

CORPORATE RISK MANAGEMENT UPDATE - QUARTER 4 2016/17

REPORT OF CORPORATE DIRECTOR RESOURCES AGENDA ITEM: 7.2

1. To update and inform the Audit Committee of the risk management position in quarter 4 2016/17.
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. The Audit Committee receives an update on the CRR position on a quarterly basis, with risk management representing a standing item on the Committee agenda.
4. In March 2017, Audit Committee was provided with an update of the quarter 3 risk management position 2016.17. In this update Audit Committee was also advised of the formalisation of a new risk escalation process, subsequently introduced in quarter 4.
5. In addition to ensuring that all directorate and corporate risks are identified, reviewed, assessed and reported each quarter the extent of reporting and review required is based on the risk rating.
6. The risk escalation process is included in Appendix A, whereby each Director is required to personally review all residual (current) risks rated as 'red/amber' and above and, at a minimum, to escalate all 'red' residual risks to Senior Management Team (SMT) for collective review.
7. The risk escalation process has been formalised to ensure that the SMT receive systematic and timely risk information and analysis from each Directorate on a risk-priority basis.

Issues

8. Each Director has worked with their Risk Champions in undertaking a quarter 4 risk register review. The process has two tiers (Directorate and Corporate), and the actions at each are detailed as follows.

Directorate Risks

9. At the quarter 4 position, 319 risks were reported from Directorate Risk Registers. Each Director was responsible for reviewing and escalating risks in accordance with the refreshed process. A total of 14 risks were escalated to SMT and each were collectively discussed and reviewed.
10. Of the 14 risks escalated, 3 represented components of a cyber security risk which were each discussed. A new overall corporate risk on cyber security was agreed and added to the corporate risk register. Following the ICT Services Manager's (OM) attendance at Risk Management Steering Group in January 2017, an action has been agreed for his attendance at SMT. The purpose will be to provide specialist guidance and articulation of individual and collective accountabilities. Another risk on the 'non-completion of statutory building equipment maintenance' was also escalated to the Corporate Risk Register in the quarter 4 review.
11. The remaining 10 escalated risks were each discussed. The impact of each risk on the Council's corporate priorities was considered from which it was agreed that the accountability, management and reporting of the remaining risks should continue at a directorate level, with no further additions to the CRR merited.

Corporate Risks

12. There were 24 corporate risks in place prior to the quarter 4 review. Each risk owner reviewed their existing corporate risks from which risk and control narratives and improvement actions were updated. The update resulted in:
 - Some risk additions and risk removal from the CRR
 - Changes to some risk names / titles
 - An increase in the information governance risk rating ('B2' to 'B1')
13. The risk of failure to implement the 'Social Services and Wellbeing (Wales) Act 2014' was considered to be sufficiently addressed and has been removed as a corporate risk. SMT agreed that from quarter 4 this risk will be managed on the Social Services Directorate Risk Register. This is based on the governance arrangements which manage the risk as business as usual since the act was implemented in April 2016.
14. Two risks have been re-named at the quarter 4 position 2016.17. The risk formerly titled 'hostile vehicle mitigation' has been extended to emphasise that the risk is about 'public realm protection'. Additionally, the risk description 'Social Services – Cost' has been widened and now titled 'Social Services – Provision' to emphasise how this risk is managed through a focus on demand, supply, quality and cost factors.
15. In view of the increased obligations and financial penalties of the General Data Protection Regulation (GDPR), which will come into force in May 2018, the impact of this risk has increased from significant to major. Proactive work is underway to ensure that the risks represented by this forthcoming legislation are sufficiently understood and proportionately managed.
16. As outlined above, 2 new corporate risks ('Cyber Security' and 'Statutory Building Equipment Maintenance) were added at the quarter 4 position following Director escalation. The Corporate Risk Register now contains 25 risks.

17. The Corporate Risk Map is included in Appendix B, with the CRR summary and detailed versions included in Appendix C and D respectively.

Reason for recommendation

18. To enable the Audit Committee to monitor and consider the quarter 4 risk management position 2016.17.

Legal Implications

19. 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

20. 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

21. 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 - Q4 2016/17 Position

Appendix C - Corporate Risk Register – Q4 2016/17 Summary

Appendix D - Corporate Risk Register – Q4 2016/17 Detailed