



## AUDIT COMMITTEE REPORT

<b>Report Title</b>	<b>Risk Management</b>
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**AGENDA STATUS: PUBLIC**

<b>Meeting Date:</b>	2 December 2008
<b>Directorate:</b>	Finance and Support
<b>Accountable Cabinet Member:</b>	Malcolm Mildren
<b>Ward(s)</b>	Not Applicable

### 1. Purpose

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- 1.1 This report provides an overview of the draft Risk Management Strategy and a summary of the Council's current Strategic Risk Register.

### 2. Recommendations

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- 2.1 To indicate required amendments to the draft Risk Management Strategy and consider recommending the amended Risk Management Strategy to Cabinet for approval.
- 2.2 To note the current Strategic Risk Register and request further information as required.
- 2.3 To nominate a Risk Management Lead Member to report to Audit Committee.

### 3. Issues and Choices

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#### 3.1 Report Background

- 3.1.1 At the last Committee meeting on 25<sup>th</sup> September, the Audit Committee requested regular reports on the risk register.
- 3.1.2 The current Strategic Risk Register is attached for information and review.
- 3.1.3 The Council's Risk Management Strategy has been revised, incorporating proposed changes to the Council's approach to Risk Management. As the Audit Committee has a specific role in considering the effectiveness of the Council's risk management arrangements, the Audit Committee's recommendation to Cabinet is sought.

## 3.2 Issues

3.2.1 The key developments within the draft Risk Management Strategy are set out below:

- The Risk Management Strategy now incorporates Business Continuity Management as a function of managing risk.
- A Risk and Business Continuity Management Handbook has been developed to assist Managers and those with specific Risk and Business Continuity responsibilities in undertaking both routine and non-routine risk management activities.
- The Strategy has specific objectives with a corresponding action plan detailing the activities to be undertaken to meet the objectives.
- A more commonly used and intuitive approach to scoring risk has been developed.
- The Strategy incorporates a defined Risk Appetite for the Council that defines the boundary above which we will not accept the level of residual risk.
- There are further defined roles and responsibilities and defined monitoring and reporting functions.
- A move from the current risk management software Risgen, to Performance Plus is being facilitated.

3.2.2 The proposed Audit Committee responsibilities set out in the draft Risk Management Strategy are highlighted below:

- The Audit Committee is the lead Councillor body responsible for overseeing risk management across the Council.
- To ensure that the Council operates effective risk management systems.
- To report to full Council annually on the effectiveness of the Council's Risk Management framework.
- To hold the Management Board accountable for effective risk management across the Council.
- To challenge and support the Risk Management Framework and monitor the Risk Management Strategy Action Plan twice a year.
- To nominate a Risk Management Lead Member to report to Audit Committee.

3.2.3 The current Strategic Risk Register is attached for information. A Strategic Risk Review workshop is scheduled with Management Board on 28<sup>th</sup> November 2008. The output from this workshop will be used to update the Strategic Risk Register.

3.2.4 At the Strategic Risk Workshop, Management Board will be asked to agree the level of Risk Appetite for the Council to be incorporated into the revised Risk Management Strategy. If any amendments are made to the Risk Appetite the revised sections of the Strategy will be circulated at the Audit Committee meeting on 2 December 2008.

### **3.3 Choices (Options)**

- 3.3.1 The Audit Committee is invited to consider and provide comments on the draft Risk Management Strategy.
- 3.3.2 In addition, the committee is asked to consider recommending the revised Risk Management Strategy to Cabinet for approval in January 2009.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

- 4.1.1 The Council's defined Risk Appetite could have implications on future policy decisions.

### **4.2 Resources and Risk**

- 4.2.1 A balanced approach needs to be taken when considering the cost of mitigating actions against the level of risk.

### **4.3 Legal**

- 4.3.1 There are no specific legal implications arising from this report.

### **4.4 Equality**

- 4.4.1 There are no specific equalities implications arising from this report.

### **4.5 Consultees (Internal and External)**

- 4.5.1 The Assistant Head of Finance and the Director of Finance have been asked to comment on this report.

### **4.6 How the Proposals deliver Priority Outcomes**

- 4.6.1 Supporting the Council in achieving its priorities and objectives at all levels within the organisation.
- 4.6.2 Providing an early warning system to alert Officers and Members to potential opportunities and threats.
- 4.6.3 Targeting resources at areas and issues of greatest risk where the Council's objectives are most under threat.
- 4.6.4 Better-informed decision-making throughout the Council.

### **4.7 Other Implications**

- 4.7.1 Not applicable

## **5. Background Papers**

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- 5.1 The draft Risk Management Strategy
- 5.2 The current Strategic Risk Register

**Sue Morrell, Interim Risk Manager, ext 8420.**