

**Report to the Audit & Governance
Committee**
Report Reference: AGC-031-2010/11
Date of meeting: 4 April 2011



**Epping Forest
District Council**

Portfolio: Performance Management

Subject: Effectiveness of the Arrangements for Risk Management

Officer contact for further information: Bob Palmer (01992 – 564279)

Democratic Services Officer: Gary Woodhall (01992 – 564470)

Recommendations/Decisions Required:

That Members consider the effectiveness of the arrangements for Risk Management.

Executive Summary:

The terms of reference for this Committee include “To consider the effectiveness of the Council’s Risk Management arrangements”. This contrasts with the role of the Finance and Performance Management Cabinet Committee, which is required “To advise and make recommendations to the Cabinet on Risk Management and Insurance issues”.

Internal Audit have completed, but not yet reported to this Committee, an audit covering Risk Management and Insurance where their conclusion was a score of “Substantial Assurance”. However, Members should consider the evidence provided in this report and form their own view.

Reason for Proposed Decision:

Members are requested to consider the effectiveness of the Council’s arrangements for Risk Management, to comply with the terms of reference for this Committee.

Other Options for Action:

If this Committee is to fulfil its functions there are no other options for action.

Report:

Previous Reviews

1. This is the fourth annual review of the effectiveness of the Council’s arrangements for Risk Management. Last year the Committee resolved –

That the Council’s arrangements for Risk management be considered effective.

Risk Management in Directorates

2. The internal arrangements for Risk Management have not changed during the year. Each directorate has a nominated champion for risk management, usually at Assistant Director level. This individual acts as the lead on Risk Management for the directorate and represents their directorate at the Risk Management Group (RMG).
3. All directorates are required to have a section on Risk Management in their business plans. This section will contain details on the directorate’s key risks, a risk matrix and action plans for dealing with the risks that are above the risk tolerance line.

4. All directorates are required to have Risk Management as a standing item on management team meeting agendas. This is to ensure that directorate risk registers are kept up to date with any new items and that existing action plans, both for directorate and corporate risks, are monitored. The regular discussion of risks allows directorate champions to report back on discussions at the RMG and also to bring forward items from their directorates that they feel should now be included, or if already included updated, on the Corporate Risk Register.

Corporate Risk Management

5. The RMG meets quarterly to discuss Risk Management issues and recommend alterations to the Corporate Risk Register to the Corporate Governance Group. The Director of Finance and ICT, or in his absence the Senior Finance Officer (Risk and Insurance) chairs the RMG. All of the group have received training in Risk Management.
6. The annual updating and approval of the terms of reference for the RMG was considered by the Finance and Performance Management Cabinet Committee on 17 January 2011 and adopted by Cabinet on 31 January 2011. The same meetings also approved the Risk Management Strategy and the Risk Management Policy Statement.

Corporate Risk Register

7. As mentioned above, the RMG will consider updates to the Corporate Risk Register and make recommendations to the Corporate Governance Group (which consist of the Acting Chief Executive, the Monitoring Officer, the Deputy Monitoring Officer, the Director of Finance and ICT and the Chief Internal Auditor).
8. Recommendations on updating the Corporate Risk Register are considered by the Finance and Performance Management Cabinet Committee; the most recent updates are shown in the table below. For information only, the Corporate Risk Register is attached as Appendix 1.

<u>Date of Meeting</u>	<u>Updates Considered</u>
14 June 2010	Updated for new Executive Priorities and an additional risk on possible disruption to services during the London Olympics.
27 September 2010	Major review of risks below the tolerance line with seven risks being deleted and three downgraded. One new risk added on possible loss of on-street civil parking enforcement.
17 January 2011	No changes but members asked CGG to consider adequacy of arrangements for preventing and detecting fraud and the scoring of fraud on the risk register.
21 March 2011	Following consideration by RMG and CGG, Members agreed that arrangements for preventing and detecting fraud were appropriate and that the risk was correctly scored as C3 (significant likelihood, marginal impact). Three new risks added covering – <ol style="list-style-type: none"> i) replacement of current Housing Revenue Account subsidy system with a self financing model; ii) changes to the welfare system and potential effects on residents, staff and the Council as a whole; and iii) the need to achieve substantial budget reductions in future years.

Audit Assessments

9. As stated above, Internal Audit have recently completed an audit of Risk Management and Insurance and concluded with a score of “substantial assurance”.
10. External Audit reviews the arrangements for Risk Management as part of their Value for Money work. The Annual Governance Report that was presented to this Committee on 20 September 2010 included the judgement that “the organisation manages its risks and maintains a sound system of internal control”.

Resource Implications:

No additional resource requirements.

Legal and Governance Implications:

No legal implications. Risk Management is an important part of the Council’s overall governance arrangements and that is why this Committee considers the adequacy of the overall arrangements on an annual basis.

Safer, Cleaner, Greener Implications:

There are no implications arising from the recommendations in this report for the Council’s commitment to the Nottingham Declaration for climate change, the corporate Safer, Cleaner and Greener initiative or any Crime and Disorder issues within the district.

Consultation Undertaken:

No formal consultation has been undertaken but the views of both Internal and External Audit are included in the report.

Background Papers:

None.

Impact Assessments:

Risk Management

If the adequacy of the arrangements for Risk Management were not considered regularly a significant weakness in the overall governance arrangements could arise.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council’s general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?

What equality implications were identified through the Equality Impact Assessment process?
N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A