

# CHESHIRE EAST COUNCIL

## REPORT TO: Audit and Governance Committee

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**Date of meeting:** 19 March 2015  
**Report of:** Corporate Manager Governance and Audit  
**Title:** Risk Management Update Report  
**Portfolio Holder:** Councillor David Brown

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### 1.0 Report Summary

1.1 Audit and Governance Committee has responsibility for monitoring the effectiveness of the Council's risk management arrangements. In order to support the Committee in fulfilling its role this report provides Members with:

- a summary of risk management work
- the Risk Stewardship Template for Corporate Opportunity 8 – Public Sector Effort (Appendix A) for discussion with the Risk Manager during the meeting
- an update on the current status of the Council's Corporate Risk Register.

### 2.0 Recommendation

2.1 That the Committee:

- i) Note and consider the contents of this report; and
- ii) Receives a short briefing with regard to Corporate Opportunity 8.

### 3.0 Reasons for Recommendations

3.1 The terms of reference for the Audit and Governance Committee include:

- monitoring the effectiveness of the Council's risk management arrangements;
- monitoring progress in addressing risk related issues reported to the committee; and
- advising the Council on the adequacy and effectiveness of these arrangements.

3.2 In order to fulfil its role the Audit & Governance Committee from time to time requests that it receives a short briefing from one of the Corporate Risk Owners / Managers.

### 4.0 Wards Affected

4.1 All

## **5.0 Local Wards Affected**

5.1 Not applicable.

## **6.0 Policy Implications**

6.1 Effective risk management provides organisations with a means of improving strategic and operational performance.

## **7.0 Financial Implications (Authorised by the Chief Operating Officer)**

7.1 Effective risk management helps to maximise opportunities, achieve service objectives and minimise loss events including those with financial consequences.

## **8.0 Legal Implications (Authorised by the Head of Legal Services)**

8.1 The Accounts and Audit (England) Regulations 2011 require the Council to have a sound system of internal control which includes arrangements for the management of risk.

## **9.0 Risk Management**

9.1 Best practice dictates that governance, risk management and strong internal controls be embedded in the daily and regular business of an organisation. Effective internal control and the establishment of an audit committee can never eliminate risk. The existence of an audit committee does not remove responsibility from senior managers, members and leaders, but provides an opportunity and resource to focus on these issues.

9.2 An effective audit committee can:

- ⊗ raise awareness of the need for robust risk management arrangements
- ⊗ support the establishment of effective arrangements to govern and manage risks that help the Council to achieve its goals and objectives
- ⊗ provide assurance through a process of independent and objective review of actions being taken on risk related issues

## **10.0 Background**

### Risk Management Work

10.1 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital part in advising the Council that these arrangements are in place and operating properly. The annual Internal Audit opinion, which informs the Annual Governance Statement (AGS), provides an independent and objective opinion to the Council on the overall

adequacy and effectiveness of the organisation's framework of governance, risk management and control.

- 10.2 Following the Audit and Governance meeting of 22 January 2015 Internal Audit has drafted a risk-based plan for 2015/16 that outlines the assignments to be carried out, their respective priorities and the estimated resources. The basic aim of every audit assignment is to:
- give an opinion on the risk and controls of the area under review, building up to the annual opinion
  - where appropriate, reach agreement with management to implement actions for change leading to improvement in the control environment and performance within appropriate timescales
- 10.3 As part of the planning process Internal Audit has met with Strategic and operational Risk Owners/Managers in order to ensure audit activity focuses on areas where assurance is most needed.
- 10.4 The Corporate Assurance Group monitors and supports the implementation of all elements of the risk management framework (from risk identification, risk assessment and response, to communication of risk-related information) and all categories of risks (from the strategic to the operational level as necessary). On-going risk management work undertaken by the Corporate Assurance Group since the previous meeting of the Audit and Governance Committee on 22 January 2015 includes:
- continuing to monitor the effectiveness of risk management arrangements and support the development and embedding of good practice in risk management by:
    - reviewing the corporate risk profile by examining, challenging and supporting the risk assessment process to ensure consistency and gain assurance that strategic risks are being actively managed and monitored
    - discussing significant areas of operational and project risk and seeking assurance that these risks are supported by adequate risk assessment and are managed effectively and owned appropriately
    - following up risks identified by auditors and inspectors to ensure that risks are being actively managed and monitored and that, where necessary, they are integrated into the risk management process
    - considering new and emerging risks.
- 10.5 For the remainder of the financial year and during quarter 1 of 2015/16 the Corporate Assurance Group will, in addition to the above:
- oversee revisions to the Council's Risk Management Policy and support its implementation in practice (outcomes to be reported to Audit and Governance Committee in June 2015)
  - ensure that the Annual Governance Statement (AGS) is an adequate reflection of the risk environment (Draft AGS to be reported to Audit and Governance Committee in June 2015)

- oversee production of the Annual Risk Management Report 14/15 which is timed to support production of the AGS (to be reported to Audit and Governance Committee in June 2015) and monitoring progress on improvement plans
- oversee the risk maturity assessment and monitoring progress on associated improvement plans (reported to Audit and Governance Committee January 2015)

#### An update on the current status of the Council's Corporate Risk Register

- 10.6 In addition to the actions highlighted above, Members are asked to note that the Council's Corporate Risk Register is currently being comprehensively revisited by the Corporate Assurance Group and Risk Managers and Owners. The outcomes of this review will then form the basis of discussion with Corporate Leadership Board and Cabinet, who will be asked to agree the Corporate Risk Register for 2015/16 and beyond. The results of this work will be reported to future meetings of the Committee at which time Members will be asked to select one of the Corporate Risks for review.

#### Corporate Opportunity 8 – Public Sector Effort

- 10.7 In order to help Audit & Governance Committee to fulfil its role Members requested a short briefing with regard to Corporate Opportunity 8 – Public Sector Effort at this meeting. The most up to date version of the Risk Stewardship Template is attached at Appendix A to this report. The Risk Manager will attend the meeting and talk through the Risk Stewardship Template to provide assurance that the risk is managed effectively and owned appropriately.

#### **11.0 Access to Information**

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

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