Report sponsor: Director of Policy, Insight and
Communications
Report author: Head of Strategy and
Performance

ITEM 6

Risk management – mid-year assurance report

Purpose

1.1   Following the approval of the refreshed Risk Management Strategy and Handbook, in
November 2020, risk reporting to the Audit and Accounts Committee has been re-
positioned to providing assurance on the effective implementation of our risk
management framework.

1.2   The mid-year review of progress with the implementation of the Strategy and
Handbook is presented at Appendix 1; covering the position as it stood at the end of
December 2020.

1.3   Presented at Appendix 2 is an assurance overview for the Strategic Risk Register, for
the period ending September 2020, which represents the last position reported to
Cabinet in November 2020.

1.4   There are no risks identified for a Risk Surgery, as adequate assurance was judged to
be in place for all strategic risks, with no issues arising that require further
consideration by the Audit and Accounts Committee.

Recommendations

2.1   To note the assurance assessments for each stage of the risk management process,
presented in Appendix 1, alongside the opportunities for improvements that will be
progressed throughout 2021.

2.2   To note the assurance judgements presented for the risks in the strategic risk register
set out in Appendix 2.

Reason

3.1   The Audit and Accounts 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   As reported to Audit and Accounts Committee in November 2020, there has been a
significant amount of work to develop and embed our risk management framework,
since the 2018 refresh of our Risk Management Strategy.

4.2   The 2020 refresh of both the Risk Management Strategy and Handbook evidenced the Council's maturing risk culture and provides the foundations for this to be further strengthened.

4.3   Based on analysis at the end of December 2020 (**Appendix 1**), there is adequate assurance that the Risk Management Strategy is in place and is effective. Key highlights include:
- there is clarity in risk roles and responsibilities, and evidence that these are being effectively executed;
- risk owners are completing regular reviews of risks, which includes evaluations of controls, actions and risk treatment;
- emerging risks are being identified and these are reviewed regularly, with examples of risk escalation and de-escalation each quarter;
- the risk opportunity matrix is being piloted and will be further implemented in 2021;
- all risk registers are up to date and consistent, with the quarter 2 strategic risk register published on iDerby; and
- there are multiple examples of deep-dive risks assessments and challenge activity in 2020, to inform our understanding of risk controls, supporting future mitigations where possible.

4.4   Opportunities for further improvement, to be actioned in 2021 include:
- a six-monthly review of department risk registers, commencing from the start of April 2021, in line with the refresh of Business Plans;
- identification of more Risk Champions to support in the communication and consistent application of our Risk Management Strategy;
- more frequent 'risk conversations' through deep-dive reviews at the Corporate Risk Management Group;
- a review of the Council's risk appetite, in line with the Derby Recovery Plan and Medium-Term Financial Plan in 2021;
- a refreshed Audit Plan for 2021/22, informed by our identified areas of risk to gain further insight on the effectiveness of our mitigations; and
- the implementation of a risk maturity model to support future improvements.

4.5 Effective risk assurance models consider a variety of sources of intelligence and insight to inform judgements on the adequacy of controls.

Source of assurance	How they provide assurance
Management control / internal control measures	• Identify, assess, own and manage risks • Design, implement and maintain effective internal controls • Supervise controls and monitor adherence / effectiveness • Implement corrective actions to address deficits and strengthen controls to reduce the risk threat
Targeted review of risks in line with risk management roles and responsibilities	• Set the boundaries for delivery through the definition of standards, policies, procedures and guidance • Assist management in developing controls in line with good practice • Monitor compliance and effectiveness • Identify and alert senior management to emerging issues and changing risk scenarios
Independent review – internal or external	• Provide an objective evaluation of the adequacy and effectiveness of the framework governance, risk management and control • Provides proactive evaluation of the controls proposed • Advice on potential control strategies and the design of further controls

4.6 To ensure a balanced assessment of assurance on the mitigation of risks in the Strategic Risk Register (**Appendix 2**) a variety of criterion have been evaluated:
- latest risk score and direction of travel
- do we have controls in place that are assessed by the risk owner as effective?
- the progress with additional mitigating actions, and their effectiveness
- has the risk been subject to any review activity in the last 12-months?
- is this risk regularly reviewed by a Strategic Board/Group?
- is there any additional evidence of risk assurance (internal and external)?

4.7 Based on the assessment completed at the end of December 2020, on the updates provided at the end of September 2020, there are no risks recommended for Risk Surgery.

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 Accounts 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 Legal, Procurement and Democratic Services and Monitoring Officer	12/01/2021
Finance	Simon Riley - Strategic Director of Corporate Resources & S151 Officer	18/01/2021
Service Director(s)		
Report sponsor	Heather Greenan – Director of Policy, Insight and Communications	12/01/2021
Other(s)	Andy Smith – Strategic Director People Services Corporate Leadership Team	18/01/2021
	Cllr Roulstone – Lead Cabinet Member for Finance and Procurement	
	Richard Boneham – Head of Internal Audit (DCC) & Head of the Audit Partnership	10/12/2020

Background papers:	
List of appendices:	Appendix 1 – Risk Management Strategy Assurance Review - December 2020
	Appendix 2 – Risk Assurance – Strategic Risk Register Mid-Year Assurance Review