

09 April 2024

Risk Management Update – Strategic Risk Register 12 (SRR12) - A Significant Failure of Governance (a breakdown in governance to merit formal external intervention either from auditors or central government)

Ward(s): All

Portfolios: All

Purpose: For comment/review

1. Aim

1.1 To provide Audit Committee with assurance in relation to Strategic Risk Register (SRR) Risk 12, following their consideration of the SRR in February 2024.

2. Summary

2.1 Audit Committee considers the SRR at least twice per year. SRR Risk 12 was added to the risk register as a new risk in September 2023. At their meeting in February 2024, Audit Committee requested that this risk be brought to the next meeting of Audit Committee for further consideration. The current risks core is 8 (Likelihood 2; Impact 4), with the target score 6 (Likelihood 2; Impact 3).

3. Recommendations

3.1 That Audit Committee consider SRR12 at Appendix 1.

4. Report detail - know

4.1 Appendix 1 contains the latest risk for SRR 12 which is summarised below.

Risk	Risk Description	Lead Directorate	Updated “current” score	Previous “current” Score	Trend	Target Score
12	A Significant Failure of Governance (a breakdown in governance to merit formal external intervention either from auditors or central government)	Monitoring Officer and S151 Officer	8 (Likelihood 2; Impact 4)	8 (Likelihood 2; Impact 4)	↔	6 (Likelihood 2; Impact 3)

4.2 The VFM Audit in 2022/23 outlined no significant governance weaknesses and no recommendations in respect of governance arrangements. However, given the number of public interest reports and S114 notices published across the local authority sector and the updates provided to Corporate Management Team (CMT) reviewing the failures and any lessons to be learned, they considered it prudent to keep governance arrangements under closer review.

4.3 The Council has taken the necessary steps and put measures in place as set out in the appendix. The table highlights that there have been no changes to the overall risk score between the risk being initially added to the register in September 2023 and the most recent review in February 2024.

5. Financial Information

5.1 There are no direct financial implications arising from this report, however effective risk management and reporting of risks supports and contributes to the delivery of good financial management.

6. Reducing Inequalities

6.1 Effective governance arrangements ensure a focus on delivering Council Plan objectives, a key driver of which is reducing inequalities.

7. Decide

7.1 Audit Committee are asked to consider the risk and comment as appropriate.

8. Respond

8.1 Audit Committee is required to ensure that it receives reports on risk management on a regular basis and takes appropriate action to ensure that strategic business risks are being actively managed. This report enables Audit Committee to exercise its responsibilities in respect of risk management by reviewing SRR12; calling in key business risks for review; and seeking assurance that risk management is thoroughly embedded within the organisation.

9. Review

9.1 The Risk Management Strategy sets out the formal review and reporting points for risks throughout the year and these will continue to be followed, with feedback on the actions set out within this report incorporated into those updates.

Authors:

Anthony Cox – Director of Governance (Monitoring Officer) ☎01922 654822

✉ Anthony.cox@walsall.gov.uk

Shaun Darcy – Director of Finance, Assurance and Procurement (S151 Officer), ☎01922 652707

✉ shaun.darcy@walsall.gov.uk

No.	Risk Cause and Effect	Lead	Existing Controls and Assurances	Impact	Likelihood	Risk score	Status & Trend	Further Actions/Planned Mitigations	Deadline
12	Significant Failure of Governance – a breakdown in governance to merit formal external intervention either from auditors or central government.	MO and S151 Officer	<p>Annual completion of Annual Governance Statement (AGS) statement, presented by Leader and Chief Executive to Audit Committee and reviewed by External Audit.</p> <p>External Audit report on governance arrangements as part of annual VFM assessment and Annual Report.</p> <p>Annual review of constitution. Decision-making processes, with clear schemes of delegation, are transparent, regularly reviewed, clearly followed and understood, enabling decision-makers to be held to account effectively. Evidence of the decisions following good public law decision making principles (reasonableness, proportionality, fairness, etc.).</p> <p>Review of governance reports from other authorities undertaken and reported to CMT.</p> <p>Review of Grant Thorntons second report on Lessons from Public Interest Reports and other Interventions, and the Council's Corporate Peer Challenge (CPC) Report and action plan reported to Audit Committee.</p> <p>Whistleblowing policy and monitoring of whistleblowing claims.</p> <p>Quarterly meeting of CEO, CFO and MO. Statutory officers work effectively together and have a voice for key decisions.</p> <p>Regular meetings between CEO and Political Group Leaders.</p> <p>Annual monitoring report of elected member complaints considered by Standards Committee.</p> <p>Quarterly meetings with External Auditors and CEO, CFO, MO.</p> <p>2 weekly meetings between Head of Internal Audit and Head of Finance and Assurance (HOF&A). Quarterly meetings with Internal Auditors and CFO and HOF&A.</p>	4	2	8	<p>Amber</p> <p>↔</p>	<p>AGS process going forwards to include more information regarding the culture and behaviour of the organisation.</p> <p>Review and update whistleblowing policy.</p> <p>Ensure clear succession planning for key statutory officer posts. Use workforce planning and development to ensure posts are permanently recruited to.</p> <p>Review of scrutiny function following BVI Thurrock, and the training given to members to support the function.</p> <p>Review of Councillor training and development programme.</p>	Ongoing
Current Score									
Target Score				3	2	6	Amber		

Likelihood and Impact guide.

Likelihood			Impact		
Score 1-5	% chance	Time Frequency	Score 1-5	Disruption to Services and/or Residents affected or aware	Budget
1 Rare	< 10%	Rare occurrence	1 Negligible	Minor disruption to services <i>Up to 5%</i>	>1%
2 Unlikely	10 - 30%	Once in 5 years	2 Minor	1-2 weeks <i>Up to 10%</i>	>5%
3 Possible	30-60%	Once 2 years	3 Material	Up to one month <i>Up to 25%</i>	5-10%
4 Probable	60-90%	Once a year	4 Severe	1 – 3 months <i>Up to 50%</i>	10-20%
5 Almost Certain	> 90%	Within 6 months	5 Catastrophic	Over 3 month <i>Over 50%</i>	20%