



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Governance and Audit Committee

8 June 2022

Report of: Councillor Adam Stokes
Deputy Leader of the Council



Risk Management Annual Report 2021/22

In accordance with the terms of reference of the Committee, it is a requirement to produce an annual report on the risk management and business continuity arrangements in place. Risk management is fundamental to the Council's achievement of its strategic objectives. This report relates to the financial year 2021/22 and summarises the work delivered during this period.

Report Author

Tracey Elliott, Governance & Risk Officer



01476 406038



t.elliott@southkesteven.gov.uk

Corporate Priority:	Decision type:	Wards:
Administrative	Administrative	All Wards

Reviewed by:	Alison Hall-Wright, Assistant Director of Finance	23 May 2022
Approved by:	Richard Wyles, Chief Finance Officer	23 May 2022
Signed off by:	Councillor Adam Stokes, Deputy Leader of the Council	26 May 2022

Recommendation to the decision maker

- 1. Governance and Audit Committee is asked to approve the Risk Management annual review outlined in this report.**

1 The Background to the Report

- 1.1 A key element of the terms of reference of the Committee is to monitor and review the risk management arrangements in place and the activities that are being undertaken to assess the effectiveness of those arrangements.

2 Risk Management Annual Report

Risk Management Framework

- 2.1 The current Risk Management Framework 2021/23 was revised and approved by Governance and Audit Committee at its meeting on 9 June 2021. The Framework provides details of the risk environment the Council operates within, and the controls and mechanisms that are in place, to ensure risk is sufficiently managed by officers and Members. Throughout the period of 2021/22, risk management activities have been undertaken in accordance with the Framework. During the financial year, the Framework has been responsive and adaptive in order to respond to the reflect the ever-changing operating framework.

Risk Management Group

- 2.2 The Risk Management Group, consisting of all Heads of Service (or their representative) plus other key officers, and chaired by the Governance & Risk Officer, met during the year to discuss issues relating to risk management, internal audit, insurance, counter fraud governance, procurement, data protection, health and safety, business continuity and safeguarding.
- 2.3 Going forwards, Risk Management Group is now scheduled as part of the Senior Leadership Team terms of reference – the inclusion of Risk Management will be at alternate meetings ie quarterly. It is proposed that at each meeting there will be a focus on one of the areas listed above along with a brief update on other areas where applicable.

Service Risks

- 2.4 The current service risks are in the process of being realigned to the new Council senior staffing structure and will be assessed for relevance and if additional risks can be identified.
- 2.5 Heads of Service/Managers, as part of the completion of their service plans, were asked to identify their current service risks. The Governance & Risk Officer will be meeting with Heads of Service/Managers throughout June to discuss service risks following which a full register will be produced. This full register will be reviewed to identify if there are any trends or if further consideration is needed in respect of any risks that may need to be included the strategic risk register if appropriate. This exercise will be undertaken during the year.

Strategic Risk Register

- 2.6 The Governance and Audit Committee last approved the Strategic Risk Register on 20 April 2022.
- 2.7 The following strategic risk themes are included within the Register:
- Ensuring efficient and effective internal control/compliance
 - Achieving Council transformation
 - Supporting communities
 - Achieving future financial resilience

- Creating the right culture, capacity and capability
 - Ability to be agile and shift focus in response to policy and political change
 - Ensuring robust security measures to protect the Council's data and network from external threats
- 2.8 The Strategic Risk Register is reviewed by Corporate Management Team and Governance and Audit Committee biannually and is due for review over the summer to enable it to be presented to the September meeting of Committee.
- 2.9 The Strategic Risk controls and actions are tracked and monitored using software **4risk™**. This risk management software provides a complete picture of the risk, controls and assurance environment. **4risk** enables and enhances the ability to monitor and measure overall exposure to risk and examine the effectiveness of the control environment through tailored reporting options. Progress of risk actions can be tracked through to implementation and outcome.

Annual Assurance Statement

- 2.10 Heads of Service have, in respect of their area of responsibility, individually compiled an Annual Assurance Statement for 2021/22 which is designed to assess the effectiveness of the key internal control environment.
- 2.11 Heads of Service were asked to agree, or otherwise, to various statements based on their knowledge and understanding across seven core areas of assurance:
- Business Continuity
 - Governance
 - Health and Safety
 - IT Security and Confidentiality
 - Probity and Regularity
 - Procurement
 - Staffing and Development
 - Impact of Covid-19
- 2.12 The overall assurance level revealed that managers fully agreed with 75% of the statements on assurance with the remainder being 16% partially agreed; 6% not agreed and 4% did not know.
- 2.13 Areas identified for improvement, which were relevant across a broad range of service areas, were under the thematic headings of Business Continuity, Staffing and IT.
- 2.14 Suggested actions will be taken to improve the level of assurance over the controls. These may be addressed at service level, or corporately, to improve internal controls. Internal audit as part of the annual planning process will seek verification of the assurance levels being provided. This will further inform the overall assurance with regards to the management of assurance within the Council. Actions will be monitored throughout 2022/23.

3 Consultation and Feedback Received, Including Overview and Scrutiny

- 3.1 Governance and Audit Committee to approve the contents of this report.

4 Reasons for the Recommendation

- 4.1 Governance and Audit Committee, as part of its terms of reference, is required to monitor and review the risk management arrangements in place and the activities that are being undertaken. In order to be able to consider the outcome of any review of existing arrangements the Committee must be fully informed.

5 Next Steps – Communication and Implementation of the Decision

- 5.1 N/A

6 Financial Implications

- 6.1 These are contained within the report where appropriate.

Financial Implications reviewed by: Richard Wyles, Chief Finance Officer

7 Legal and Governance Implications

- 7.1 There are no additional legal implications to consider.

Legal Implications reviewed by: Graham Watts, Assistant Director of Governance and Deputy Monitoring Officer

8 Equality and Safeguarding Implications

- 8.1 None.

9 Risk and Mitigation

- 9.1 These are contained within the report where appropriate.

10 Community Safety Implications

- 10.1 None.

11 Background Papers

- 11.1 Risk Management Framework

[Report to the meeting of 9 June 2021 Governance and Audit Committee](#)

[Appendix A Risk Management Framework](#)

- 11.2 Strategic Risk Register Update

[Report to the meeting of 20 April 2022 Governance and Audit Committee](#)

[Appendix A Strategic Risk Register](#)

12 How will the recommendations support South Kesteven District Council's declaration of a 'climate emergency'?

The recommendation will have a neutral effect on the Council's declaration of a climate emergency.

13 Appendices

- 13.1 None.