

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

RISK MANAGEMENT ANNUAL UPDATE 2021/22

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To inform Members of key issues arising from risk management work.
- 1.2 Regular reporting on risk management issues is an important source of assurance for Members to fulfil their role and provides supporting evidence for the annual approval of the Governance Statement.

2. BACKGROUND INFORMATION

- 2.1 The council has a Risk & Opportunity Protocol that outlines its approach to risk management . The purpose of this report is to confirm that the approach is followed and to provide an update on the strategic and operational risk registers.
- 2.2 The council's current strategic risks are shown in Appendix 1. These risks were reviewed in February 2022. Based on recent reviews the overall strategic risk levels are assessed as medium. This is based upon with the controls and mitigations that have been identified. The risks will be subjected to a further review in six months time.
- 2.3 A review of the Council's operational risk registers was carried out In February 2022. The majority of operational risk have been assessed as medium (refer to Appendix 2), although 19% of risks had not been reviewed by the due dates identified in the risk register. Review arrangements could be further strengthened and there is a programme of work scheduled refresh effective risk management at a service level.
- 2.4 As part of the contract with our insurer Zurich Municipal ((ZM) a health check of risk management arrangements was carried out in late 2021. The health check was conducted by risk specialists employed by ZM to carry out a desk top review of existing policies and procedures and interviewing a cross section of officers across the council. Overall there were no areas of significant concerns, but areas for potential further development have been identified which will be considered in the review and refresh of the Risk and Opportunities Protocol. The Protocol will be presented to the Committee when it is complete.

- 2.5 A key example of how risk is used in the council's decision-making process is that Cabinet reports have a section to state that risk and Integrated Impact Assessments (IIAs) should be considered. In February 2022 Internal Audit carried out an audit to ensure that from a previous audit the agreed actions to address the risk exposures had been implemented in full. The review confirmed that all the actions from the original report had been implemented. On this basis satisfactory assurance could be provided, although testing showed that there were some areas requiring improvement in ensuring that reporting guidance is followed by managers.
- 2.6 Other key work in relation to risk management is to assist services in using a risk management approach to help deliver operational or project objectives. During 2021/22 the following work was carried out:
- Facilitating workshops to help identify risks
 - Assisting risk leads in generating risks
 - Provision of training, support and advice
 - Liaison with Risk Champions to ensure registers are up to date
- 2.7 On the basis of the information set out in this report it can be concluded that arrangements for managing risk within the council are appropriate, subject to the area for improvement highlighted above. There is evidence that risk is taken seriously and there is an understanding of the need to get risk management right. There is also an understanding and consistent implementation of the risk management framework.

3. OPTIONS FOR CONSIDERATION

- 3.1 The Committee should consider whether this update provides sufficient assurance on the adequacy of risk management arrangements. The Committee invited to ask questions about the contents of the report and seek clarification as necessary.

4. ANALYSIS OF OPTIONS

- 4.1 The progress report is designed to provide this Committee with the assurance required to fulfil its role effectively.

5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc.)

- 5.1 The Strategic Lead provides support to managers in various means. The Shared Service role is shared across two councils which can impact on capacity at times. We are looking to develop the roles of risk champions to enhance capacity.

6. **OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)**

6.1 Financial, service, personal safety and reputational issues are all considered when evaluating both strategic and operational risks.

7. **OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

7.1 Due to the nature of the report an Integrated Impact Assessment is not required.

8. **OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

8.1 There are no conflicts of interests to declare.

9. **RECOMMENDATIONS**

9.1 That the Audit Committee considers the assurance provided by the Risk Management progress report on the adequacy of risk management arrangements.

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Background Papers used in the preparation of this report

Risk and Opportunity Protocol 2020