

AUDIT COMMITTEE

24 January 2019

REPORT OF DEPUTY CHIEF EXECUTIVE

A.4 CORPORATE RISK UPDATE

(Report prepared by Clare Lewis)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present to the Audit Committee the updated Corporate Risk Register.

EXECUTIVE SUMMARY

- The Corporate Risk Register is regularly updated and presented to the Audit Committee every 6 months. Was last updated in July 2018.
- The following table summarises the position at the end of the period under review with updated information provided within the register where necessary:

Item	Number
New Risks Identified	0
Risks Removed	0
Risk Score Amended	1
Risks Under Review	0
Risks Amended	0

RECOMMENDATION(S)

That the Audit Committee notes the updates provided to the current Corporate Risk Register.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Risk assessment, monitoring and control forms the central tool for managing the strategic risks that may prevent the Council from achieving the corporate priorities as identified in the Corporate Plan and associated corporate goals.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The risk management approach can be delivered within existing budgets.

Risk

The subject of risk and its management by the Council is set out in the main body of this report.

LEGAL

There are no specific legal implications.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

There are no other direct implications.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The Corporate Risk Register was last presented to the Committee in July 2018.

The Terms of Reference for the Audit Committee include a responsibility to provide independent assurance of the adequacy of the risk management framework and the associated control environment. The Corporate Risk Register is therefore brought to the Committee at six monthly intervals to enable the Committee to fulfil its role.

CURRENT POSITION

Corporate Risk Management Framework

Although no changes have been identified as being required at this time, the framework is included at **Appendix A** for information only.

Corporate Risk Register

Since the Corporate Risk Register was reported to the Audit Committee in July 2018, no new risks have been identified – this will continue to be reviewed throughout the year, and changes will be reported to the committee in the next meeting in July 2019.

For completeness, the following table sets out all amendments to the Risk Register since it was last considered by the Committee.

Risk Register Item	Amendments / Comments
New Risks Identified	None
Risks Removed	None
Risk Scores Amended	2a – Coastal Defence – Due to the outcome of inspections the inherent risk has been increased – however this remains under review.
Risk under review	None

Risks Amended	None
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The following table sets out the recommendations identified from a recent Internal Audit review along with the current position against each action:

Agreed Action	Current Position
Management Team to promote the importance of operational risk management within the organisation and ensure that Senior Managers implement a process for identifying and mitigating risks in coordination with the Corporate Fraud and Risk Manager.	Management Team are currently working with the Fraud and Risk Manager to effectively promote the importance of operational risk management within the Council. The Corporate Fraud and Risk Manager attends Management Team meetings on a quarterly basis and provides monthly updates.
One to one meetings will continue to take place between Senior Managers and the Corporate Fraud and Risk Manager to identify and record key operational risks within their service areas. Support to be provided by Internal Audit if required	One to one meetings have now concluded and feedback received. A deadline has been set for Heads of Service to finalise their departmental risk assessments to conclude this action. Once concluded any required changes to the corporate risk register will be made.
Once all departmental risk registers are implemented, the Corporate Fraud and Risk Manager is to embed a quality control process for monitoring business risks and verifying the recorded mitigating controls. This should involve process walkthrough's, reviews of supporting documentation and assessments of target dates / resources required to implement controls	Following on from the comments above, a quality control process will be implemented once departmental risk registers have been finalised.

At its meeting on 26 July 2018 the committee requested that officers review a number of risks to explore whether they should be treated as separate risks within the register given their potential impact on the Council. This review has been completed with the outcomes set out below against each of the issues raised as follows.

Issue Raised	Outcome from Review
The delivery of the Waste and Recycling Service given recent events elsewhere in the country and the failure of large contractors nationally.	The contractor is considered to be a stable contractor and there are no issues relating to their financial performance. A 7 year extension to the existing contract has recently been negotiated. Item 9b of the corporate risk register addresses the associated general business continuity risk without itemising specific contractual areas.
The delivery of the Planning Service as loss of key staff could contribute towards	Entry 4a on the risk register specifically relates to loss of key staff; whilst in

<p>the failure to comply with legislative requirements</p>	<p>Planning the existing margin is slight, efforts are in place that over the next three years through the grow your own programme will significantly reduce this risk in planning.</p> <p>It is not proposed to include a separate item on the corporate risk register over and above the item 4a mentioned above.</p>
<p>Emergency Planning arrangements, in respect of flooding or some other major incident, could result in the Council providing a significant number of alternative residences for a protracted period. This could seriously divert Council Officers from various departments and significantly deplete the financial reserves of the Council in the medium term.</p> <p>The Council should also be mindful that, in these circumstances, experience shows that the Council will potentially be the target of financial fraud. This would also divert Officers from their normal responsibilities and deplete Council funds.</p>	<p>It is recognised that should the impact occur it would be significant but the likelihood based on previous years, and the counter measures already in place such as insurance teams as well as our own housing teams being familiar with the existing client base, and having access to a wealth of client data, means vulnerability to fraud on the scale of Grenfell is remote and does not need specific entry on the register.</p> <p>Emergency planning under entry 9a will form part of existing plans for specifically rehousing existing clients; whilst entry 3d addresses fraud and corruption risk.</p>

BACKGROUND PAPERS FOR THE DECISION
None

APPENDICES
<p>Appendix A – Risk Management Framework Appendix B – Corporate Risk Register</p>