

## Audit and Governance Committee 12<sup>th</sup> January 2024

<b>Report Title</b>	<b>Risk Management Policy and Strategy</b>
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### List of Appendices

#### Appendix 1: Risk Management Policy and Strategy

##### **1. Purpose of Report**

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- 1.1. To present the Risk Management Policy and Strategy for the Committee's review.

##### **2. Executive Summary**

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- 2.1 The Risk Management Policy and Strategy sets out how the Council will manage risk - both in business as usual and in transformational activity. It also explains how risk is managed at each level of the organisation and how a hierarchy of risk registers (from the strategy risk register down to directorate and project risk registers) is used to communicate and escalate risks.
- 2.2 Since the original Risk Management Strategy was produced and approved in July 2021, the Council has sought to further develop its risk management framework and embed risk management within the organisation. The draft Risk Management Policy and Strategy is intended to reflect the informed and developed risk management approach, with an emphasis on sources of assurance and developing further to align with recommended practice.

##### **3. Recommendations**

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- 3.1 It is recommended that the Committee:
- a) Recommends the Risk Management Policy and Strategy for approval by Council.
- 3.2 Reason for Recommendations –
- For the Committee to exercise its duties and responsibilities within its Terms of Reference for considering the effectiveness of the Council's risk management arrangements.

## **4. Report Background**

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- 4.1 The Audit and Governance Committee approved a Risk Management Strategy in July 2021 which provided the initial basis for risk scoring and recording. During 2022/23 the risk management framework was further developed, with a revision to the risk register formats to include inherent and current scoring and greater definition on risk descriptions. This was then further developed to incorporate sources of assurance for each Strategic Risk Register entry.
- 4.2 Following the progress made in this area, a new Risk Management Policy and Strategy has been drafted to reflect the updated approach and to seek to continue this development of the risk management framework and culture.
- 4.3 The document is informed by best practice from several sources, such as the United Kingdom implementation of the international standard for risk management; ISO 31000:2018 Risk management - Guidelines; the HM Treasury and Government Finance Function's "Orange Book: Management of risk – Principles and Concepts"; and examples of policies and strategies from other organisations.
- 4.4 Areas where the document provides further clarity include:
- Details on how risks should be identified and recorded, at each level of the organisation;
  - Support on the application of the risk scoring methodology and tolerances;
  - Guidance on the importance of the 'sources of assurance' section of the risk register and how this should be used to inform high risk areas for internal audit coverage;
  - An outline of the roles and responsibilities of key officers, including in the escalation process between the different layers of risk register;
  - How the Council will seek to develop and embed risk management further, including the roll out of officer and Member training;
  - Reference to the development of fraud risk registers, the process for which will be detailed further in the Counter Fraud Strategy; and
  - Linking the approach to the Council's values.
- 4.5 The application of this policy and strategy is the responsibility of officers. Internal Audit can provide advice on good practice in relation to risk management and can support in conducting assurance work in areas where sources of assurance are lacking – but remain independent from compliance with the framework and the management of risks.

## **5. Issues and Choices**

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- 5.1 The report provides the Committee with the Risk Management Policy and Strategy for review. Any areas where the Committee considers require further development to support effective risk management should be highlighted.

## **6. Implications (including financial implications)**

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**6.1 Resources and Financial**

6.1.1 None specific to this report.

**6.2 Legal**

6.2.1 None specific to this report.

**6.3 Risk**

6.3.1 The Risk Management Policy and Strategy sets out how risk should be managed at all levels of the organisation.

**6.4 Consultation**

6.4.1 None specific to this report.

**6.5 Consideration by Scrutiny**

6.5.1 Not required on this occasion.

**6.6 Climate Impact**

6.6.1 None specific to this report.

**6.7 Community Impact**

6.7.1 None specific to this report.

**7. Background Papers**

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7.1 None.