

Report to the Constitution Working Group



Date of meeting: 12 March 2020

**Epping Forest
District Council**

Committee: Audit & Governance Committee
Finance & Performance Management Cabinet Committee

Subject: Risk Management Responsibilities

Responsible Officer: Sarah Marsh (01992 564446)

Democratic Services: V Messenger (01992 564265)

Recommendations/Decisions Required:

(1) That the transfer of the responsibility for the reviewing of, and recommending revisions to, the Corporate Risk Register from the Finance & Performance Management Cabinet Committee to the Audit & Governance Committee be recommended to the Council for approval.

Executive Summary:

This report seeks to gain approval for the transfer of responsibilities for reviewing of the Corporate Risk Register from the Finance & Performance Management Cabinet Committee to the Audit & Governance Committee.

Reasons for Proposed Decision:

To enhance the operation of the Council's risk management function.

Other Options for Action:

Formal responsibility for making recommendations to Cabinet on risk management issues remains with the Finance and Performance Management Cabinet Committee; however, this would be in contravention of best practice as recommended by the Chartered Institute of Public Finance & Accountancy.

Report:

1. At the committee level, formal responsibility for risk management lies with two committees as per their Terms of Reference:

- (i) Finance and Performance Management Cabinet Committee – to advise and make recommendations to the Cabinet on risk management and insurance issues; and
- (ii) Audit and Governance Committee - to monitor the effective development and operation of risk management in the Council.

2. The Chartered Institute of Public Finance and Accountancy (CIPFA) audit committees – Practical Guidance for Local Authorities and Police 2018 edition states that Audit Committees

should 'consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations'.

3. Currently the Finance and Performance Management Cabinet Committee reviews the Corporate Risk Register, agrees any updates recommended by the Risk Management Group, considers whether any new or emerging risks that are not on the corporate risk register and pass on recommendations to the Cabinet for their approval.

4. The Audit and Governance Committee receives a copy of the most up to date corporate risk register at each of their meetings in order to provide context for their meeting. On an annual basis (March) they receive a report on the effectiveness of the arrangements for risk management from the Council's Section 151 Officer. Following the staff restructure responsibility for championing risk management now lies with the Service Director – Commercial and Regulatory, who chairs the officer Risk Management Group

5. In line with CIPFA guidance, and consistent with the practice adopted by many other councils, the proposal is for the review of the corporate risk register and subsequent recommendation to Cabinet should lie with the Audit and Governance Committee, rather than the Finance and Performance Management Cabinet Committee. The view of the Chairman of both Committees has been sought and they agree with the proposal.

6. It is envisaged the Audit and Governance Committee would review and comment on the corporate risk register on a quarterly basis, supplemented with a more in-depth review of an individual risk on a rolling or risk basis.

7. The terms of reference for each committee are enshrined within the Constitution, so any changes would be required to be agreed by the full Council. Changes to the Constitution are usually only considered by the Council on the recommendation of the Constitution Working Group.

8. The Council's Risk Management Strategy will be revised and updated to reflect the new monitoring and reporting arrangements, if they are endorsed by this Group and subsequently approved by the Council.

Resource Implications:

None.

Legal and Governance Implications:

Changes to the Constitution must be approved by full Council.

Safer, Cleaner and Greener Implications:

None.

Consultation Undertaken:

The Corporate Governance Group.

The Chairman of the Finance & Performance Management Cabinet Committee.

The Audit & Governance Committee.

Background Papers:

CIPFA audit committees – Practical Guidance for Local Authorities and Police 2018 edition

Risk Management:

If the Corporate Risk Register was not regularly reviewed and updated a risk that threatened the achievement of corporate objectives might either not be managed or be managed inappropriately. In addition, new or emerging risks are not considered which could threaten achievement of the Council's corporate objectives.