

AUDIT COMMITTEE

DATE OF MEETING: 28 MARCH 2023

TITLE OF REPORT: RISK MANAGEMENT UPDATE

Report of: Interim Internal Audit Manager

Cabinet Portfolio: Leader and Strategic Direction and Partnerships

Key Decision: No

Confidentiality: Non-exempt

PURPOSE OF REPORT

1. This report updates the Committee on the effectiveness of the Council's risk management framework.

RECOMMENDATION

2. That the Committee note the effectiveness of the risk management framework.

BACKGROUND

3. The management of risk is a key element of the Council's governance arrangements. This annual report details the risk management arrangements that are in place.

MAIN ISSUES

Risk management processes

4. The risk management policy has been reviewed and updated. It is being presented to the Committee (via another agenda item) for review and comment, prior to being submitted to the Cabinet for approval. The policy has included for the first time, risk appetite statements and also introduced a formal process for dealing with risks that exceed the appetite limits.
5. The risk management policy ensures that there is a consistent framework in place for determining, analysing, and managing risk. It also allows for reasonable and proportionate steps to be taken to mitigate risk to a level that is considered acceptable.
6. The risk management policy establishes clear responsibilities, accountabilities and reporting lines.
7. The corporate risk register is reviewed every six months by the risk owners and Senior Leadership Team to ensure the risks are kept 'live' and properly reflect the controls and actions taken to mitigate or manage them.
8. The corporate risk register is presented to Overview & Scrutiny Committee every six months. The last Overview & Scrutiny review was conducted in July 2022. The next is planned for April 2023.
9. Service risk registers are reviewed regularly to reflect service plans and future initiatives. Risks are reported to Service Boards and reported to Overview & Scrutiny Committee via performance reports.
10. In September 2022, the Project risk log was integrated into the risk register. Significant project risks to the delivery of a project are now more visible to the Senior Leadership Team and service managers.

11. In May 2022 the Council's guidance and template for Committee reports was refreshed. A risk management section was included the requires report writers to explain the significant risks in relation to the reports proposals, including risks relating to preferred options.

Opportunities for improvement

12. Risk management training is provided on an ad-hoc basis. Consideration should be given to developing a training programme for both managers and staff that explains, what risk is, the benefits of risk management, how to identify and assess risks, options for treating risks, how to maintain the risk register and reporting arrangements.
13. The risk register is maintained on an excel spreadsheet. Options for developing the risk register on SharePoint or a third-party product should be considered so as to reduce the burden of spreadsheet maintenance, allow for the delegation of risks, controls and actions, and improved reporting.
14. The risks that the Council faces are not unique. Consideration should be given to benchmarking the corporate risk register with CIPFAs 'nearest neighbours' or other Districts within Hampshire.

CORPORATE GOVERNANCE CONSIDERATIONS

Relevance to the Corporate Plan

15. Adopting a risk management policy contributes to the Corporate Plan priority of delivering an efficient and effective Council.

Service Plan

- Is the proposal identified in the Service Plan? No
- Is the proposal being funded from current budgets? Yes
- Have staffing resources already been identified and set aside for this proposal?
Yes

Legal and Constitutional Issues

16. The Council's corporate risk management arrangements support the authority's compliance with the statutory requirement under the Accounts & Audit Regulations 2015 to have 'a sound system of internal control which facilitates the effective exercise of that body's functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and which includes arrangements for the management of risk.'

Financial and Resource Implications

17. There are no direct finance and resource implications arising from this report.

Risk Management

18. Without up to date, fit for purpose and embedded corporate risk management arrangements, preventable risks could arise which may have a subsequent adverse impact on resources and reputation.

EQUALITIES

19. There are no quality issues arising from this report.

CLIMATE CHANGE IMPLICATIONS

20. No direct carbon/environmental impacts arising from this report.

ACTION

21. The Audit Committee, after reviewing the effectiveness of the risk management arrangements, shall be able to take assurance with risk management statements that are included in the 2022/23 annual governance statement.

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Appendices: Risk Management Policy

Background Papers: None