

**REPORT OF: FINANCIAL SERVICES MANAGER**

**TO: ACCOUNTS AND AUDIT COMMITTEE**

**DATES: 31<sup>ST</sup> JULY 2017**

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**Corporate Governance Update  
(Updated Risk Management Policy & Strategy and Strategic Risk Register)**

**PURPOSE OF REPORT**

1. The purpose of this report is to provide an update on the Council's corporate governance arrangements, notably in respect of the management of risk. The report also requests approval from the Committee to submit a revised Risk Management Policy and Strategy to the Executive and Council for formal adoption. The report concludes with detail of those risks included on the Council's Strategic Risk Register.

**RECOMMENDATIONS**

2. The Committee is recommended to:
  - (a) review and provide feedback on the updated risk management policy and strategy presented at [Appendix A](#);
  - (b) subject to (a) above endorse the document for submission to the Executive and Council requesting that Council formally approve and adopt the document;
  - (c) consider and comment on the Strategic Risk Register provided at [Appendix B](#) and advise if they would like any further information on specific aspects of the Council's arrangements.

**REASONS FOR RECOMMENDATION**

3. To seek support for the revised Risk Management Strategy and Policy and inform on the strategic risks.

**ISSUE**

*Updated Risk Management Policy and Strategy*

4. Whilst the Council's risk management framework has been established for some time the overarching Risk Management Strategy and Policy has not been updated since 2008.

5. As part of our corporate governance arrangements it is important that the strategy and policy be subject to periodic review and a revised document is attached at [Appendix A](#) for consideration by the Committee.
6. The document has been endorsed by Management Team and following this has been shared internally with the Risk Management Working Group and externally with our insurers, broker and external auditors. Where comments have been received, these have been considered and in most cases are reflected in the version now attached.
7. The document defines our risk appetite as an organisation and sets out the responsibilities of various parties within the risk management framework. Does the level of risk appetite as selected in the document feel appropriate for the Council at this time? Is the assignment of responsibilities correct, especially between councillors and officers? Is anything missing? What do members of the Committee think would enhance our current arrangements?
8. The Committee is asked to comment on the updated document. A document such as this may be fine in isolation but it will add little to our arrangements unless it is accepted, owned and implemented appropriately within services and supported by Management Team and Councillors. All have a role to play in ensuring the effectiveness of our risk management arrangements.
9. Subject to feedback from this Committee, and its endorsement to proceed, the intention is to submit the updated policy and strategy to the Executive and Council in order that it can be formally adopted by the Council.

#### *Strategic Risk Register*

10. The Council has maintained a strategic risk register for a number of years. These are the main risks identified as being potential threats to the achievement of the Council's corporate objectives. Each risk is assigned to a risk owner and each is scored using (currently) a 3 by 3 risk matrix which assesses the impact and probability (likelihood) of the risk occurring as shown below:

P R O B A B I L I T Y	HIGH	4	7	9
	MEDIUM	2	5	8
	LOW	1	3	6
		LOW (Noticeable)	MEDIUM (Significant)	HIGH (Critical)
		IMPACT OR CONSEQUENCE ON THE COUNCIL		

11. Risks that have a residual risk score of 7 or more are included on the strategic risk register and these risks are reported on periodically via this Committee and the Executive. The risk scoring methodology will be changed to a 5 by 5 matrix if the revised risk management framework is formally adopted. Each risk will be reassessed and rescored under this matrix.
12. Based on the current arrangements, the existing strategic risks and summarised in [Appendix B](#). This describes the risk and outlines current developments impacting on the risk, actions taken or planned and identifies the risk owner(s).

13. At this time, the Committee is provided with the risk register for information and to ascertain if there is more information on any specific risks or the arrangements generally that it wishes to probe in more detail at subsequent meetings. This is in response to the feedback provided by committee members and external audit at the last meeting in March.
14. Whilst the risk register provided in Appendix B reports on current strategic risks, it is intended to add the risk of cyber-attacks to the register and more information on this will be issued in the next update to the committee. Similarly, as events relating to Brexit evolve this may also be a risk that requires inclusion on the strategic risk register.

## **IMPLICATIONS**

### **Policy**

15. There are no policy implications arising directly from the contents of this report.

### **Financial**

16. There are no new financial implications arising directly as a consequence of this report.

### **Legal**

17. There are no new legal implications resulting from this report.

### **Risk Management**

18. The proposed strategy and policy statement articulate the Council's approach to ensuring and demonstrating effective risk management.

### **Health and Safety**

19. There are no health and safety implications arising directly from the contents of this report.

### **Sustainability**

20. There are no sustainability implications arising directly from this report.

### **Community Safety**

21. There are no community safety issues arising directly from the contents of this report.

### **Equality and Diversity**

22. There are no equality and diversity issues arising from the contents of this report.

## **APPENDICES**

**Appendix A** – Risk Management Strategy and Policy

**Appendix B** – Strategic Risk Register

**LIST OF BACKGROUND PAPERS** - None