

Meeting:	Audit and Governance Committee			Date:	23 <sup>rd</sup> January 2017
Subject:	Self Assessment of Risk Management arrangements at Gloucester City Council against ISO31000 Risk Management – Principles and Guidelines and associated Action Plan.				
Report Of:	Head of Audit Risk Assurance (Chief Internal Auditor)				
Wards Affected:	Not applicable				
Key Decision:	No	Budget/Policy Framework:		No	
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Appendix:	1: Self Assessment of Risk Management arrangements at Gloucester City Council against ISO31000 Risk Management – Principles and Guidelines and associated Action Plan.				

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 The Accounts and Audit Regulations 2015 state that ‘a relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk’.
- 1.2 The Audit and Governance Committee’s role is to provide independent assurance on the adequacy of the Council’s Corporate Risk Management framework. The report attached at Appendix A provides appropriate information to enable the Committee to reach a judgement in this area.

### 2.0 Recommendations

- 2.1 Audit and Governance Committee is asked to **RESOLVE** that:
  - (1) the Risk Management Action Plan be accepted ; and
  - (2) Further updates and outcomes be provided to the Committee during 2017/2018, as appropriate.

### 3.0 Background and Key Issues

#### **Risk Management - Maximising Opportunities by taking Managed Risks**

- 3.1 It has always been important for organisations to identify and manage their risks. This view has been reinforced by public sector legislation i.e. the Accounts and Audit Regulations 2015 where it states ‘*A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its*

*functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.”*

- 3.2 In addition, the Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2016) notes seven key principles to enable the development of good governance within public services, one of which states that good governance is *‘managing risks and performance through robust internal control and strong public financial management.’*

### **Review of Risk Management Arrangements**

- 3.3 In addition to providing an internal audit service, the Audit Risk Assurance Shared Service provides a risk management support service to Gloucester City Council. As part of this support service (not an internal audit), it was agreed with Senior Management, that a review of the risk management arrangements operating within the Council would be undertaken to provide the relevant assurances that risk management continues to operate effectively. All review progress updates are reported to the Audit and Governance Committee.
- 3.4 To enable the above and the identification of any improvement areas to the Council’s current risk management arrangements, a self assessment was undertaken against the International Standards Organisation ISO 31000:2009, Risk management – Principles and guidelines. The ISO 31000 provides principles, framework and a process for managing risk. It can be used by any organisation regardless of its size, activity or sector. Using ISO 31000 can help organisations increase the likelihood of achieving objectives, improve the identification of opportunities and threats and effectively allocate and use resources for risk treatment.
- 3.5 Organisations using it can compare their risk management practices with an internationally recognised benchmark, providing sound principles for effective management and corporate governance.
- 3.6 Whilst the outcomes of the self assessment were positive, it is important that risk management continues to be fully embedded in the business operations of the Council. Adoption of the action plan will further enhance the current processes in place and further enable the risks associated with the achievement of the Council’s objectives and priorities to be managed.

### **4.0 Asset Based Community Development (ABCD) Considerations**

- 4.1 There are no ABCD implications as a result of the recommendation made in this report.

### **5.0 Alternative Options Considered**

- 5.1 The self assessment process and the adoption of the Risk Management Action Plan will provide the relevant assurances that risk management continues to operate effectively within the Council.

## **6.0 Reasons for Recommendations**

### **Risk Governance**

- 6.1 In addition to the statutory requirements and codes of good practice as noted within paragraphs 3.1 and 3.2, the Council has responded to the above by incorporating these requirements into the Council's Constitution, specifically within Part 3 which defines the members / officers responsibilities in relation to risk management and also within Financial Regulations - Audit and the Control of Resources.

### **Audit and Governance Committee**

- 6.2 The Audit and Governance Committee has a specific role in relation to risk management which is to:
- Provide independent assurance to the Council of the adequacy and effectiveness of the risk management arrangements and associated control environment; and
  - Receive an annual report on risk management activity.

## **7.0 Future Work and Conclusions**

- 7.1 Attachment A to this report sets out the outcomes of the self assessment and associated action plan. The implementation of the action plan will help to support the challenges that the Council may face, allowing it to react dynamically to changing external circumstances by enabling the Council to handle risk effectively and deliver successful outcomes.
- 7.2 The implementation of the Risk Management Action Plan will be monitored by the Senior Management Team and the Audit and Governance Committee.

## **8.0 Financial Implications**

- 8.1 Whilst there are no financial implications arising directly from this report, the review of risk management does highlight a number of delivery actions. However, this will be met from existing resources.

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

## **9.0 Legal Implications**

- 9.1 Nothing specific arising from the report recommendations. In general terms, the existence and application of an effective risk management regime assists prudent decision making which is less susceptible to legal challenge

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

## **10.0 Risk and Opportunity Management Implications**

- 10.1 Failure to deliver on effective risk management, particularly during periods of significant change, may have a detrimental 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.

## **11.0 People Impact Assessment (PIA):**

- 11.1 A requirement of the Accounts and Audit Regulations 2015 is for the Council to *'ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.'*

The implementation of the risk management action plan will ensure compliance with the Council's equality policies.

- 11.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **12.0 Other Corporate Implications**

### Community Safety

- 12.1 There are no 'Community Safety' implications arising out of the recommendations in this report.

### Sustainability

- 12.2 There are no 'Sustainability' implications arising out of the recommendations in this report.

### Staffing & Trade Union

- 12.3 There are no 'Staffing and Trade Union' implications arising out of the recommendations in this report.

## **Background Documents:**

- Accounts and Audit Regulations 2015;
- Delivering Good Governance in Local Government: Framework 2016 (CIPFA/SOLACE);
- Gloucester City Council's Constitution; and
- ISO31000 *Risk management – Principles and guidelines*.