

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

22 DECEMBER 2011

REPORT OF THE ASSISTANT CHIEF EXECUTIVE – PERFORMANCE

THE CORPORATE RISK ASSESSMENT & WALES AUDIT OFFICE REVIEW OF RISK MANAGEMENT ARRANGEMENTS

1. Purpose of Report.

- 1.1 The Audit Committee oversees risk management within the Council. This report and its appendices explain the outcome of the annual risk assessment.
- 1.2 During 2011, the Wales Audit Office has undertaken a review of risk management in the Council and this report advises the Committee of their findings.

2. Connection to Corporate Improvement Plan / Other Corporate Priority.

- 2.1 Effective risk management is an essential part of the framework for ensuring good corporate governance and supports delivery of the Council's corporate priorities.

3. Background.

- 3.1 Good governance requires the Council to develop effective risk management processes, including an assessment of corporate risks.
- 3.2 The Audit Committee's Terms of Reference requires the Committee to monitor the effective development and operation of risk management and corporate governance in the Council and to also consider the annual risk assessment.
- 3.3 The risk assessment is used to inform the Scrutiny forward work programme and the budget process.
- 3.4 In August 2011 Wales Audit Office reported on risk management within the council. The work undertaken sought to test the question; "Is risk management understood and embedded and is it supporting effective decision making"? Their report provides the Audit Committee with an independent opinion on this important issue.

4. Current situation / proposal.

- 4.1 The new risk assessment is attached as Appendix 1. It identifies the main risks facing the council, the likely impact of these on council services and the wider County Borough, what is being done to manage the risks and which individual or group is responsible for the Council's response. Consideration of this document will help the Audit Committee discharge its responsibilities in this area.

- 4.2 The risk assessment has been developed in consultation with Heads of Service and members of the Corporate Management Board. It has also been reviewed by members of Cabinet.
- 4.4 A scoring matrix is used which takes into account both the probability of the risk materialising and the severity of the consequences if it did. The matrix is contained in Appendix 2. Appendix 3 contains a summary of how the main risk scores have changed over the last three years and this analysis will assist the Committee's understanding of the trends identified and the impact of the action taken to mitigate risks.
- 4.5 The risk assessment is reviewed on a quarterly basis and a further report setting out progress in managing risks will be made to the Audit Committee in April 2012.
- 4.6 The Wales Audit Office report is included as Appendix 4. Encouragingly, it concludes that there is a clear corporate risk management process in place which is well understood at a strategic, corporate and operational level, although there is scope to strengthen the approach to managing residual risks.
- 4.7 The areas for improvement are summarised in paragraph 39. Work is being done on each of these which will be reflected in the 2012 risk assessment

5. Effect upon Policy Framework & Procedure Rules.

- 5.1 None as a direct consequence of this report.

6. Equality Impact Assessment.

- 6.1 Equality issues permeate many of the risks identified and where appropriate, equality impact assessments are undertaken within the process of approving the mitigating actions identified.

7. Financial Implications.

- 7.1 There are no financial implications directly associated with the risk assessment. Actions planned to mitigate each risk are required to be progressed within approved budgets.

8. Recommendation.

- 8.1 It is recommended that the Audit Committee
- Consider the annual risk assessment
 - receives a further report in April 2012 when progress can be reviewed.
 - Receives the Wales Audit Office report and notes the areas for improvement.

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Background documents

None