Corporate Risk Register – Update on approach

Report of the Internal Audit Manager (Portfolio: Finance and Resources)

Recommended:

That the update on the Council's approach to the management of the Council's key risks, as shown in the draft Corporate Risk Register, be noted.

> SUMMARY:
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> This report provides the Audit Committee with an update on how the Council's corporate risks are being managed and a summary of the key risks contained in the Council's Corporate Risk Register attached as Annex 1 to this report.

1 Introduction

1.1 The purpose of risk management is to assess the potential barriers to achieving the Council's objectives. Maintaining an up-to-date risk register assists with management of risks and monitoring of the actions to mitigate them.
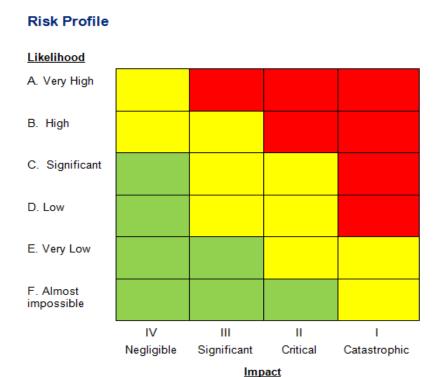
2 Corporate Plan

2.1 The Corporate Plan outlines the Council's priorities for Test Valley over four years setting the direction and providing a co-ordinated focus for all Council activities and services for the years 2023 to 2026. To ensure that effective and efficient management and planning takes place, management recognises the need to fully embed robust risk management arrangements.

3 Risk Management Process

3.1 Risk Identification - The key or significant risks that could affect the achievement of business objectives and the Corporate Plan priorities have been identified. This is an ongoing process which includes but is not limited to research of national risk profiles and forecasts, reviews of service risk registers, significant issues coming out of internal reviews and ongoing discussions with senior management.

3.2 Risk Analysis and Action Planning – This involves ensuring a clear understanding of the root cause and consequences of the risks identified by considering the factors which influence or have a bearing on their likelihood or impact. Often these are external factors such as changes to legislation, government policy or the UK economy. The existing controls in place to mitigate each risk and their adequacy are then considered and further action planned where necessary.

3.3   Risk Prioritisation – The risks identified are assessed and scored using a 6x4 matrix, according to the potential likelihood of the risk occurring and its impact if it does. The risk score assigns a simple traffic light system which further indicates the priority of the risk. By mapping the scores for all the risks onto the matrix this provides the overall risk profile for the Council.

Risk Profile

Likelihood

A. Very High				
B. High				
C. Significant				
D. Low				
E. Very Low				
F. Almost impossible				
	IV Negligible	III Significant	II Critical	I Catastrophic

Impact

3.4   Risk Management Monitoring - The Corporate Risk Register is reviewed on a quarterly basis by the Council's Management Team, and it forms part of the Performance Management Framework. Senior management are responsible for ensuring that the risks on the corporate risk register are managed and further mitigating actions progressed. A full review of the risks in the Corporate Risk Register is carried out annually as part of the corporate planning cycle.

4   Corporate Risk Register

4.1   The Corporate Risk Register provided in Annex 1 has been recently revised by senior management team following two workshops. These workshops took a fresh look at the categories and types of risks facing a local authority at the current time and reconsidered the key strategic risks alongside and in the context of the Corporate Plan process. This has rationalised the number of risks whilst bringing greater focus on the key areas. Work is continuing to identify and plan for any additional mitigations required.

5   Service Risks

5.1   Service risks are more operational and relate specifically to the respective service objectives. Actions to prevent or control these risks are likely to be managed at a service level. Corporate and service risks are not mutually exclusive and a service risk may have the potential to impact on the whole of the Council and likewise a corporate risk may relate to, or require management from, one particular service. Heads of Service are responsible for ensuring that the key risks in their service risk registers are managed.

6   Corporate Objectives and Priorities

6.1   The purpose of risk management is to manage the barriers to achieving the Council's objectives and priorities.

7   Consultations/Communications

7.1   The Corporate Risk Register is subject to regular review and updated by senior management on at least a quarterly basis.

8   Risk Management

8.1   The maintenance of the Council's risk registers contributes towards the overall corporate governance framework of assurance.

9   Resource Implications

9.1   The Internal Audit Manager facilitates the risk management process. This role is segregated from her Internal Audit role and to maintain independence any audit review of risk management is undertaken by the Senior Auditor and reported to the Head of Finance & Revenues/S151 Officer.

10   Equality Issues

10.1   No equality, diversity or inclusion issues arise as a result of this report, and such considerations will be taken into account within individual risks as necessary.

11   Conclusion

11.1   Risks are identified and managed throughout the year as part of the Council's Performance Management Framework.

11.2 The Internal Audit Manager facilitates the risk management process, updates the Corporate Risk register and is able to respond to any queries relating to the risk management process. Each risk has a designated officer as "Risk Owner" and they are responsible for ensuring that all agreed mitigation actions are completed.

Background Papers (Local Government Act 1972 Section 100D)			
None			
Confidentiality It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	1	File Ref:	N/A
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