

Audit and Risk Committee

12 December 2016

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| Report title | Strategic Risk Register and Strategic Assurance Map | |
| Accountable director | Mark Taylor, Finance | |
| Originating service | Audit | |
| Accountable employee(s) | Peter Farrow | Head of Audit |
| | Tel | 01902 554460 |
| | Email | peter.farrow@wolverhampton.gov.uk |
| Report has been considered by | Strategic Executive Board | 29 November 2016 |

Recommendations for noting:

The Committee is asked to note:

1. The strategic risk register at Appendix A.
2. The identification of a new risk - risk 21 in relation to the Transforming Adult Social Care (TASC) programme.
3. The reduction and transfer of risk 16 – Equal Pay from the strategic risk register to operational risk registers, reflecting the agreement with the Trade Unions on how to deal with second generation claims.
4. The reduction in the assessment of the following risks:
 - Risk 1 - Looked After Children (LAC), as a result of continued progress and the fall in LAC numbers.
 - Risk 3 – Information Governance, reflecting performance in this area.
 - Risk 8 – Business Continuity Management (BCM), due to the progress made against the Resilience Board work plan.
5. The Council has considered the implications of Brexit. Grant Thornton recently facilitated a session with the senior leadership team to discuss any risks, opportunities and mitigations arising from Brexit. It has been decided that no new risks require inclusion in

the strategic risk register at this time. The Council will continue to monitor the situation and any new risks or changes to the assessment of current risks will be reported to a future Audit and Risk Committee meeting.

6. Following consideration by SEB it has been agreed that risk 2 – Skills for Work and risk 10 – Economic Inclusion will be reviewed and combined to reflect the Council's current priorities and work programmes within the Place Directorate.
7. The main sources of assurance available to the Council against its strategic risks at Appendix B.

1.0 Purpose

- 1.1 To keep members of the Audit and Risk Committee aware of the key risks the Council faces and how it can gain assurance that these risks are being mitigated.

2.0 Background

- 2.1 The Council is no different to any organisation and will always face risks in achieving its objectives. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.
- 2.2 The strategic risk register was last presented to the Committee in September 2016. Since this time we have met with the risk owners in order to review and update the risks.
- 2.3 The strategic risk register does not include all of the risks that the Council faces. It represents the most significant risks that could potentially impact on the achievement of the corporate priorities. Other risks are captured within operational, programme, project or partnership risk registers in line with the Council's corporate risk management framework and strategy.
- 2.4 A summary of the strategic risk register is included at Appendix A of this report which sets out the status of the risks as at November 2016. These risks are reviewed on an on-going basis and can be influenced by both external and internal factors and as such, may fluctuate over time.
- 2.5 Appendix C provides a summary of the Council's strategic assurance map which follows the three lines of defence model (shown below). The assurance map details where the Committee can gain assurance against the strategic risks. This too is a live document and is updated alongside the monitoring and reviewing of the strategic risk register.

The three lines of defence model:

| First line | Second line | Third line |
|---|---|---|
| The first level of the control environment is the business operations which perform day to day risk management activity | Oversight functions such as Finance, HR and Risk Management set directions, define policy and provide assurance | Internal and external audit are the third line of defence, offering independent challenge to the levels of assurance provided by business operations and oversight functions |

3.0 Progress, options, discussion

- 3.1 The strategic risk register will be updated as required, and presented at approximately quarterly intervals to the Committee. The Committee also takes the opportunity to 'call in' individual risks for further review from time to time. At the last meeting, the Committee requested risk 4 – Medium Term Financial Strategy to be called in for the December 2016 meeting. Details of this risk are attached at Appendix C.

4.0 Financial implications

- 4.1 There are no financial implications associated with the recommendations in this report as Councillors are only requested to note the strategic risk register summary. Financial implications may arise from the implementation of strategies employed to mitigate individual corporate risks, but these will be evaluated and reported separately if required. [GE/22112016/R]

5.0 Legal implications

- 5.1 Although there may be some legal implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct legal implications arising from this report. [RB21112016/H]

6.0 Equalities implications

- 6.1 Although there may be equalities implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct equalities implications arising from this report.

7.0 Environmental implications

- 7.1 Although there may be some environmental implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct environmental implications arising from this report.

8.0 Human resources implications

- 8.1 Although there may be some human resource implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct human resource implications arising from this report.

9.0 Corporate landlord implications

- 9.1 There are no corporate landlord implications arising from the recommendations made in this report.

10.0 Schedule of background papers

- 10.1 None