

Central Bedfordshire Council

Audit Committee

11th March 2019

Corporate Risk Management Review

Responsible Director(s): Charles Warboys,
(Charles.Warboys@centralbedfordshire.gov.uk)

Purpose of this report

1. To update the Audit Committee on the findings of a recent review of the corporate Risk Management arrangements undertaken by Zurich Municipal and the resultant action plan to address the recommendations.

RECOMMENDATIONS

The Committee is asked to:

1. **Consider the findings and recommendations of the Zurich report.**
2. **Consider and agree the resultant action plan to address the findings of the Zurich report.**

Issues

2. Risk Management is recognised as a key element of the corporate governance arrangements within an organisation and as such it is important that there is periodic review to provide assurance over the effectiveness of those arrangements.
3. As previously raised with the Audit Committee there is an inherent conflict of interest regarding Internal Audit undertaking this review that arises from the dual role of the Head of Internal Audit & Risk and therefore an external review was required.
4. The Council hold pre-allocated funds (in relation to Risk Management) with Zurich Municipal as part of its insurance arrangements and given their expertise in this area, it was agreed for them to apply a well-respected Risk Management Maturity Model (based on the model from ALARM – Association of Local Authority Risk Managers) to that review.

5. The report concludes that Central Bedfordshire has undertaken significant work in managing risk to their strategic objectives and the organisation recognises the value that an effective risk management framework can bring.
6. However, there is more than needs to be done regarding the approach to risk within Directorate areas, which is comparatively poor.
7. It is the commonly held view of risk practitioners that a strong engagement to risk management at the top of the organisation is the critical component which underpins an effective risk management framework. It is Zurich's belief that this exists amongst Senior Officers within Central Bedfordshire and this will allow the organisation to realise the opportunities outlined within this report.
8. Four priority areas are identified within the report:
 - Improve the link between strategy and risk by developing the role of the Executive and Portfolio Holders
 - Provide greater direct support to Directorate management teams to build a robust risk profile and support the embedding of effective risk management practices
 - Review Risk Management tools and processes to ensure they support Directorate risk management effectively
 - Improve the level of risk management capability and awareness across Member and Officer groups. The full Zurich report is provided at Appendix A and the resultant management action plan is provided at Appendix B.

Council Priorities

9. Good risk management enables delivery of the Council's aims and objectives. Good risk management ensures that we adopt a planned and systematic approach to the identification and control of the risks that threaten the delivery of objectives, protection of assets, or the financial wellbeing of the Council.

Corporate Implications

10. Risk Management is an inherent requirement of the management role and therefore any change to those arrangements potentially impacts on all Council management. The action plan is simply looking to restore best practice and the most significant change involves the revised reporting arrangements to the Audit Committee.

Legal Implications

11. The Accounts and Audit Regulations 2015 require the Council to have a sound system of control which includes arrangements for the management of risk. This report is part of those arrangements and is designed to ensure that the appropriate controls are effective.
12. There are no direct legal implications arising from this report.

Financial and Risk Implications

13. The Council will look to use and exhaust the pre-allocated funding held with Zurich Municipal (as the Insurance contract is ending at the end of the financial year) as part of a prioritised plan.

Equalities Implications

14. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
15. There are no equality implications arising directly from this report. If any equality implications were found to arise during the course of any risk management activity it would be the responsibility of management in that service area to consider and address through the standard Policy and Procedural response. Equality implications are also addressed via the Corporate Equalities Action Plan.

Conclusion and next Steps

16. The review undertaken by Zurich is assessed on a Maturity / Performance model and identifies a number of opportunities for the Council to make improvements in its overall approach to Risk Management at all levels, which is accepted by management and endorsed to the Committee and the Action plan at Appendix B provides the detail on next steps.

Appendices

Appendix A: Zurich Risk Management Report

Appendix B: Management Action Plan

Background Papers

None

Report author: Clint Horne

Head of Internal Audit and Risk

Clint.Horne@centralbedfordshire.gov.uk