

Item

# RISK MANAGEMENT STRATEGY & FRAMEWORK



**To:**

Civic Affairs Committee [22<sup>nd</sup> September 2021]

**Report by:**

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**Wards affected:**

All

## 1. Introduction / Executive Summary

- 1.1 This report introduces the revised Risk Management Strategy & Framework for consideration by the Civic Affairs Committee (a combined document in Appendix A).
- 1.2 Internal Audit have reviewed the document to best practice guidance and have updated it.

## 2. Recommendations

- 2.1 Civic Affairs Committee is asked to approve the revised Risk Management Strategy & Framework (Appendix A) and agree that Officers can make subsequent minor updates and amendments.

### 3. Background

3.1 The Council has a toolkit to manage risk which comprises:

Risk Management Strategy	This sets out the aims of an effective Risk Management System at the Council.
Risk Management Framework	This sets out the tools and techniques which are used.

3.2 Internal Audit took over responsibility for coordinating Risk Management in October 2019 following an internal re-organisation. This was reflected in our Internal Audit Charter to ensure that we maintained suitable independence and that management remains responsible for the management of their own risks.

3.3 We have undertaken a review of the Risk Management Strategy & Framework, which was last updated and approved by Civic Affairs in 2013. Our review has been timed to incorporate updated Risk Management best practice guidance published during 2020. The revised Strategy and Framework also reflects recent changes to the Council's priorities and aims to support an agile, transformational approach to risk management.

3.4 We considered the effectiveness of the existing Risk Management Strategy & Framework and in our opinion Risk Management tools are embedded with the Council, however we also identified opportunities for improvement.

3.5 The Risk Management Strategy & Framework has been updated to reflect these findings and a Risk Management Improvement Programme has been established, looking at back-office changes which will help support delivery of the revised Strategy & Framework and improve management engagement in the Risk Management process. Key changes include:

- Risk Appetite Statement: The Risk Management Strategy did not previously define the Council's risk appetite. A risk appetite statement has been included to help managers determine the level of risk they are able to accept, ensure that risks are effectively but not overly managed. The risk appetite statement also recognises that managers

may need to accept opportunity risks to achieve the Council's objectives.

- Risk Categorisation (Thematic Risks): As part of the quarterly reporting to SMT we propose to introduce thematic risk reviews. These reviews will provide an opportunity for SMT to share their knowledge and experience and make use of professional leads, such as procurement and ICT, to provide specialist support for managers to develop or enhance controls in these areas.
- Risk Category Impact Scoring: The current scoring framework categorises risks by theme, scoring impact and likelihood using a 5x5 matrix. Where risks are cross cutting, the theme with the biggest impact should be used. The existing risk scoring guidance is brief, and risks tend to be scored on the financial theme rather than the theme with the biggest impact. We have introduced a more detailed Risk Scoring Framework across risk themes to provide managers with better quality choice and more consistent scoring across the Council.
- Enhanced Communication and Training: To help improve the profile of risk management we plan to engage with managers through development of the Risk Management intranet pages, provision of formal/informal training sessions on the 4Risk system, and proactive management advice/support to help managers identify risks and proportional mitigation.

#### **4. Implications**

##### **(a) Financial Implications**

None.

##### **(b) Staffing Implications**

None.

##### **(c) Equality and Poverty Implications**

None.

##### **(d) Net Zero Carbon, Climate Change and Environmental Implications**

None.

##### **(e) Procurement Implications**

None.

## **(f) Community Safety Implications**

None.

## **5. Consultation and communication considerations**

Not applicable.

## **6. Background papers**

Background papers used in the preparation of this report:

- Risk Management Strategy & Framework – January 2013
- Orange Book - Management of Risk: Principles and Concepts (Revised Feb 2020)
- Risk Appetite Guidance Note (October 2020)
- Association of Local Authority Risk Management (ALARM) toolkit 2021

## **7. Appendices**

- Risk Management Strategy & Framework

## **8. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact Jonathan Tully, Head of Shared Internal Audit Service, tel: 01223 - 458180, email: [jonathan.tully@cambridge.gov.uk](mailto:jonathan.tully@cambridge.gov.uk).