

Report to Audit Committee

Subject: Corporate Risk Management Review Quarter 2 2024/25

Date: 10 December 2024

Author: Chief Finance and Section 151 Officer

1. Purpose of the report

To update members of the Audit Committee on the current level of assurance that can be provided against each corporate risk.

Recommendations:

That Members:

- Note the current risk level and actions identified within the Corporate Risk Register.

2. Background

The current Risk Management Strategy & Framework was approved and adopted by Cabinet on 28 March 2024. Following adoption of the new framework, a project has been underway to simplify the process of risk review and management by using the Council's performance management system, Ideagen to track risk.

A risk module was procured for the Ideagen system and the process of migrating departmental and corporate risks into that system has been ongoing through quarter 2 and into quarter 3.

All Assistant Directors and Senior Managers have now received training on the content of the new Risk Management Framework and have completed a review of departmental risks in the new Ideagen system. All risks have been rescored using the new scoring matrix in the framework (appendix 2) and all scores have been provided to show the gross risk (risk level at its highest level without controls), the residual risk (the current risk score with controls) and the risk appetite score of the Council, which is currently moderate, as approved within the framework.

The purpose of the framework is to define how risks are managed by the Council. It provides guidance on the processes, procedures, roles, and responsibilities for risk, and it sets out the context on how risks are to be managed. It defines the key role for the Audit Committee as providing independent assurance to the Council with regard to the effectiveness of the risk management framework and the associated control environment. This includes the monitoring of the framework and ensuring the implementation of all audit actions.

It should also be noted, that as part of the Council's transformation programme, a new Corporate Risk officer group is currently being established. This officer group is focused on identifying and reviewing risk across the organisation and will meet regularly to ensure effective monitoring of risks at an officer level.

3. Corporate Risk Register

The Corporate Risk Register is a key enabler of the Strategy and Framework and provides assurance on the key risks identified as corporate risks. The Corporate Risk register has changed in quarter 2 to reflect the new Corporate Risk register in the framework. The Corporate risk register now has 13 categories of risk. Whilst many reflect the old register there are some new risks including projects and a new additional risk in respect of fraud, bribery, and misconduct. Some of the corporate risk categories have been split out, for example there are now separate categories to reflect ICT risks and data/information management.

Existing risks identified within both the Council's corporate and departmental risk registers are subject to quarterly review by senior management and on an ongoing basis through the work of Internal Audit. At quarter 1, as the Council moved to a new system of reporting, there were no significant changes in risk level reported to the Committee. At quarter 2, as the Ideagen system starts to be embedded, the report will not track the trend on risks in the system as this is the first quarter where the new system and new corporate risks have been presented. Moving into quarter 3, the report will show trends in individual risk movement. That being said, again, there are no significant changes in risk level identified in quarter 2.

Some of the risks included within the new Corporate Risk Register have been set at a relatively high score (based on the old register) with the expectation that as mitigation measures are properly recorded or actions completed, then these risks should start to improve over the coming months. This is not to say that all risks will return to 'green', as mitigation measures can only go so far, and some risks may always be inherently 'red' or 'amber' as the score reflects the potential impact on the Council and the likelihood of that event occurring. The Council's risk appetite is moderate, ideally all risks should be yellow or below, it is however accepted that the Council may take a higher tolerance to risk in some areas versus the reward, this decision is taken on a case-by-case basis.

The Corporate Risk Register and supporting comments as at the end of September 2024 are appended to this report, and this includes a summary of all control gaps identified on the Council's Corporate Risk Register and any actions added to reduce the risk level further.

Until the system is fully embedded and all reporting lines in the system updated, there are some gaps in the register. Under the projects category, as the Council looks to improve its project management processes and align risk scoring in project plans with the new scoring matrix, any significant project risks are being picked up under other categories. It is hoped that by the end of Q3, all risk categories will be included in the new system and reported within the correct risk headings.

4. Financial Implications

None arising directly from this report.

5. Legal Implications

None arising directly from this report, the report is to provide reporting, in line with the Council's risk Management Framework which is a requirement of the Accounts and Audit Regulations 2015.

6. Equalities Implications

None arising directly from this report, although EIA of all risks should be considered as part of any actions identified and controls in place.

7. Carbon Reduction/Environmental Sustainability Implications

None arising directly from this report, although Carbon Management forms part of the Environment category on the Corporate Risk Register.

8. Appendices

Appendix 1 - Corporate Risk Register Monitoring – Quarter 2, period ending 30 September 2024

Appendix 2 - Risk Management Scoring Matrix

Appendix 3 – Risk Definitions

Statutory Officer Approval

Approved by: Chief Financial Officer

Date:

Approved by: Monitoring Officer

Date: