

<b>Meeting:</b>	<b>Audit and Governance Committee</b>	<b>Date:</b>	<b>9<sup>th</sup> March 2020</b>
<b>Subject:</b>	<b>Annual Risk Management Report 2019/20</b>		
<b>Report Of:</b>	<b>Head of Audit Risk Assurance (Chief Internal Auditor)</b>		
<b>Wards Affected:</b>	<b>Not applicable</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
<b>Contact Officer:</b>	<b>Theresa Mortimer - Head of Audit Risk Assurance (ARA)</b>		
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<b>Appendices:</b>	<b>Appendix A - Annual Report on Risk Management 2019/20 (including the Risk Management Action Plan)</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 The Audit and Governance Committee's role (as per the Constitution) includes the function to 'monitor the adequacy and effectiveness of the Council's governance arrangements' including 'monitoring the arrangements for the identification, monitoring and control of strategic and operational risk within the Council'.
- 1.2 This report is designed to assist the Committee in the exercise of this function – to provide Members with an update on the Council's risk management activities from 2019/20 and also confirm future planned actions.

### 2.0 Recommendations

- 2.1 Audit and Governance Committee is asked to **RESOLVE** that Members:

(1) Note and endorse:

- The risk management arrangements in place for the past year (2019/20); and
- The planned risk management arrangements for 2020/21.

(2) Agree that on the basis of the information set out in this report, it can be concluded that arrangements for managing risk within the Council are sound.

### 3.0 Background and Key Issues

- 3.1 'Risk management is the culture, process and structures that are directed towards effective management of potential opportunities and threats to the Council achieving its priorities and objectives' – ALARM, the public risk management association.

- 3.2 The Accounts and Audit Regulations 2015 (part 2 paragraph 3) state ‘a relevant local authority must ensure that it has a sound system of internal control which...includes effective arrangements for the management of risk’.
- 3.3 Risk management is a key part of the Council’s corporate governance framework and internal control environment. It is one of the seven core principles within the Council’s Code of Corporate Governance – ‘managing risks and performance through robust internal control and strong public financial management’.
- 3.4 The Council recognises the importance of effective risk management, that it is essential for good governance and sound internal control within a public body, and its positive contribution to the delivery of successful strategic and service level outcomes.
- 3.5 The previous Annual Risk Management Report was presented to Audit and Governance Committee in March 2019.
- 3.6 The Annual Risk Management Report 2019/20 is attached at **Appendix A**. It supports the risk management work, advice and support, provided by ARA, during the year.

#### **4.0 Social Value Considerations**

- 4.1 There are no Social Value implications as a result of the recommendations made in this report.

#### **5.0 Environmental Implications**

- 5.1 There are no Environmental implications as a result of the recommendations made in this report.

#### **6.0 Alternative Options Considered**

- 6.1 No other options have been considered.

#### **7.0 Reasons for Recommendations**

- 7.1 An annual Risk Management report and a risk management plan for the new financial year are required to support the Audit and Governance Committee function to ‘monitor the adequacy and effectiveness of the Council’s governance arrangements’.

#### **8.0 Future Work and Conclusions**

- 8.1 A Risk Management Action Plan has been developed for 2020/21 with the goal to further embed risk management within the Council. The Action Plan is included, as an appendix, to the Annual Risk Management Report 2019/20. The full report has been provided to Senior Management Team (SMT), prior to presentation to Audit and Governance Committee alongside the strategic risk register on 9<sup>th</sup> March 2020.

#### **9.0 Financial Implications**

- 9.1 There are no direct financial implications as a result of this report.

(Financial Services have been consulted in the preparation this report).

## **10.0 Legal Implications**

- 10.1 None specifically arising from the report recommendations.
- 10.2 It is fundamental that the Council has an embedded risk management framework (including a Risk Management Strategy) which considers the identification, recording and management of risks to the Council in the delivery of its priorities and objectives.
- 10.3 The existence and application of an effective Risk Management Strategy (including Member review of the strategic risk register and awareness of strategic risks) assists prudent decision making. Failure to identify and manage strategic risks could lead to inappropriate decision making, unnecessary liability and costly legal challenge.

(One Legal have been consulted in the preparation this report).

## **11.0 Risk and Opportunity Management Implications**

- 11.1 Failure to deliver on effective risk management, particularly during periods of significant change, may have a negative effect on the achievement of the potential opportunities and adverse effects that challenge the assets, reputation and objectives of the council, strategic decision making and the wellbeing of our stakeholders.

## **12.0 People Impact Assessment (PIA) and Safeguarding:**

- 12.1 A requirement of the Accounts and Audit Regulations 2015 is for the Council to *'undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'*. The Internal Audit Service is delivered by Audit Risk Assurance which is an internal audit and risk management shared service between Gloucester City Council, Stroud District Council and Gloucestershire County Council. Equality in service delivery is demonstrated by the team being subject to, and complying with, the Council's equality policies.
- 12.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **13.0 Community Safety Implications**

- 13.1 There are no Community Safety implications as a result of the recommendation made in this report.

## **14.0 Staffing & Trade Union Implications**

- 14.1 There are no Staffing & Trade Union implications as a result of the recommendation made in this report.

**Background Documents:** Accounts and Audit Regulations 2015

CIPFA/SOLACE Delivering Good Governance in Local  
Government: Framework 2016 Edition  
Council's Constitution  
Public Sector Internal Audit Standards 2017