

# CHESHIRE EAST COUNCIL

## Audit and Governance Committee

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<b>Date of meeting:</b>	27 <sup>th</sup> September 2012
<b>Report of:</b>	Corporate Risk Management Group
<b>Title:</b>	Update Report on Risk Management
<b>Portfolio Holder:</b>	Councillor David Brown, Strategic Communities

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### 1.0 Report Summary

- 1.1 This is an update report from the Corporate Risk Management Group to the Audit and Governance Committee. 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 report is to provide the Audit and Governance Committee with a summary of the key corporate risks and risk management work undertaken since the last report so that it may undertake this oversight.

### 2.0 Recommendation

- 2.1 The Audit and Governance Committee is requested to consider and review the update report on risk management which is for information.

### 3.0 Reasons for Recommendations

- 3.1 The recession, economic environment and ongoing changes in the public sector bring about a heightened expectation in relation to the Council's risk management and corporate governance framework. Cheshire East Council is publicly accountable and must be able to demonstrate effective management of the kinds of risks which threaten the achievement of its strategic objectives, the effectiveness of its operations, the reliability of its financial reporting and the security and value of its assets.
- 3.2 Being able to demonstrate effective systems for managing risks is a critical step in producing supportable statements of internal control for annual reporting purposes. The benefit of a strong risk management framework from a governance viewpoint is that it gives a greater level of confidence that management have properly and adequately fulfilled their responsibility in operating an effective system of internal control. In order to form an opinion on the effective operation 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 N/A

#### **6.0 Policy Implications including carbon reduction and 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. A risk around carbon management and climate change has been included on the Council's significant risk register as a cross-cutting risk. A specific risk around health partnerships is included as a key corporate risk on the Council's corporate risk register.

#### **7.0 Financial Implications (Authorised by the Director of Finance and Business Services)**

7.1 None in relation to this report, a risk around financial control is included as a key corporate risk on the corporate risk register.

#### **8.0 Legal Implications**

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; the Audit and Governance Committee should know about the most significant risks facing the Council and be assured that the risk management framework (which includes the role and work of the Corporate Risk Management Group) is operating effectively. The content of this report aims to mitigate the following risks:

Key Risks
That Cheshire East Council fails to properly develop, implement and demonstrate an effective risk management framework
That Cheshire East Council fails to apply its risk management policy consistently across the Council
That Cheshire East Council fails to recognise risk or make correct decisions to tolerate, treat, transfer or terminate risk due to poor risk management

## 10.0 Background

### 10.1 Risk Management Policy

The updated Risk Management Policy was approved by Cabinet at its meeting on 20 August 2012.

### 10.2 Key Corporate Risks

It has been agreed that a risk and opportunity workshop be undertaken with Cabinet and the Corporate Management Team in October/November to review the key corporate risks to achieving the Council's objectives and to update the key corporate risk register. Further work will then be undertaken to determine the Council's risk appetite so that qualitative high level statement of risk preferences can then be defined for business areas.

The Audit & Governance Committee requested that it receive a short briefing at each meeting from the Risk Owners / Managers of the highest key corporate risks. At the previous meeting of the Audit & Governance Committee the key corporate risk around financial control was discussed. The definition of this risk has since been updated and a copy of the updated risk stewardship template for this risk is attached at **Appendix A** to this report.

For this meeting the Committee requested a briefing on key corporate risk 15 – Reputation, the most up to date version of the risk stewardship template for this risk will be available for discussion with the Risk Owner during the meeting.

### 10.3 Risk Management Framework Improvements

Guidance on risk management for policy writers has been drafted and is available on the Centranet. A copy of this guidance is attached for comment at **Appendix B** to this update report.

### 10.4 Operational Risks

Operational risks are captured at directorate and service level, in some areas risks are identified and monitored through risk registers at team level. The most up to date overview of risk register development across service areas will be available at the meeting. Similar themed operational risks identified for mitigation so far appear to be around:

- staff capacity and competency, skills and knowledge gaps
- reduction in funding and budget pressures impacting upon ability to deliver objectives/plans/projects
- interdependencies on other services to meet challenging timescales
- changes in political priorities / strategic decisions contra to aim of objectives
- supply chain instability

## **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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