

CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of Meeting: 25 January 2011
Report of: Head of Policy & Performance
Subject/Title: Risk Management Update

1.0 Report Summary

- 1.1 The Audit and Governance Committee has a key role in providing an oversight of the effectiveness and 'embedding' of risk management processes, and in testing and seeking assurance about the effectiveness of control and governance arrangements. In order to form an opinion on these arrangements, it needs to establish how key risks are identified, evaluated and managed, and the rigour and comprehensiveness of the review process. The purpose of this paper is to provide the Audit and Governance Committee with a summary of the key corporate risks so that it may undertake this oversight and seek assurance in order to form an opinion.

2.0 Recommendation

- 2.1 Following the Audit and Governance Committee meeting held on 17 November 2010, the Corporate Risk Register has been thoroughly reviewed and an extract is attached to this report. The Committee is requested to consider and comment on the Key Corporate Risks and the approach outlined in the paper to identify the actions in place to mitigate the risks.
- 2.2 The Committee is requested to consider whether it would be happy in future to receive the summary provided in **Appendix A** (including the direction of travel of risks together with an explanation) or whether it would like to also receive (in addition to Appendix A) an extract of the Corporate Risk Register as attached at **Appendix B**. The Audit and Governance Committee should note that in any case it will receive an annual risk report which notes progress on all identified key risks.

3.0 Reasons for Recommendations

- 3.1 In order to form an opinion on the effectiveness of the Council's risk management arrangements, the Audit and Governance Committee needs to establish how key risks are identified, what the key risks are and how they are evaluated, managed and reviewed.

4.0 Wards Affected

4.1 All

5.0 Local Ward Members

5.1 All Ward Members

6.0 Policy Implications including - Climate change - Health

6.1 Risk Management is integral to the overall management of the authority and, therefore, considerations regarding key policy implications and their effective implementation are considered within departmental risk registers and as part of the risk management framework.

7.0 Financial Implications (Authorised by the Borough Treasurer)

7.1 None

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 As well as the need to protect the Council's ability to achieve its strategic aims and to operate its business, general principles of good governance require that it should also identify risks which threaten its ability to be legally compliant and operate within the confines of the legislative framework, and this report is aimed at addressing that requirement.

9.0 Risk Management

9.1 This report relates to overall risk management.

10.0 Background and Options

10.1 It is considered good practice to include an update to Audit and Governance Committee at every meeting on progress against key risks. This monitoring should summarise general direction of travel in order to clearly demonstrate progress being made on specific risk items. If all is well then no discussion may be required; if all is not well then it is easy to identify the issues to pursue.

10.2 The Council has a Corporate Risk Management Group, the purpose of which is to assist the Council with the management of risks to achieving its strategic priorities and service delivery, by reviewing all matters concerning the development, maintenance and implementation of the Council's risk management framework, including monitoring and reporting arrangements. A full version of the Corporate Risk Register is reviewed and discussed in detail by the Corporate Risk Management Group. A copy of the Terms of Reference for the Corporate Risk Management Group is attached for information at **Appendix C** to this report.

- 10.3 Attached at **Appendix A** is a summary of the Council's Key Corporate Risks and the net risk rating for each risk, it is intended that this summary be reported at each meeting. The direction of travel for each risk has been shown as stable for each risk in this report but in future reports this will provide tracking of the direction of travel of risks, with a commentary for any risks that change. This can then be utilised as a tool to ensure that any risks not being managed to an acceptable level are monitored, reported on and escalated as required.
- 10.4 Attached at **Appendix B** is an extract from the Council's Corporate Risk Register which records information captured at meetings to date with individual risk owners and key staff to review the Key Corporate Risks. Meetings included discussions on mitigating actions and future issues as well as the assessment of risk ratings for each of the individual risks.
- 10.5 An issue to consider is the balance of responsibility between the Corporate Risk Management Group and the Audit and Governance Committee, and the level of detail required by the Audit and Governance Committee in order to form an opinion on the effectiveness of risk management.
- 10.6 The assessment methodology used to score the risks is attached at **Appendix D** to this report for information.

11.0 Access to Information

- 11.1 The background papers relating to this report can be inspected by contacting the report writer:

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