



Audit & Governance Committee
5 December 2016

Half year risk management report

Purpose of the report:

This half year risk management report enables the committee to meet its responsibilities for monitoring the development and operation of the council's risk management arrangements. It also presents the latest Leadership risk register.

Recommendations

It is recommended that the Committee:

1. Consider the contents of the report and confirm they are satisfied with the risk management arrangements;
2. Review the Leadership risk register (Annex B) and determine whether there are any matters that they wish to draw to the attention of the Chief Executive, Cabinet, Cabinet Member or appropriate scrutiny board.

Introduction

3. The terms of reference of the Audit and Governance Committee include the requirement to monitor the effective development and operation of the council's risk management arrangements. This report summarises the risk management activity from April 2016 to date and provides an update on key changes to the Leadership risk register.

Key activity summary

Strategic risk arrangements

4. The Statutory Responsibilities Network (SRN) is provided with monthly risk updates by the Director of Finance (strategic lead for risk management). The risk updates are focused on the Leadership risk register and emerging risks, but also include the risk management strategy and updates on the risk management plan.
5. The Strategic Risk Forum (SRF), chaired by the Director of Finance, has met four times since April 2016. The Forum challenges and scrutinises strategic risk through reviewing strategic level risk registers, discussing common risk

areas and proposing Leadership risk register changes and emerging risks to SRN.

6. The SRF is focussing on programme/project risk management to gain assurance on the links with the corporate risk arrangements. Strategic risk leads are gathering information on the risk arrangements across key projects and programmes, which will be used to pull together an overall picture and identify areas of good practice.
7. The Leadership risk register is presented to Cabinet on a quarterly basis to provide oversight of the council's strategic risks and controls. The Environment and Infrastructure risk registers have been reviewed by the Economic Prosperity, Environment and Highways Board and the Fire and Rescue risk register has been reviewed by the Resident Experience Board to enable member scrutiny and challenge.

Operational risk arrangements

8. The status and consistency of risk registers is reviewed by the Council Risk and Resilience Forum and reported to the SRF at each meeting to monitor the risk registers against the council's risk framework standards. The Risk and Governance Manager uploads risk registers that she receives onto the snet so they can be viewed internally.

Council Risk and Resilience Forum (CRRF)

9. CRRF formal meetings are held twice a year and there has been one formal meeting during the period. The meetings are attended by service risk and business continuity representatives and help to share knowledge and good practice across the organisation to support the risk and business continuity arrangements.
10. There have also been two CRRF interactive workshops that have focused on IT resilience and winter resilience. The workshops are supported by officers from the relevant service area, such as IMT, to provide an overview and help services validate their business continuity arrangements through interactive scenarios.

Business Continuity

11. The Emergency Management Team has worked with CRRF reps and officers from IMT to develop a priority list for the restoration of critical IT software and applications in the event of an incident. Critical files are also being identified to support the priority list.

Internal audit review

12. Internal audit provide an annual independent assessment of the risk management arrangements. The 2015/16 audit received an overall opinion of some improvement needed.
13. The management action plan has been completed and is attached at Annex A.

Leadership risk register

14. The Leadership risk register as at 30 November 2016 (Annex B) is owned by the Chief Executive and shows the council’s key strategic risks. The risk register is regularly been reviewed by the SRF, SRN and Cabinet.

Changes to the risk register

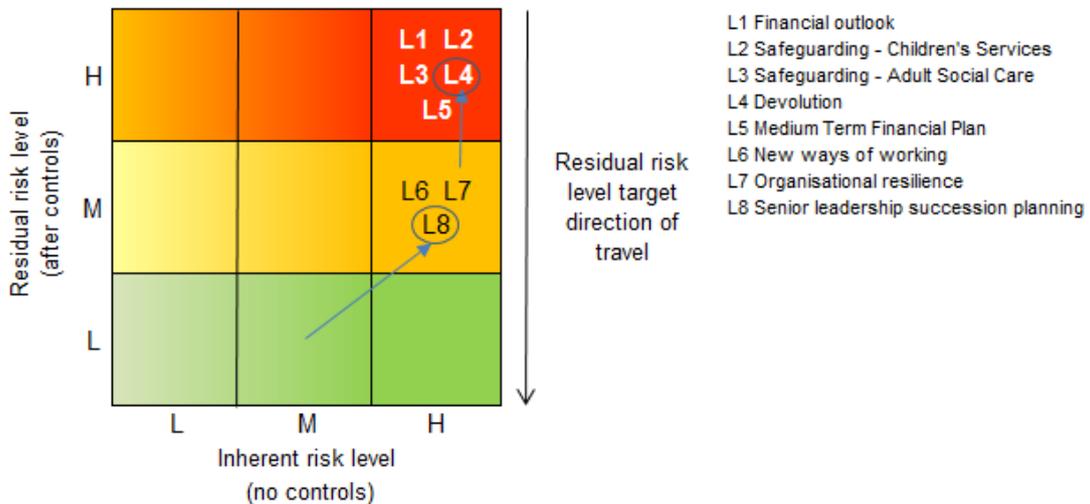
15. Since it was last presented to the Committee in September 2016, risk levels have been increased on the following risks:

- Devolution (L4) – the residual risk level has been increased from medium to high; and
- Senior Leadership Succession Planning (L8) – the inherent risk level has been increased from medium to high and the residual risk level has been increased from low to medium.

16. Updates have also been made to the following risks:

- Financial Outlook (L1) – risk description, processes and controls updated to further reflect the financial position;
- Safeguarding – Children’s Services (L2) and Safeguarding – Adult Social Care (L3) – processes updated;
- Devolution (L4) – changes to risk description to broaden the scope of the risk, updates to processes and controls;
- Medium Term Financial Plan (L5) – updates to the processes to reflect changes and communication regarding the financial position; and
- Organisational Resilience (L7) – additional processes specifically related to information governance.

17. There are eight risks on the Leadership risk register and following the recent changes to the risk levels, all the risks now have high inherent risk levels, as illustrated in the table below. Despite mitigating actions, five of these risks have a high residual risk level (L1,L2,L3,L4,L5) and three have a medium residual risk level (L6,L7,L8): showing the increasing level of risk that the council is facing despite the processes and controls being put in place to manage the risks.



Implications:

Financial and Value for Money Implications

18. Integrated risk management arrangements, including effective controls and timely action, supports the achievement of the council's objectives and enables value for money.

Equalities and Diversity Implications

19. There are no direct equalities implications in this report.

Risk Management Implications

20. Embedded risk management arrangements leads to improved governance and effective decision-making.

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Sources/background papers:

- Risk management reports, SRF and CRRF agendas and minutes.

PRIORITY RATINGS

Priority High (H) - major control weakness requiring immediate implementation of recommendation

Priority Medium (M) - existing procedures have a negative impact on internal control or the efficient use of resources

Priority Low (L) - recommendation represents good practice but its implementation is not fundamental to internal control

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Officer Responsible	Progress as at November 2016
5.17	In order to ensure consistency across services, the Risk and Governance Manager should communicate to all risk representatives the need to use a standard format for the risk register.	Low	This will be communicated to all risk reps via SRF, CRRF and email.	September 2016	Risk and Governance Manager	Completed. All risk representatives have been reminded about the standard format for risk registers.
5.23	Consideration should be given to establishing timescales for mitigating actions where it is possible to do so.	Low	This will be considered at SRF and requirements communicated to the risk reps as appropriate.	September 2016	Risk and Governance Manager	Completed. SRF have considered timescales and will use on risk registers where it is appropriate and adds value.
5.30	Risk representatives should ensure that risk registers are reviewed in line with the risk framework and notify SRF of any variance to the agreed timescales.	Low	Risk reps will be reminded of the reporting requirements via SRF, CRRF and email. SRF continue to monitor the status of risk registers.	September 2016	Risk and Governance Manager	Completed. All risk representatives have been reminded of the reporting requirements. SRF and SRN have also discussed.

