



## AUDIT AND GOVERNANCE COMMITTEE 26 July 2023

# ITEM 08

Report sponsor: Director of Corporate Management  
Report authors: Head of Strategy, Performance and Partnerships and Assurance Lead

## 2022/23 year-end risk assurance report

### Purpose

- 1.1 Following the approval of the refreshed Risk Management Strategy and Handbook, in March 2023, risk reporting to the Audit and Governance Committee continues; to provide on-going assurances on the effective implementation of our risk management framework.
- 1.2 The mid-year risk assurance report was considered by the Committee in January 2023.
- 1.3 The purpose of this report is to update the Committee on activity that has taken place over the last six months of 2022/23, and to set out proposals for risk reviews in 2023/24.
- 1.4 For a full overview of risk assurance activities in 2022/23, this report should be considered alongside the mid-year review.

### Recommendations

- 2.1 To note the progress made from the mid-year position on assurance assessments for each stage of the risk management process, presented in paragraph 4.5.
- 2.2 To note the latest assurance overview completed on risks within the strategic risk register, **Appendix 1**, and the subsequent recommendations for targeted risk assurance activities during 2023/24 (paragraph 4.9).

### Reason

- 3.1 The Audit and Governance Committee is responsible for providing assurance to the Council on the effectiveness of its governance arrangements, its risk management framework and the internal control environment.

### Supporting information

- 4.1 In January 2023, the Audit and Governance Committee considered the mid-year risk assurance report for 2022/23.
- 4.2 Key highlights noted in the mid-year review of risk assurance included:
  - guidance on risk escalation and de-escalation has been developed to aid risk identification and analysis;
  - sign-off arrangements have been added to risk registers to strengthen oversight and governance;

- draft risk appetite statements were in place;
- a review and alignment of risk registers had been completed, including strengthening our risk register templates;
- there have been targeted programme and project risk assurance activities through the implementation of the Project Management Platform, alongside the development of an Assurance and Development Group to underpin the Programme Management Office Board (PMO);
- the Assurance Team introduced six-monthly assurance reviews on strategic and directorate risks where the scores remained unchanged, despite mitigations, to make sure that risks are appropriately defined, review the context, any barriers to reduced ratings and any anticipated impacts of controls; and
- an initial self-assessment of risk maturity was completed.

- 4.3 In March 2023, the Audit and Governance Committee considered and endorsed the Risk Management Strategy 2023 - 2025 alongside the supporting Handbook, which contained more details for colleagues in the implementation of the Strategy.
- 4.4 To facilitate the on-going development of our risk management framework, the Assurance Team, alongside the Corporate Risk Management Group (CRMG) seeks opportunities for further actions to be taken to strengthen our risk maturity.
- 4.5 Presented below is a summary of the identified opportunities for development, previously reported to the Audit and Governance Committee, alongside the progress that has been made over the last six months in the implementation of these.

Themes in our Strategy and Handbook	Identified opportunities for development	Progress update (March 2023)	
Roles and responsibilities in the Risk Management Strategy and Handbook	<ul style="list-style-type: none"> <li>• Add further information on the role of the Risk Champions</li> <li>• Reflect the leadership accountabilities within the updated documents</li> <li>• Include information within the Strategy / Handbook on our training and support offer</li> <li>• Add the Project Manager Network and Assurance and Development Group to roles and responsibilities ensuring alignment to programme and project activities</li> </ul>	<b>Completed</b>	<p>In March 2023, the Audit and Governance Committee approved the refreshed Risk Management Strategy and Handbook.</p> <ul style="list-style-type: none"> <li>• Further information on the role of Risk Champions was included, and roles and responsibilities were updated to include the Project Manager Network and Assurance and Development Group, alongside alignment with the leadership accountabilities.</li> <li>• Communication of risk management continues, including workshops on the refreshed documents to senior leaders and the Project Manager Network.</li> </ul> <p>Action to be delivered in 2023/24</p> <ul style="list-style-type: none"> <li>• Development of a training schedule for 2023/24, in line with the Accountabilities Framework, with on-going communication for all colleagues and councillors.</li> </ul>

Themes in our Strategy and Handbook	Identified opportunities for development	Progress update (March 2023)	
Risk identification	<ul style="list-style-type: none"> <li>• Wider guidance on risk identification, as recommended by Internal Audit</li> <li>• Review and strengthen arrangements for department risk register development, maintenance and challenge</li> </ul>	In progress	<p>Strategy and Handbook developments:</p> <ul style="list-style-type: none"> <li>• Risk and opportunity identification sections have been updated alongside supporting information added on risk indicators, and how these should be monitored.</li> <li>• Details of the emerging risk log have been updated in line with current arrangements, which the Assurance Team continues to develop.</li> <li>• CRMG roles and responsibilities were updated to strengthen their role in risk and opportunity identification and analysis; supporting senior colleagues.</li> <li>• Further information has been included to the documents on risks versus issues, to guide colleagues on appropriate risk identification and analysis with details of the issues log updated.</li> </ul> <p>Actions to be carried forward to 2023/24</p> <ul style="list-style-type: none"> <li>• Review and strengthen arrangements for department risk register development, maintenance, and challenge.</li> <li>• Review of department risk registers to be picked up by Assurance Team; overseen by the Corporate Risk Management Group.</li> </ul>
Risk analysis	<ul style="list-style-type: none"> <li>• Add information on the emerging risk log and strengthen the role of the CRMG in risk and opportunity identification</li> <li>• Include examples of risk indicators alongside more guidance on the development of risk indicators and how these should be monitored / reported</li> <li>• Add further guidance within the Handbook on the identification of issues versus risks, including on how to manage risks that become issues</li> <li>• Reflect within the Handbook that we have an issues log with guidance on the relationship of this with risk registers</li> </ul>	Completed	
Risk treatment	<ul style="list-style-type: none"> <li>• Risk appetite statements to be finalised and published within the Strategy and Handbook</li> </ul>	Completed	<p>Risk appetite statements were developed and finalised through workshops with senior leaders. Approved statements have been included within the refreshed Handbook. These will be reviewed annually, as a minimum.</p>
Completing the risk register	<ul style="list-style-type: none"> <li>• Guidance to be updated, in line with revised templates with specific information on the PMP where the format is slightly different</li> <li>• Exceptions on risk templates to be flagged within the Handbook with a clear process for approving the use of these (i.e. Monte Carlo approach to risk modelling)</li> </ul>	Completed	<p>Strategy and Handbook developments:</p> <ul style="list-style-type: none"> <li>• Project risk management sections have been aligned to the strengthened Programme Management Office, including the introduction of the Project Management Platform (PMP), alongside guidance on using alternative approaches and or templates for the management of programme and project risks.</li> <li>• More guidance was also included on Department Risk Registers and</li> </ul>

Themes in our Strategy and Handbook	Identified opportunities for development	Progress update (March 2023)	
	<ul style="list-style-type: none"> <li>Review and refresh guidance for Department Risk Registers</li> </ul>		how they strengthen the risk framework.
Monitoring, reporting and reviewing risks	<ul style="list-style-type: none"> <li>Update our guidance with the Handbook on risk assurance activities, reflecting the strengthened arrangements in place; with supporting guidance and information for risk owners</li> </ul>	<b>Completed</b>	There are now clearer expectations of risk monitoring frequency presented for risk owners.
Risk assurance		<b>Completed</b>	An additional risk review tools section has also been added to the Handbook, with a 'review of risk scores' and 'project risk review' template included to further support colleagues in monitoring and owning their risk assurance activities.
Risk appetite	<ul style="list-style-type: none"> <li>Finalise and publish our risk appetite statements within the Strategy and Handbook</li> </ul>	<b>Completed</b>	<p>Risk appetite statements were developed and finalised through workshops with senior leaders. Statements have been included within the refreshed Strategy, with more detailed guidance included in the Risk Management Handbook.</p> <p>Further work will be completed in 2023/24 to make sure that Derby's risk appetite statements are understood by all levels of the organisation and are used to inform and assist decision-making and planning.</p>
Risk maturity	<ul style="list-style-type: none"> <li>Self-assessment summary statements to be included within the Strategy, shaping the developments made within the Strategy and Handbook</li> </ul>	<b>Completed</b>	<p>Initial risk maturity assessment overview included in the updated Risk Management Strategy.</p> <p>Opportunities identified will be used to shape ongoing development, and the self-assessment will be reviewed at least annually and reported through the six-monthly assurance reviews to the Audit and Governance Committee.</p>

- 4.6 It should be noted that established controls assessed and reported as 'in place' in the mid-year position continue to be evaluated as such.
- 4.7 Presented in **Appendix 1** is an overview of the Strategic Risk Register, at the end of quarter four (Q4).
- 4.8 Based on an assessment of the strategic risk register at the end of 2022/23, the Corporate Risk Management Group (CRMG) recommended a review of the risk level of all strategic risks to seek assurance that they continue to be managed at the correct level.
- 4.9 In addition to the above, two risks and two 'risk themes' will be assessed through targeted risk review activities, led by the Assurance Team, to ensure that the risks are appropriately identified and defined...
- SR30\_PS24 - Local Area SEND services and provision is not effective.

- SR21\_CR22 – Health and Wellbeing.
- Accommodation sufficiency to meet the need for statutory housing duties in the city.
- Strategic coordinated asset management, governance and oversight of our property portfolio.

4.10 Based on the assessment completed at the end of June 2023, on the updates provided at the end of March 2023, there are no risks recommended for consideration via a Risk Surgery, with the outcomes of any targeted risk assurance activities reported in the next update to the Committee.

### **Public/stakeholder engagement**

5.1 Risk owners and the Corporate Leadership Team have been consulted on the development of our approach to assurance and will alongside the Audit and Governance Committee inform future developments.

### **Other options**

6.1 None.

### **Financial and value for money issues**

7.1 None directly arising from this report. Financial risks are contained with the strategic risk register and assessments of assurance are considered to be appropriate.

### **Legal implications**

8.1 None directly arising from this report.

### **Climate implications**

9.1 None directly arising from this report.

### **Other significant implications**

10.1 None.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Emily Feenan - Director of Corporate Governance, Property & Procurement and Monitoring Officer	12/07/2023
Finance	Alison Parkin - Director of Finance & S151 Officer	11/07/2023
Service Director(s)		
Report sponsor	Heather Greenan – Director of Corporate Management	17/07/2023
Other(s)	Richard Boneham – Head of Internal Audit (DCC) & Head of the Audit Partnership	12/07/2023

Background papers:	
List of appendices:	Appendix 1 – 2022/23 Year-end review of assurance on Strategic Risks