

# **AUDIT COMMITTEE**

## **Risk Management Progress Report**

**24 March 2021**

### **Report of the Internal Audit and Assurance Manager (Chief Internal Auditor)**

#### **PURPOSE OF REPORT**

**To update the Audit Committee on the progress made in relation to both strategic and operational risk management and review and approve the council's refreshed Risk Management Policy.**

**This report is public**

#### **RECOMMENDATIONS**

- 1. The Audit Committee notes the progress made in relation to both the council's strategic and operational risk management arrangements and notes the amended strategic risk register at Appendix A.**
- 2. That the Audit Committee is asked to review and approve the refreshed Risk Management Policy at Appendix B.**

#### **1.0 Background**

- 1.1** In accordance with their terms of reference the Audit Committee is charged in providing those with governance, independent assurance of the adequacy of the risk management framework. This will involve monitoring the effective development and operation of risk management across the council and monitoring progress in addressing risk-related issues reported to the committee.
- 1.2** There are a number of good examples across the organisation where it can be evidenced that robust risk management has been applied to its decision-making process, however further work is required to strengthen the reporting and documentation of this.
- 1.3** Work completed in 2019 and early 2020 included the development and approval of a Risk Management Policy (approved by Audit Committee in November 2019), the procurement of risk management software (January 2020) and the production of a strategic risk register. An update on progress made in relation to strategic and operational risk is detailed in section 2 below.

## **2.0 Strategic Risk**

2.1 Whilst the Executive Team have not yet received any training in relation to the new risk management software, a copy of the current risk register is held on TEAMS and risk owners are encouraged by Internal Audit to update this on a regular basis. Since the register was last presented to the Audit Committee in November 2020 the only updates made to date (5 March 2021) have been those of the Section 151 Officer. Whilst it was hoped that the Internal Audit Plan for 2021/22 would have been derived (the golden thread) from the strategic risk register this has not been possible given the register is still considered to be in its infancy and requires further development.

## **3.0 Operational Risk**

3.1 It was hoped that the Risk Management Policy and training would have been rolled out and operational risk registers would have been in place by early 2021, in order to assist with the production of the 2021/22 Internal Audit plan. However, owing to the on-going pandemic and more recently more pressing corporate priorities this has not been achieved. To speed up progress it was agreed with the Director of Corporate Services that Internal Audit would work with Service Managers to identify key operational risks for each service area prior to the provision of risk management training. This process is currently underway, and it is hoped that this approach will help to develop an effective risk management training programme and gain an understanding of the different capabilities across the organisation prior to the delivery of such training.

3.2 Following the purchase of risk management software the attached policy has been updated and will be circulated to all service managers following its approval.

## **4.0 Details of consultation**

4.1 No specific consultation has been undertaken in compiling this report, however the Internal Audit team are now working with the Director of Corporate Services to assist with the embedding of risk management going forward.

## **5.0 Options and options analysis (including risk assessment)**

5.1 No alternative options have been identified.

## **6.0 Conclusion**

6.1 The Audit Committee are informed of the council's progress made in relation to strategic and operational risk and note the updated strategic risk register at Appendix A.

6.2 The adoption of a Risk Management Policy will help the council to demonstrate its commitment to managing risk wherever it may arise. The council's refreshed Risk Management Policy is at Appendix B.

### **CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

This report has no direct impact on these areas.

### **FINANCIAL IMPLICATIONS**

None arising directly from this report.

### **SECTION 151 OFFICER'S COMMENTS**

Risk management drives many aspects of Internal Audit's work and whilst the report recognises the significant progress has been made around risk management, work remains to further embed it throughout the Council.

**LEGAL IMPLICATIONS**

None arising directly from this report.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments.

**BACKGROUND PAPERS**

None

**Contact Officer:** Joanne Billington

**Telephone:** 01524 582028

**E-mail:** jbillington@lancaster.gov.uk

**Ref:**