CITY OF CARDIFF COUNCIL
CYNGOR DINAS CAERDYDD

AUDIT COMMITTEE: 14 March 2017

RISK MANAGEMENT INTERIM UPDATE

REPORT OF CORPORATE DIRECTOR RESOURCES   AGENDA ITEM: 5.3

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1.   To update and inform the Audit Committee of the progress made to improve the risk maturity of the Council in 2016/17 and to provide a quarter 3 Corporate Risk Register update.

2.   The Audit Committee's Terms of Reference sets out their responsibility in relation to governance, risk and control as follows.

- To monitor and scrutinise the effective development and operation of the risk management arrangements within the Council, and;
- To oversee progress in addressing risk-related issues reported to the Committee, such as the Corporate Risk Register (CRR).

Background

3.   In September 2016, Audit Committee was provided with a risk management update following an officer self-review of Council risk maturity. This review identified that the Council had a number of the characteristics of a 'risk-defined' risk maturity level with good risk awareness in place. The update outlined how achieving the remaining characteristics of a 'risk-defined' maturity would be the focus of the work going forward.

4.   Following the update to Audit Committee, the Council participated in a CIPFA Risk Management Benchmarking Club. The assessment was made using Alarm's National Performance Model, which is based on the HM Treasury 'Risk Management Assessment Framework' (2002), with results received in November 2016. These results supported the accuracy of the original self-assessment.

5.   With the knowledge that the Council has good risk awareness and well defined risk management arrangements, the aim is to use this as the basis to further enhance risk maturity. This year there has been a focus on consistency and accountability by firstly validating the composition and risk assessments on the corporate risk register, followed by refining operational risk management and escalation processes.

Issues

Risk Management Initiatives

6.   To gain assurance on the consistency of coporate risk reporting and assessment, a workshop was held with the Risk Champion Network in July 2016. The workshop focused on identifying potential gaps or inconsistencies in risk identification and assessment. Findings were communicated to the Senior Management Team (SMT) and

the Risk Management Steering Group. Following this exercise, risk assessment guidance was provided to all Directors to encourage consistency in framing and assessing risks. The work of the Risk Champions and the issued guidance were taken into account in the CRR quarter 2 review 2016/17. The review resulted in a number of changes to the risk register, as reported to Audit Committee on 29 November 2016.

7.   With greater assurance on the consistency of corporate risk reporting, focus has turned to directorate risk management and the risk escalation process. The process of escalating risks has historically been managed within directorates, subject to periodic spot checks. The Risk Management Team is now focusing on becoming a central point for both directorate and coporate risk reporting each quarter. The aim is to ensure that there is timely and accurate risk identification and reporting by managers, with clear accountability for proportionate management action.

8.   A revised risk reporting process has been introduced commencing in March 2017. It requires all directorate risk registers to be provided to the Risk Management Team each quarter. Existing corporate risks will continue to be reviewed by Directors and reported quarterly, but Appendix A captures the formalised process for reviewing and reporting directorate risks. It requires that:

•   There are robust directorate risk reviews at least quarterly;
•   As a minimum, each Director receives and personally reviews all directorate risks; assessed as 'red' and 'red/amber' each financial quarter;
•   As a minimum, each Director escalates all 'red' risks to SMT each financial quarter;
•   SMT will receive and discuss all escalated risks quarterly;
•   The existing review processes at SMT will continue, with the management of material risks to the Council's vision, priorities and objectives reported through the CRR and operational risks reported through directorate risk registers.

9.   Audit Committee will be provided with an update on the CRR year-end position 2016/17 in June 2017. At this time information will be provided on the decisions made by SMT on the risks which were escalated.

Corporate Risk Register

10.   The Corporate Risk Register (CRR) was last reviewed at the Senior Management Team (SMT) in January 2017 at the quarter 3 position 2016/17. The Corporate Risk Map is included in Appendix B, with the CRR summary and detailed versions included in Appendix C and D respectively.

11.   Since the last Audit Committee CRR update on 29 November 2016 a coporate risk has been in development on Cyber Security. This risk was discussed at Risk Management Steering Group and SMT in January 2017 and is being assessed and drafted for inclusion on the CRR at the year-end position.

12.   At the Q3 position, the Waste Management risk was reduced from 'Red' (B2) to 'Red / Amber' (C2), in recognition of the progress made in managing the risk to date. The rest of the risk ratings remained unchanged from the previous quarter.

Legal Implications

13.   There are no direct legal implications arising from this report. However, one of the benefits of identifying risk is that mitigation measures may be taken, if appropriate, and

consequently successful claims against the Council may be avoided altogether, or reduced.

Financial Implications

14.   There are no direct financial implications arising from this report. The Corporate Risk register will be used to guide the Internal Audit Plan and the Council's resource planning processes and forms an important part of the governance arrangements for the Council.

Recommendation

15.   Audit Committee to note and comment upon the Corporate Risk Register and developments to the risk management process, and to consider the information given in the programming of its work.

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES

The following Appendices are attached:

Appendix A - Risk Management Quarterly Review Process
Appendix B - Corporate Risk Map - Q3 2016/17 Position
Appendix C - Corporate Risk Register - Q3 2016/17 Summary
Appendix D - Corporate Risk Register - Q3 2016/17 Detailed