

Audit, Standards & Governance Committee

12th April

2022

RISK MANAGEMENT UPDATE

Relevant Portfolio Holder	Councillor Geoff Denaro Portfolio Holder for Finance and Governance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter
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Wards Affected	All
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Committee is asked to note the update and endorse the way forward.

2. BACKGROUND

Context

- 2.1 In 2018/19, an audit of Risk Management provided an assurance level of limited due to weaknesses in the design and inconsistent application of controls.
- 2.2 A review was then commissioned to further consider the Council's risk management arrangements and a Risk Management Strategy was developed.
- 2.3 A follow-up review was carried out by Internal Audit in March 2021. At that time there was a lack of evidence that the actions within the Risk Management Strategy had been fully completed and embedded within the Councils and therefore no assurance could be given.

At this time an action plan was agreed with management which focused on the following areas:

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- Understanding risk appetite
- Review the strategy and the way risks are identified
- Review the current 4risk system
- Provide training
- Consideration of the Role of Risk Champions
- Aligning processes so that risk is considered as part of management decision making

Update

- 2.4 While risk registers are in place and are used, and while all decisions do consider risk and risk mitigation (as demonstrated by the requirement to report on risk implications in all reports), progress in implementing all the above actions (aimed at embedding a more consistent risk management framework) have stalled during the 2021/22 financial year. This is primarily as a result of pressures within the Finance Team (where the corporate coordination responsibility for risk currently sits).
- 2.5 The Finance Team have experienced a significant number of vacancy and capacity issues. Workload has also increased during Covid-19 with circa £59m of Covid related government grants being paid to businesses. The implementation of a new Finance System has also been a priority over the past year which has inevitably diverted resources. Critically also, the Risk and Insurance Officer, was redeployed during the year to focus on the priority areas of income and payment processes.
- 2.6 The recent follow up review undertaken by Internal Audit has confirmed that more needs to be done to progress previously agreed actions aimed at embedding best practice risk management processes.
- 2.7 The Corporate Management Team (CMT) therefore considered a report on the way forward in March 2022, and agreed a set of actions as set out below as an important first step to regaining momentum in this area.
- 2.8 CMT agreed actions and way forward
- Risk Champions to be identified for each department

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- Data quality checks to be undertaken on current risk registers
- Officer Risk Board to be put in place to drive forward improvements (1st one to take place on 7th April)
- Update CMT on Progress and present draft updated Risk Register
- Officer Group to update Risk Register and formally report for CMT on a quarterly basis and consider other system and process improvements.
- Prepare updated reports for next cycle of ASG.

2.9 Following the above CMT will consider what further resources (including training and development) are required.

2.10 This is also an opportunity to involve the member risk champion. Consequently, the Executive Director of Resources will meet with member champion to discuss progress on the above actions later in the month.

3. FINANCIAL IMPLICATIONS

3.1 None Identified.

4. LEGAL IMPLICATIONS

4.1 The Local Government (Accounts and Audit) Regulations state that “A local government body shall ensure that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk”.

4.2 Implementing the actions set out in this report will demonstrate compliance with this legislative requirement.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

5.1 Good risk management underpins the Council Plan.

Climate Change Implications

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5.2 No direct implications identified.

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

6.1 No direct implications identified.

Operational Implications

6.2 As set out in the report and Appendix 1.

7. RISK MANAGEMENT

7.1 As set out in the report.

8. APPENDICES and BACKGROUND PAPERS

None.

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9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Geoff Denaro Portfolio Holder for Finance and Governance	23/3/22
Lead Director / Head of Service	James Howse, Exec Director	23/2/22
Financial Services	Peter Carpenter, Interim Head of Service	23/3/22
Legal Services	Clare Flanagan, Principal Solicitor	23/3/22
Policy Team (if equalities implications apply)	N/A	
Climate Change Officer (if climate change implications apply)	N/A	