

AUDIT COMMITTEE

Date of Meeting	Wednesday 21 March 2018
Report Subject	Risk Management Strategy
Portfolio Holder	The Leader
Report Author	Chief Executive

EXECUTIVE SUMMARY

The Council's Risk Management Policy and Strategy was endorsed by Audit Committee in January 2016. The intent and guidance have been embedded and operational for all strategic risks, especially those connected to the Council Plan.

Following the recent Internal Audit of Risk Management of operational risks (November 2017), it was decided that the Risk Management Strategy needed to be reviewed to strengthen the working practices.

This refresh of the Strategy strengthens the processes to be followed for risk escalation and de-escalation and better describes the management of operational risk. The risk matrix which helps identify the significance of the risk has also been reviewed.

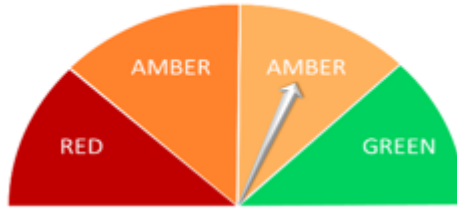
RECOMMENDATIONS

1	To endorse the refresh of the Risk Management Policy and Strategy for 2018.
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REPORT DETAILS

1.00	RISK MANAGEMENT POLICY AND STRATEGY
1.01	The most recent review of the Council's risk management processes and procedures by Internal Audit (November 2017) focused on the identification, management and reporting of operational risk. The assurance level was set at 'reasonable'.

Audit Opinion



The full report is available at Appendix 1.

A 'reasonable' level of assurance indicates that most processes and procedures are followed with the following areas for further improvement identified:

- Limited reference to operational risk (which has the potential to impact service delivery) in Service Plans.
- Inconsistent approach to the identification, evaluation, management and reporting of operational risk.
- Inconsistency in the processes, roles and responsibilities for the escalation and de-escalation of strategic risk.
- Risk Management Policy & Strategy to be updated to reflect current and planned practice.

The activity to address each of these improvement areas is described below.

- 1.02
- Limited reference to operational risk (which has the potential to impact service delivery) in Service Plans.

Work is underway to ensure that Service Plans and Strategy documents for 2018/19 are to include operational and emerging risks with more immediate and visible reporting of risks; clarity of roles around risk escalation and appropriate responsibility for agreed risk mitigations.

Reassurance around the content of Service Plans and other strategy documents is being undertaken in readiness for the new financial year. Risk roles and responsibilities has been included in a new Risk Escalation procedure (see 1.04).

- 1.03
- Inconsistent approach to the identification, evaluation, management and reporting of operational risk.

The revised Risk Management Policy and Strategy refreshes the approach to identification, evaluation, management and reporting of operational risk, in particular with more focus on portfolio team discussion and escalation. Chief Officers are raising the profile of operational risks and reviewing portfolio practices for the identification, evaluation and management of operational risk.

Chief Officers will also be sharing and addressing cross portfolio operational risks.

1.04	<ul style="list-style-type: none"> Inconsistency in the processes, roles and responsibilities for the escalation and de-escalation of strategic risk. <p>The process for both escalation (increasing the risk significance for attention and action) and de-escalation of risk (reducing the risk significance and it's 'closure') has been more clearly described in the refresh of the Risk Management Policy and Strategy, including roles and responsibilities of Portfolio Performance Leads.</p>
1.05	<ul style="list-style-type: none"> Risk Management Policy & Strategy to be updated to reflect current and planned practice. <p>The refreshed Risk Management Policy and Strategy has been strengthened in all areas detailed above. The revised draft is attached as Appendix 2.</p> <p>The refresh has also included a review of the risk management matrix to: i) better reflect a focus on significant risk priorities and ii) to allow for more movement in status colour as risk increases or decreases in significance. The revised matrix is included in the Risk Management Strategy and also as a separate Appendix 3 which shows the changes made.</p>

2.00	RESOURCE IMPLICATIONS
2.01	There are no direct resource implications related to this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Consultations with Chief Officers, senior managers and Internal Audit, have been undertaken whilst addressing various aspects of this report.

4.00	RISK MANAGEMENT
4.01	<p>The Council's strategic Council priority risks are being effectively managed through the adopted risk management approach.</p> <p>Improvements to the identification and management of operational risks are addressed through the refresh of the Risk Management Policy and Strategy.</p>

5.00	APPENDICES
5.01	<p>Appendix 1: Internal Audit – Risk Management report (November 2017)</p> <p>Appendix 2: Risk Management Policy and Strategy 2018</p> <p>Appendix 3: Risk Matrix refresh</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Karen Armstrong, Corporate Business and Communications Executive Officer</p> <p>Telephone: 01352 702740</p> <p>E-mail: Karen.armstrong@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>(1) Council Plan: the document which sets out the annual priorities of the Council. It is a requirement of the Local Government (Wales) Measure 2009 to set Council Objectives and publish a Council Plan.</p> <p>(3) Risk Management - the process of identifying risks, evaluating their potential consequences (<u>impact</u>) and managing them. The aim is to reduce the frequency (<u>likelihood</u>) of risk events occurring (wherever this is possible) and minimise the severity of their consequences (<u>impact</u>) if they occur. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.</p>