

## **Audit Committee – 18 April 2016**

### **Revised Corporate Risk Management Strategy (CRMS) 2016**

#### **1. Summary of report**

- 1.1 The corporate risk management strategy (CRMS) was last revised and approved in April 2015. The document has been reviewed and the revised strategy is attached at **Appendix 1**. The strategy will continue to evolve as the organisation does and further revisions and updates will be provided as and when appropriate.
- 1.2 Under the arrangement to deliver the Internal Audit Service from 1 April 2016, Mazars will also be responsible for annually reviewing, supporting and maintaining the CRMS. The Chief Finance Officer will remain as the Officer Champion for risk management within the Council.

#### **2. Background papers**

- 2.1 Corporate Risk Management Strategy 2015.

#### **3. Recommendations**

- 3.1 Audit Committee are recommended to note the revised corporate risk management strategy and arrangements for future revisions to be made.

#### **4. Resource and legal considerations**

- 4.1 Risk management is a key aspect of the council's governance framework and an integral part of corporate planning. It should enable resources to be targeted appropriately, projects to be managed effectively and the council's risk exposure to be minimised whilst ensuring the organisation is able to seize and maximise its opportunities. Effective risk management can also assist in reducing insurance costs and mitigating legal claims.

#### **5. Governance**

- 5.1 The council must meet its statutory requirements, as stipulated within the Accounts and Audit Regulations 2015 as follows:
  - Regulation 4 (1) – The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.
  - Regulation 4 (2) – The relevant body must conduct a review, at least once a year, of the effectiveness of its system of internal control and following the review the body or committee must approve an annual governance statement prepared in accordance with the proper practices in internal control.

The Council has established an Audit Committee, the purpose of which is to provide independent assurance on the adequacy of the risk management

framework and the associated control environment, independent scrutiny of the authority's financial and non financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting.

One of the Audit Committee's delegated functions is to consider the effectiveness of the council's risk management arrangements seeking assurance that action is being taken on risk related issues identified by auditors and inspectors; and reviews the effectiveness of key control strategies including risk management.

## **6. Risk management issues**

- 6.1 The revised corporate risk management strategy (CRMS) seeks to develop, strengthen and refine processes already in place. It defines the roles and responsibilities; process implementation; how to escalate/devolve risks and how it connects with corporate planning, programme/project management and partnership working.
- 6.2 Audit Committee's support is clear evidence of the recognition of the importance and value of risk management and further emphasises the council's commitment to continuous improvement; focusing on outcomes and issues that will make a difference not only to the organisation but to the community it serves.
- 6.3 The risk management strategy has been revised bearing in mind the continued budgetary constraints going forward and capacity issues within the risk and insurance team as it is unlikely that future capacity will allow as much support to executive directors and directorate management teams in reviewing and managing risk registers. Emphasis has been placed upon all individuals at all levels for the need for the approach to risk management to be proportionate to the level of risk present [explained in Part 2 of the Strategy] including business change initiatives or major projects. The revised strategy continues to be split as follows:

### Part 1

This contains a policy statement detailing the approach to risk management at the council and its economic level. In addition a separate section dedicated to the 'Risk Appetite' is explained.

### Part 2

This contains the actual risk management process and how it should be applied in approaches across the organisation detailing the process for escalation / devolvement and the roles/responsibilities of officers engaged in the process.

## **7. Equality implications**

None arising directly from this report.

## **8. Consultation**

Other councils and external bodies i.e.: ALARM, IRM, CIPFA, British Standard ISO 31000.



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