Audit & Governance Committee



**Epping Forest
District Council**

Report Reference: AGC-018-2015/16

Date of meeting: 31 March 2016

Portfolio: Finance

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".

The internal audit of Risk Management for 2014/15 contained a rating of substantial assurance and made no recommendations for improvement. The 2015/16 audit is currently being completed and so will form part of the fourth quarter report to the June meeting of this Committee. As the audit is still in progress no conclusion has yet been made on the level of 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 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 Management Board. During 2015/16 meetings were held in May, August, December and February. The Director of Resources, 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.

7. The annual updating and approval of the terms of reference for the RMG is being considered by the Finance and Performance Management Cabinet Committee on 17 March 2016 and a report recommending their adoption will go to a subsequent meeting of Cabinet. The meeting on 17 March will also consider 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 Management Board (which consists of the Chief Executive and the four Directors).

9. Management Board 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 Board is not aware of any other new risks for inclusion.

10. Finally, recommendations on updating the Corporate Risk Register are considered by the Finance and Performance Management Cabinet Committee.

Updates to the Risk Register

11. Key points from the reviews by the Finance and Performance Management Cabinet Committee are given in the table below:

<u>Date of Meeting</u>	<u>Updates Considered</u>
18 June 2015	<p>Risk 10 – Housing Capital Finance – new risk added due to concern about time limit in which to spend right to buy receipts before being required to pay the money (plus interest) to the Treasury. The risk score was agreed as B2 (high likelihood/moderate impact).</p> <p>Risk 9 – Safeguarding – due to work undertaken, two triggers related to training and awareness removed. Given progress in managing this risk score reduced from B2 to C2 (high likelihood/moderate impact to medium likelihood/moderate impact).</p> <p>Updates to risks 1, 2, 3, 4 and 6.</p>
17 September 2015	<p>Risks 1, 2, 4 and 8 updates to action plans and effectiveness of controls.</p> <p>Risks 5, 6, 7 and 9 updates to required further management action.</p> <p>Risk 10 – additional vulnerability and trigger to cover possible loss of income to the Housing Revenue Account.</p>
21 January 2016	<p>Risks 1 – Local Plan – comprehensive update of vulnerabilities, triggers and consequences.</p> <p>Risks 2, 3, 4, 9 and 10 updates to action plans and effectiveness of controls.</p> <p>Risks 6, 7 and 8 updates to existing controls and required further management action.</p>
17 March 2016	<p>Risks 1, 2, 4 and 6 updated descriptions and effectiveness of controls.</p>

12. For information, the current risk register is attached as Appendix 1.

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:

Reports to the Finance and Performance Management Cabinet Committee as set out above.

Risk Management:

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

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

Date / Name	Summary of equality analysis
16/03/16 Director of Resources	The report is about the effectiveness of the arrangements for risk management and relates to this process not the delivery of any particular service and so has no equality implications.