

# Audit and Governance Committee

## December 2020 Risk Management Update

### For Decision

**Portfolio Holder:** Cllr S Flower, Leader of the Council

**Executive Director:** Jonathan Mair, Corporate Director, Legal & Democratic

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**Report Status:** Public

**Recommendation:** That Audit and Governance Committee review the key risks identified in the corporate and service risk registers.

**Reason for Recommendation:** To ensure that the Council's risk management methodologies remain current, proportionate and effective in enabling risk informed decisions to be made.

#### 1. Executive Summary

The continual development and promotion of risk management will ensure that Dorset Council remains well placed to demonstrate that objective and informed decisions are taken. To help ensure that the Council is ultimately in a strong position to successfully face and address the varied challenges ahead.

Strategic risk management is owned by the Senior Leadership Team, with an agreed risk management policy setting out the Councils commitment. Corporate Directors are accountable for the top-level strategic risks. These are informed by operational service level risks owned by Heads of Service and Service Managers.

Previously the committee instructed the Risk and Resilience Officer to look to develop a revised risk scoring matrix and works surrounding the request are ongoing with a draft proposal currently with lead officers for comment.

## **2. Financial Implications**

No budget implications specifically, although unmanaged risks may pose a threat to the Council's financial stability. Identified risk improvement measures may also have direct budget implications, each of which need to be subject to a cost/benefit analysis prior to implementation.

## **3. Climate implications**

"Failure to protect our environment and adapt services and communities to the impacts of a changing climate" is identified as one of the 20 corporate risk themes.

## **4. Other Implications**

None

## **5. Risk Assessment**

Having considered the risks associated with this decision using the Council's approved risk management methodology, the level of risk has been identified as:

Current Risk: HIGH

Residual Risk: HIGH

The risk level is identified as High as Appendix B provides an update on those High-level risks which are currently identified within the Corporate Risk Register

## **6. Equalities Impact Assessment**

Considering equalities issues is a key aspect of good governance, but there are no equalities issues arising directly from this report.

## **7. Appendices**

Appendix A – Summary of Dorset Council corporate and service risks, including the snapshot of risk status scoring matrices. High Risk exception reports are provided for Adults and Housing; Children's; Corporate and Place Services.

## **8. Background Papers**

None

## DECEMBER 2020 - Risk Management Update Report

### 1.0 Background

- 1.1 An extract from the corporate risk register was considered by the Audit and Governance Committee on 20 May 2020 at which councillors made helpful observations and judgements on the format of the risk reporting and layout. The committee considered a 3 by 3 matrix which focused on a Red, Amber or Green (RAG) Status. It was noted that the approach was also used by the Senior Leadership Team when dealing with risks associated with the COVID crisis. The report has been subsequently received by the Committee on a quarterly basis.
- 1.2 The 3 by 3 matrix which focused on a Red, Amber or Green (RAG) status was adopted and been used to score all risk reports for members to consider. The committee made suggestions that it would like to see the current scoring matrix further developed in order to provide a far more detailed analysis of risks. Draft papers and policy documents have been produced and have been circulated to lead officers for comment. A paper will be presented to the committee in the New Year on a suggested revised approach.

### 2.0 Risk Management

- 2.1 A revised Risk Management Strategy was produced that captured the Dorset Council approach to risk management. The document will need to be revised to reflect any future changes to any scoring matrix and will also be presented to committee in the New Year following staff consultation. Any development will further help in raising awareness of the principles of risk management and to assist colleagues, at all levels.
- 2.2 The Committee have received several updates on the Council's approach to tackling the fraud risk, including following up outcomes from a whistleblowing audit. SWAP have been commissioned to undertake a review, including benchmarking with other authorities, and the outcomes of this will be presented within the next risk management update.

### 3.0 Risk Register

- 3.1 The latest **Risk Management (APPENDIX B)** update provides a quarterly report that focuses on High risks identified across all services, with separate schedules for Adults and Housing, Children's Services, Corporate Services and Place Services.
- 3.2 Note that there is also a summary page that provides a snapshot focus on all the services covered in the report to help stakeholders. As mentioned in a previous meeting the reporting processes used within this report have also been adopted by the Council for its response to Covid-19.

3.3 The Assurance function continues to bring members an:

- independent assurance to the Council of the adequacy and effectiveness of the risk management arrangements and associated control environment; and
- regular update reports on all risk management activities.

The Risk and Resilience Officer will continue to:

- Lead on the development and manage the implementation of an integrated risk management framework.
- Undertake a review and development of the council's risk management approach and update, accordingly, presenting any revisions for approval.
- Spread the ethos and, promote the effectiveness of good risk management throughout the Council.
- Facilitate the review and update of all Risk Registers.
- Provide the council with guidance, toolkits, advice and support on the application of risk management principles and, support officers in delivering their role.
- Lead, co-ordinate and develop risk management activity across the council with the support of the Team Manager for Assurance.

3.4 Thinking about the bullet points above it is evident that the service risk registers are still maturing, and the Risk and Resilience Officer has been attending relevant directorate management meetings to present and discuss the current risk situation and hold open surgeries with the accountable officers to update their specific risks.

3.5 As the risk management process matures, owners of service risks are making judgements on the effectiveness of internal controls, with SWAP providing challenge and support to improving this control framework. Much progress has been made surrounding the audit plan that sits along the risk registers within the Assurance SharePoint site.

3.6 We are pleased to report that the internal audit recommendations and plans are being addressed by managers. At the time of writing this report we can report that 34 internal audits for 2020-21 are being managed, monitored and updated within the SharePoint platform.

#### **4.0 Way Forward**

4.1 The Risk and Resilience Officer will continue to drive forward a proactive risk management approach, in conjunction with Accountable Officers and Risk Owners. Clear identification and assessment of risks will ultimately lead to a more effective use of resources and result in direct improvements to the services we can provide to our customers and stakeholders.

- 4.2 Risk management is about taking informed decisions, achieving objectives and delivering results. As we know risk can impact in many ways, whether financially, politically, on our reputation, environmentally or to our service delivery. The team appreciate the work undertaken by all stakeholders in enabling the report to be considered today and are pleased to report that most risks across all directorates have been updated together with the internal audit management plans. **The Assurance team wish to thank all managers for their help and buy in.**
- 4.3 It is clear in recent months that the Council's overriding attitude to risk is to operate in a culture of creativity and innovation, in which risks are identified in all areas of the business, are understood and managed, rather than avoided. We acknowledge that Council managers and officers do not shy away from risk but instead seek to manage it.
- 4.4 There is a commitment to develop a revised training package for risk management and something that is currently being developed by the Risk and Resilience Officer.