

Report to: Governance and Audit Committee

Date: 30 July 2018

Subject: **Risk Management Update**

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1 Purpose of this report

- 1.1 To provide an update on corporate risk management issues and to seek endorsement of the Governance and Audit Committee to the updated corporate risk management strategy.

2 Information

- 2.1 As previously reported to Governance and Audit Committee, in recent months work has been undertaken to review and update the Combined Authority's corporate risk management arrangements. Following feedback previously received from the Committee and also from the Combined Authority, further work has recently been undertaken to update the corporate risk management strategy in more detail.
- 2.2 The updates to the strategy include additions which have been made following advice from the Data Protection Officer. These updates have focussed on ensuring that robust escalation processes are in place for information governance risks, in view of the General Data Protection Regulations which came into force in May 2018.
- 2.3 In addition the strategy has also been updated to address the recommendations made by an Internal Audit review into risk management arrangements, which was concluded in March 2018. This review rated the risk management approach as 'orange' (requires improvement), but acknowledged that much had been achieved through the work already undertaken to update corporate risk management arrangements and that further improvements were already underway during the time of the audit work.
- 2.4 There were five high priority recommendations made by the Internal Audit review which were largely focussed around opportunities to further develop risk management processes and ensure greater consistency of approach.

These high priority recommendations are presented in the table below along with details of the measures in place to address these.

Recommendation	Timescale	Progress
Roll out of Risk Management Strategy to be accompanied by risk workshops and other training initiatives	August 2018	Risk workshops already held with each Directorate management team to disseminate risk management approach and review directorate risk registers. Risk management toolkit in development to sit alongside strategy document.
Consider structure of reporting and escalation arrangements and include clearly in Corporate Risk Management Strategy.	May 2018	Risk escalation and reporting process strengthened in the strategy.
Make existing Audit and Risk Management Group more responsible for development and operation of risk management system. Review membership and Terms of Reference of Group	August 2018	Proposals to formalise the officer led Audit and Risk Management Group have been developed and revised terms of reference are in development. These proposals have been progressed alongside the wider project to review internal governance arrangements (as reported to the Combined Authority on 28 June 2018)
Consistent use of a common risk register template and its maintenance on a system in a way that is easily accessible and allows the production of management and monitoring reports.	May 2018	Consistent corporate risk register template developed and rolled out for directorate risk registers and project, programme and portfolio risk registers. Further dissemination activities required following final sign off of strategy
All components of risk management should be included within guidance documentation. As well as written guidance a programme of education will help to introduce and develop risk management	May 2018	Dissemination of the corporate risk management approach has already taken place through directorate level workshops. However further work is required to finalise a risk management toolkit which is in development to sit alongside the strategy document and roll out further dissemination activities once the strategy is approved.

2.5 A copy of the draft Final Corporate Risk Management Strategy is attached at **Appendix 1**. Members of the Governance and Audit Committee are requested to endorse this in order that it can be formally agreed by Leadership Team and rolled out across the organisation.

2.6 A fundamental component of the Combined Authority's risk management approach is to define the level of risk appetite that the organisation has and to regularly review this. This is set out in a Risk Appetite Statement which defines the level of risk appetite that the organisation has within a number of specific categories. The current Risk Appetite Statement can be found in Section 5 of the appended Strategy (Table 5.1). Members of the Governance and Audit Committee are requested to review the current Risk Appetite Statement and provide any feedback on this.

2.7 In parallel to the ongoing work to enhance the Corporate Risk Management system, the key strategic risks affecting the organisation also continue to be reviewed regularly and collated within the Corporate Risk Register. A copy of the current register is attached at **Appendix 2** for information. Regular updates on the corporate risk will continue to be routinely provided to all meetings of both the Governance and Audit Committee and the Combined Authority.

3 Financial Implications

3.1 There are no financial implications arising from this report.

4 Legal Implications

4.1 There are no legal implications arising from this report.

5 Staffing Implications

5.1 There are no staffing implications arising from this report.

6 External Consultees

6.1 No external consultations have been undertaken.

7 Recommendations

7.1 That members of the Governance and Audit Committee endorse the corporate risk management strategy attached at Appendix 1 and provide feedback on the current risk appetite statement at section 5 of the strategy.

7.2 That members of the Governance and Audit Committee note the current corporate risk register as provided at Appendix 2.

8 Background Documents

None.

9 Appendices

Appendix 1 - Draft Final Corporate Risk Management Strategy
Appendix 2 – Current Corporate Risk Register