

## **Audit and Risk Assurance Committee**

**17 August 2017**

### **Strategic Risk Register Update**

#### **Summary Statement**

- 1.1 One of the roles of the Audit and Risk Assurance Committee is to assure itself that risks to the delivery of the council's key priorities are being managed. These risks are managed through the council's risk management process, which is principally captured through completion of a strategic risk register.
- 1.2 The strategic risk register report was last presented to the Committee in March 2017. Since this time, the risks and the progress made with mitigating actions have been reviewed.
- 1.3 A summary of the strategic risks is included at Appendix A of this report which sets out the status of the risks as at July 2017. These risks are reviewed on an ongoing basis and can be influenced by both external and internal factors and as such, may fluctuate over time.
- 1.4 Since last reported the following changes are noted to the SRR:
  - The target date for risk 4b- Children's Trust has been amended to reflect the current timelines of the project, which shows that the critical path has a key dependency on the appointment of the Trust Chief Executive.
  - The assessment of risk 6 – Emergency Preparedness has increased to reflect the improvements required around the arrangements the council has in place to deal with unplanned emergency responses to non-major events.
  - The target date for risk 21a – Compliance with General Data Protection Regulations and Freedom of Information Act has been amended to reflect the date for when the regulations become effective.
  - The target date for risk 42a – Cyber Security has been amended to align with the certification of the annual Public Services Network certification process.

- The assessment of risk 44 – Land Sales and Other Matters has reduced as a result of the assurances that the Committee have received to date on the mitigation of the risk. The target date for further reduction in the risk however, has been amended to allow assurances to be obtained on the compliance with the new Land and Building Sales Protocol.

- 1.5 A summary of the SRR noting the above changes is presented at appendix A.
- 1.6 Management Board is also considering whether there are any risks that require identification and inclusion in the SRR in respect of the council's new vision; Brexit and the West Midlands Combined Authority.
- 1.7 Appendix B provides a summary of the council's strategic assurance map which follows the three lines of defence model (shown below). The assurance map details where the Committee can gain assurance against the strategic risks. This is updated alongside the monitoring and reviewing of the strategic risk register.

**The three lines of defence model:**

First line	Second line	Third line
The first level of the control environment is the business operations which perform day to day risk management activity	Oversight functions such as Finance, HR and Risk Management set directions, define policy and provide assurance	Internal and external audit are the third line of defence, offering <b>independent</b> challenge to the levels of assurance provided by business operations and oversight functions

**2. Recommendation**

That the update on the Strategic Risk Register be noted.

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**3. Strategic Resource Implications**

- 3.1 The authority's Corporate Risk Management Strategy (CRMS) requires close identification and alignment of risks to budget planning processes. In this way, the identification and management of its key risks informs the authority's allocation of resources.
- 3.2 The authority's budget planning process incorporates financial and other resources required to manage the authority's risks.
- 3.3 Ongoing adherence to the CRMS and management of risk enhances the management of all the authority's assets, both material and otherwise.

**4. Legal and Statutory Implications**

- 4.1 The purpose of the CRMS is to assist in the achievement of the Sandwell vision and the authority's statutory responsibilities.
- 4.2 There are numerous standards applicable to the management of risk within the local authority sector. Included amongst these is guidance from CIPFA/Solace, the British Standards Institute (BSI) and a set of joint standards published by the Institute of Risk Management (IRM), Alarm (The public sector risk management association) and AIRMIC (Association of Risk Managers in Industry and Commerce). Evidence that robust management of the authority's strategic risks is being undertaken demonstrates compliance with these standards.

**5. Implications for the Council's Vision**

- 5.1 Effective risk management is an element of good corporate governance and is essential to the overall performance of the council in meeting its vision.

## 6 Background Details

- 6.1 The council is no different to any organisation, and will always face risks in achieving its vision and objectives. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.
- 1.8 The strategic risk register does not include all of the risks that the council faces. It represents the most significant risks that could potentially impact on the achievement of the council's corporate priorities and vision. Other risks are captured within operational, programme, project or partnership risk registers in line with the council's corporate risk management framework and strategy.
- 1.9 Ownership of the individual strategic risks is assigned to directors, who have responsibility to:
- Consider and agree the risk description
  - Assess the current risk score based upon the controls in place and the assurances they have received on the adequacy and effectiveness of these controls
  - Implement mitigating actions to reduce the risk scores where necessary, in order to deliver the target risk score by the target date
  - Keep Cabinet Members informed of the risk and the implementation of mitigating actions.

Further ongoing reviews are then undertaken by the Management Board.

Source documents

Corporate risk management strategy  
Strategic risk register

Attached appendices:-

Appendix A - Summary of the strategic risk register  
Appendix B – Strategic risk assurance map

