

AUDIT and GOVERNANCE COMMITTEE – 13 July 2016
RISK MANAGEMENT and ASSURANCE POLICY and FRAMEWORK

Report by the Chief Financial Officer

Introduction

1. The current Risk Management Framework has been in existence for some time and its focus has been to provide a process guide rather than a clear statement of what the council wanted to achieve in relation to risk management. In addition, the document needs updating to reflect the requirements of the assurance process which has been developing over recent months. This new policy and framework document addresses these issues.
2. The document (attached as Annex 1) has been developed following review of similar policies adopted by other local authorities. We are therefore confident that the requirements of the policy reflect good practice. It has been agreed in principle by CCMT subject to formal ratification by this committee.

Items to Highlight

3. The first part of the document comprises the policy and sets out clear objectives, an approach and deliverables for risk management. This will necessitate the following changes to existing practices:
 - (a) Continued enhancement of risk reporting so that it becomes better integrated with performance management reporting processes. Both processes are now overseen by the Assistant Chief Finance Officer (Assurance) and ongoing enhancements will be made to quarterly business management reporting.
 - (b) Fully implementing the assurance process as part of quarterly business management reporting and introducing an assurance report whereby Directors provide an annual statement about the quality of the control and oversight processes within their respective areas. We anticipate the first of these assurance reports will be brought to this committee in September.
 - (c) Enhancing processes for identification and oversight of contract risks from commissioning through the contract lifecycle. This will be facilitated by the anticipated implementation of a new contract management system later in the year.
 - (d) The policy also builds on the work already done in refreshing the Corporate Risk Register and reinforces the requirement for a quarterly review at CCMT which has now been implemented.

4. The appendix to the document comprises the risk management and assurance framework which provides guidance underpinning the risk management cycle and the assurance mapping process.
5. Specific points to note are as follows:
 - a) As part of the framework we have reviewed the risk impact measures (page 14) and, in particular, raised the most severe financial impact from £1m to £2.5m to better reflect the issues which should be visible to CCMT. We have also revised the risk escalation criteria (page 16).
 - b) In the current policy, impact measures relating to business as usual and to projects are merged together. Given the varying scope and scale of projects it is difficult to apply impact criteria that will apply in all cases. We therefore propose greater guidance in this area (page 15) with the requirement that specific criteria relevant to the individual project should be agreed at its outset.
 - c) The assurance mapping approach described on page 10 is being progressed with substantial completion of the exercise to document 1st line of defence controls for the areas in scope. 2nd and 3rd line controls will be documented in the coming weeks and assurance opinions will be incorporated into Q2 business management reporting.
6. Feedback received about the existing processes is that the template used for risk recording is cumbersome and not user friendly. We are exploring opportunities to identify better solutions either using an integrated reporting tool as part of the business management framework or a standalone risk management system.

Implementation

7. The requirements of the policy will be re-enforced through discussion with the directorate risk and performance leads with additional support provided as required. In addition we will be launching some updated intranet pages containing key information in a summarised form.

RECOMMENDATION

8. **The committee is RECOMMENDED to approve the Risk Management and Assurance Policy and Framework.**

Ian Dyson
Assistant Chief Finance Officer (Assurance)

Background papers: None

Contact Officer: David Penter 07812 265210