

REPORT TO GOVERNANCE AND AUDIT COMMITTEE

REPORT OF: HEAD OF FINANCE

REPORT NO: HOF241

DATE: 27 June 2013

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| TITLE: | Risk Management Annual Report 2012/13 and Risk Register Update | |
| KEY DECISION OR POLICY FRAMEWORK PROPOSAL: | None | |
| PORTFOLIO HOLDER: NAME AND DESIGNATION: | Councillor Mike Taylor Well Run Council Portfolio Holder | |
| CONTACT OFFICER: | David Scott Finance Support Manager (Finance and Risk) d.scott@southkesteven.gov.uk Tel: (01476) 406218 | |
| INITIAL IMPACT ASSESSMENT: | Carried out and Referred to in paragraph (7) below: N/A | Full impact assessment Required: No |
| Equality and Diversity | | |
| FREEDOM OF INFORMATION ACT: | This report is publicly available via the Your Council and Democracy link on the Council's website: www.southkesteven.gov.uk | |
| BACKGROUND PAPERS | HOF224 – Risk Management Update including Corporate Risk Register 14 March 2013 The above reports can be located by putting their reference number in the search section of the committee website via the link below: http://moderngov.southkesteven.gov.uk/ieDocSearch.aspx?bcr=1 | |

1. RECOMMENDATION

The Governance & Audit Committee is requested to:

- i) note the contents of this report

2. PURPOSE OF THE REPORT

In accordance with the terms of reference of the Committee it is a requirement to produce an annual report on the risk management arrangement in place and activities undertaken. The report being presented covers the 2012/13 period and details the various aspects of work delivered during the course of the year.

3. DETAILS OF REPORT

Risk Management Strategy

Risk management, including the implementation of the strategy, is a key element of the Council's overall governance arrangements. In March 2013 the Strategy was reviewed, updated and the methodology aligned with current best practice. This brought together all key processes involving risk at corporate and service level, including partnerships, project management, health and safety and business continuity etc. It also sought to clarify the various roles, responsibilities and governance structures. The Strategy was approved by Committee at the March meeting and the next update of this strategy is likely to be undertaken in 2015 to ensure it remains fit for purpose and in line with the Councils risk management requirements.

Risk Management Advisory Review

During the course of the year, and as part of the internal audit work plan for 2012/13, an advisory review was undertaken on the effectiveness of the risk management arrangements in place across the Council. The review took into account all aspects of how the Council manages risk. As part of the review internal audit identified that the Council has continued to monitor its Corporate and Service risks as part of a formalised process and that changes in the Service risk profile have been reported where appropriate for consideration on the Corporate Risk Register, showing that the Council has a level of understanding between the relationship between its risks.

In summary, a positive conclusion was given overall on how the Council is managing risk effectively and reflects the resource and focus allocated to this area over the past year. The report itself was presented to the committee at its meeting in March 2013.

Risk Management Group

There is an internal officer group which has been established which alongside risk management, issues relating to Internal Audit, Insurance, Counter Fraud and Governance are also considered at Risk Management Group as they are all integral elements for service areas in managing their risk profile.

During the year the group has looked a number of areas such as considering the updated Internal Audit Protocol where audit attend the group to take them through the updates to ensure officers are fully aware of the expectations and requirements for engaging with Internal Audit. An overview of insurance claims management was also provided which focused on some workshops around managing claims to ensure efficient and effective claims handling within the current economic climate.

Guidance and Support

During 2012/13 the Council continued to support and provide guidance to officers on the approach to risk management. Risk awareness training continues to feature in the corporate training programme for all new staff to ensure that they have an awareness of the Authority's attitude to risk management and an understanding of the methodology used.

Service Risk Register

A refresh exercise on service risks was undertaken with Service Managers in July 2012. The exercise assessed if:

- a) All the previous risks identified were still relevant
- b) How well those risks were being managed and what controls were in place
- c) There were any emerging risks that needed to be included

The review covered both the '*business as usual*' and '*exceptional risks*'. The exceptional risks are those risks which are scored as high or they may be a new risk to the service which is causing sufficient concern to warrant inclusion on the Exceptional Service Risk Register which is further discussed at Risk Management Group. The risks are also being managed through the Council's corporate risk management system.

A further refresh exercise is currently being undertaken with the Exceptional Service Risk Register due to be presented to the Risk Management Group in July 2013 for peer challenge to ensure the scoring and weighting is in line with other areas. Another further review is planned for November 2013 in preparation for incorporation into the service planning process for 2013/14.

Corporate Risk Register

During the course of the year the Council has established a process for the management of corporate risks to also include project risks. The Committee had sight of the Register at the March meeting and it will continue to be presented to Committee twice a year in March and September.

The Corporate Risk Register is reviewed quarterly by the Performance and Programme Management Board with consideration of any project risks which may warrant inclusion within the Corporate Risk Register and is incorporated into a wider governance and risk report. As part of the continual improvement process the Corporate Risk Register will be expanded to include more detail around the implementation of actions.

Conclusion

Members have been kept informed during the course of the year on the risk management activities being undertaken which this annual report has brought together to provide an overview of the achievements. These include:

- Having in place a 'fit for purpose' Risk Management Strategy
- Internal engagement and guidance for officers through the Risk Management Group
- Continued training and support during the course of the year
- Having in place effective risk management arrangements as independently reviewed by Internal Audit.
- Review and enhancement of both the service and corporate risk register reviews to ensure they are up to date and relevant. This has also involved incorporating project risks within the Corporate Risk Register

In summary, the Council has continued to make good progress in embedding risk management across the Council. 2012/13 has seen the strengthening of arrangements in place with closer working with the Performance & Programme Management Board to ensure continuous improvement. With internal audit supporting the view that the Council has in place effective risk management the focus for the coming year will be to maintain the building blocks put in place.

4. OTHER OPTIONS CONSIDERED

None

5. RESOURCE IMPLICATIONS

This report has no direct impact on the Council's resources, including finance/ budget, people, land/property etc.

6. RISK AND MITIGATION (INCLUDING HEALTH AND SAFETY AND DATA QUALITY)

None

7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT

None

8. CRIME AND DISORDER IMPLICATIONS

None

9. COMMENT OF FINANCIAL SERVICES

These are contained within the report.

10. COMMENT OF LEGAL AND DEMOCRATIC SERVICES

Members of the Committee are responsible on behalf of the Council for monitoring actions taken by Cabinet and the Performance and Programme Monitoring Board to identify corporate business risks and assess whether they are being effectively managed. It is essential they are kept up to date with details of the risks and how they have been mitigated.

11. COMMENTS OF OTHER RELEVANT SERVICE MANAGER

None

12. APPENDICES: