

Audit Committee

26th September 2022



Report of: Director of Finance

Title: Risk Management Annual Report 2021/22

Ward: Citywide

Officer Presenting Report: TBC

Recommendation

The Audit Committee note the report and actions taken and plans for 2021/22 to improve the effectiveness of risk management across the organisation.

Summary

This report presents a summary report of risk management activities during 2021/2022. It covers the background to the Council's approach to risk management and progress being made against improving the risk management maturity of the organisation.

The significant issues in the report are:

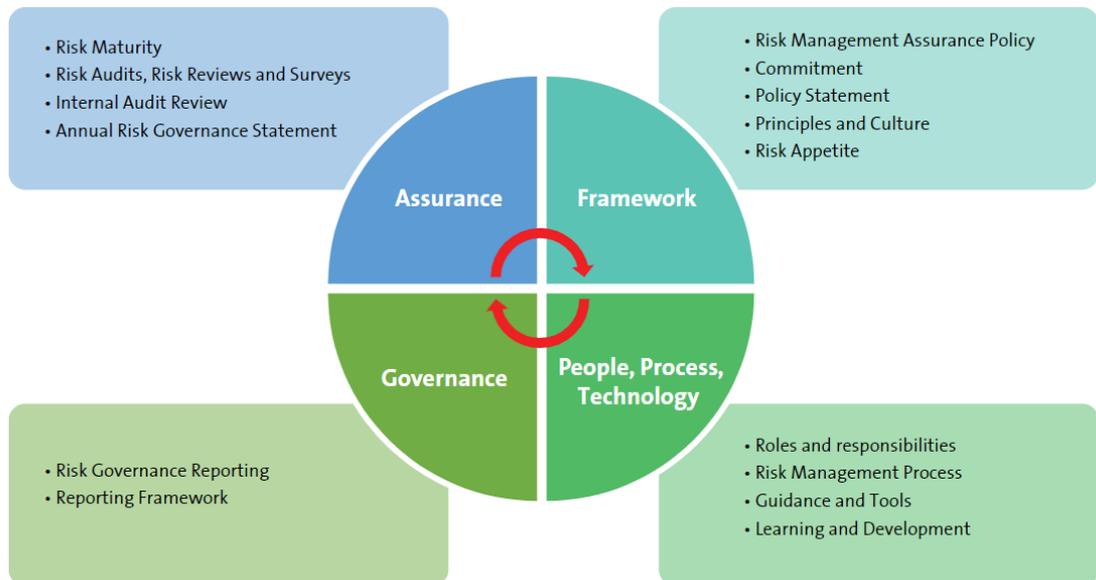
The Council's risk management assurance policy was approved in 2018 and sets out the Council's commitment to effective risk management to support delivery the aims of the organisation and in delivery of critical services.

Embedding and improving Risk Management practices across an organisation takes time to implement. The 2021/22 annual internal audit of risk management gave limited assurance of risk management practice across the Council whilst acknowledging improvements in this area. This report provides detail on actions taken and plans for 2022/23 to improve the effectiveness of risk management across the Council.



1. Policy

1.1. The Council’s risk management assurance policy was approved in 2018 and sets out the Council’s commitment to effective risk management to support delivery the aims of the organisation and in delivery of critical services. The figure below sets out the key aspects of the Risk Management Framework.



2. Consultation

Internal – Director of Finance, Cabinet member for Finance, Governance, Property and Culture

External – None

3. Context

3.1. Risk management is the planned and systematic identification, analysis, evaluation prioritisation and control of opportunities and risks that challenge the resources, reputation, and objectives of an organisation. It enables the Council to effectively manage strategic decision making, service planning and delivery to safeguard the well-being of its stakeholders and increases the likelihood of achieving its outcomes.

3.2. The Accounts and Audit Regulations 2015, specifically requires the Council to have in place effective arrangements for the management of risk. Effective risk management is an essential element of good management and a sound internal control system, and a key contributor to good governance and the Annual Governance Statement (AGS).

3.3. The Audit Committee has responsibility for providing independent assurance for Members over the adequacy of the risk management framework and the associated control environment. They have a critical role in establishing the environment that will allow the effective management of risk to flourish.

3.4. The Committee is responsible for overseeing the risk management policy, anti-fraud and anti-corruption arrangements, the effective development and operation of risk management in the

Council, progress in addressing risk-related issues reported to the committee, and to be satisfied that the Council’s assurance framework properly reflects the risk environment.

3.5. This report summarises the risk management activity undertaken during 2021-22 and supports the Audit Committee in discharging its responsibilities.

Risk Management During 2021-22

3.6. During the financial year 2021-22 the Council managed 27 threat risks, three opportunity risks and 3 external/contingency risks within the corporate risk register. During the year 3 new risks were added to the risk register and 3 were de-escalated to Directorate Risk Registers.

Threat Risks	Opportunity Risks	External Risks
27 Risks: 2 New risks 2 Closing/De-escalating	3 Opportunity Risks: 1 de-escalating	3 Risks: 1 New 1 Closing/De-escalating

3.7. The role of Corporate Risk Management Group was reviewed in Resources EDM in February 2022 and agreement was reached to form a group over the coming quarters to review and monitor key strategic risks, identify strategic risks and ensure risk management continues to be effectively embedded throughout the organisation.

3.8. Activities during 2021/22 continued to develop the Council’s approach to risk management moving the Council towards managing risk in a planned informed way, including:

- Quarterly reporting on key strategic risks – including risk workshops with corporate risk owners to review and update key strategic risks.
- Update of the formal risk reporting templates to include: internal controls, actions with progress status and due date, quarterly trend and a summary of progress.
- Implementation and rollout of a new Risk Management Database – with over 400 risks captured on the system and training was provided to all members of DMTs and wider risk owners.
- Managed, maintained and communicated Risk Management on the Source, risk management systems, internal meetings and via Internal Manager Bulletins.
- Risk management guidance and support available to staff and Members
 - i. Rolled out an eLearning Risk Management Introduction course to over 100 risk owners.
 - ii. Developed risk management system/process guidance documents.
 - iii. Risk management dashboards were also created within the risk management database for each DMT collating key information on significant risks such as newly identified risks, significant strategic/operational and opportunity risks, overdue actions and overdue risk updates. In addition, risk management guidance is included within these dashboards to aid the review process.

- Service risk workshops with each DMT was carried out with an external risk consultant to define and identify risks appropriately as part of the move to the newly implemented risk management database.

Risk Management Audit 2021/22

- 3.9. As part of the annual governance review process Internal Audit conduct a review of risk management processes. In the audit conducted in early 2022, internal audit has provided a 'Limited Assurance' opinion regarding progress in the embedding of risk management processes and the current adequacy and effectiveness of the Council's risk management system.
- 3.10. As part of the audit three risks were identified to consider the effectiveness of processes to define, record, mitigate and manage risk, and the extent to which risks relating to Covid-19 have been considered and managed. It was determined that the parameters of the scope of these risks were unclear. It was determined that these risks required redefining to ensure action and risk owners were clear on the identified risk. It was also found that the quality of discussions regarding risk at DMT's was inconsistent with some in the organisation lacking understanding on their responsibilities regarding risk reporting. Whilst the audit acknowledged reasonable assurance in respect of there being clear milestones and actions to address the risks identified it was determined as only limited in respect of holding those owners for account on delivery of those actions. It was also determined that our actions taken to manage key risks that have subsequently been impacted by Covid-19 had reasonable assurance.
- 3.11. Internal Audit recognised the significant progress which had been made in developing the tools and resources to improve the clarity and ease of risk management processes and to facilitate effective discussion of risk at DMT, EDM, CMB and CLB meetings. These new systems, processes, guidance and training were acknowledged as rolled out but in some areas improvements are in their infancy and required further embedding at the time of the audit.
- 3.12. The Council is continuing to provide training, support and briefings to teams to embed improvements further and improve the evidence of its operation and effectiveness, through audit trails and risk reporting.

Risk Management Annual Plan 2022-2023

- 3.13. Risk Management Annual Plan 2022-23
- 3.14. The planned activities for the forthcoming year are the continuation of the journey of embedding risk management practices in line with best practice and considering the finding of the internal audit report.
- 3.15. Key target areas include providing training for managers with responsibilities for managing risk and clear guidance and processes.
- 3.16. Work will be undertaken to ensure service planning and risk management are closer aligned to ensure actions are taken to reduce where risks exceed current risk tolerance.

3.17. In addition, when reviewing the risk management assurance framework we will review the approach to setting and agreeing risk appetite. This will be completed following a review of the council’s risk culture, maturity and appetite.

3.18. Key risk management activities are outlined in the table below.

Area	Action	Deadline
Risk Management Policy and Risk Management Framework Review	Review of risk management framework including setting of risk appetite statements	March 2023
Strategic Risk Reporting	Facilitation and support of quarterly strategic risk register review. Review of process to ensure closer alignment with performance information.	On-going quarterly reporting
Annual Risk Management Report	2021/22 Annual Report to Audit Committee	September 2022
Risk Maturity, Culture and Appetite Assessment	Completion of the annual risk maturity assessment that will feed into an assessment of the Risk Management Assurance Policy	December 2022
Continue to provide risk management support and guidance to embed risk management within the organisation	Provide quarterly workshops to DMTs and Corporate risk owners to embed risk management and ensure risks appropriately defined and managed. Provide additional workshops to services/risk owners as requested.	Ongoing quarterly reporting
Service planning and Risk Management alignment	Ensure that risk management is embedded in service planning. Risk identification and review to be included as part of identifying and recording key objectives/actions.	December 2022

4. Proposal

- The Audit Committee are requested to receive and note the Risk Management annual report.

5. Other Options Considered

n/a

6. Risk Assessment

6.1. The Risk Management Assurance Policy and the CRR will further develop risk management assessment within the City Council.

7. Summary of Equalities Impact of the Proposed Decision

7.1. No Equality Impact anticipated from this report.

8. Legal and Resource Implications

Legal

Not Applicable

Financial

Not Applicable

Land

Not Applicable

Personnel

Not Applicable

Appendices:

None

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Risk Management Assurance Policy.