

**To: Audit and Governance Committee**

**Date: 25 July 2018**

**Report of: Head of Financial Services**

**Title of Report: Risk Management Quarterly Reporting as at 31st May 2018.**

# Summary and Recommendations

**Purpose of report**: To update the Committee on both corporate and service risks as at 31 May 2018.

# Key decision: No

**Executive lead member: Councillor Ed Turner**

**Policy Framework: Efficient and Effective Council**

**Recommendation(s): That the Committee notes the content of the report**

**Appendices: Appendix A Corporate Risk Register**

**Risk Scoring Matrix**

1. The Council operates a ‘five by five’ scoring matrix. The methodology for scoring risks is set out below along with a copy of the scoring matrix or ‘heat map’.
2. It is possible to get the same score but end up with a different result in the heat map. For example if the probability of an event occurring is high but the impact is low it is likely to have a lower rating on the heat map. However, the higher the potential impact score the more likely the event will be classed as a red risk on the matrix.
3. The risk prioritisation matrix is shown below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Probability** |  |  |  |  |  |  |
| Almost | 5 | **5** | **10** | **15** | **20** | **25** |
| Certain |
| Likely | 4 | **4** | **8** | **12** | **16** | **20** |
| Possible | 3 | **3** | **6** | **9** | **12** | **15** |
| Unlikely | 2 | **2** | **4** | **6** | **8** | **10** |
| Rare | 1 | **1** | **2** | **3** | **4** | **5** |
|  |  | 1 | 2 | 3 | 4 | 5 |
|  | **Impact** | Insignificant | Minor | Moderate | Major | Severe |

|  |  |  |  |
| --- | --- | --- | --- |
| **Key:** | **Green** | **Amber** | **Red** |
|  |  |  |  |

**Risk Identification**

1. **Corporate Risks –** The Corporate Risk Register (CRR) is reviewed by the Corporate Management Team (CMT) on a quarterly basis, any new risks are incorporated into a revised version of the CRR. Risk owners of corporate risks are generally Directors.
2. **Service Risks –** Service area risks are reviewed periodically by Heads of Service and Service Managers. The Financial Accounting Manager has oversight of all risks and on a quarterly basis will review service risks to determine whether they should be considered for inclusion in the Corporate Risk Register.
3. **Project and Programme Risk –** The Council adopts the principles of Prince2 methodology for managing projects. Incorporated within this methodology is a robust process for the management of risk within a project environment. Each project is managed by the Project Manager who controls and co-ordinates all aspects of the project through to conclusion.

**Quarter 4 Corporate Risk Register**

1. Audit and Governance Committee receive information on risk on a quarterly basis. Given the timing of the Audit and Governance Committee for Quarter 4, additional information has been provided as at the 31st May 2018 in order to provide the latest risk information available. The new Corporate Risk Register for Quarter 4 2017/18 is attached at Appendix A. It should be noted that a revised Corporate Risk Register for 2018/19 is currently being reviewed by the Corporate Management Team.
2. There are no Red Risks as at 31st May
3. There has been no change in the number of Amber and Green Risks since the last quarterly report.
4. The table below shows the levels of red, amber and green residual risks over the last 12 months.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Current Risk** | **Q1 2017/18** | **Q2 2017/18** | **Q3 2017/18** | **Q4 2017/18** |  | **31st May** |
| Red | 1 | 0 | 0 | 0 |  | 0 |
| Amber | 7 | 8 | 9 | 9 |  | 9 |
| Green | 2 | 2 | 1 | 1 |  | 1 |
|  |  |  |  |  |  |  |
| **Total risks** | **10** | **10** | **10** | **10** |  | **10** |
|  |  |  |  |  |  |  |

**Service Risk Registers**

1. Each year as part of the service planning process, all service risks are reviewed, those no longer relevant are deleted, and any new ones are added.
2. The table below shows the number of service risks as at Q4 compared with the last 12 months. Two risks were closed in Q4. One new risk has been added:-

* Assistant Chief Executive – this relates to loss of advertising revenue whereby no advertising space is sold in Your Oxford newspaper. Consideration is being given to contracting out the production of the Your Oxford newspaper, including the sale of advertising revenue.

1. As at 31st May, two further risks have been closed and one service risk register consisting of 11 risks has been removed. This service risk register relates to the Local Authority Trading Company (Oxford Direct Services) which became operational on 01 April 2018. Oxford Direct Services are now responsible for their own risks which will be separately reported direct to shareholders through quarterly monitoring reports.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Current Risk** | **Q1**  **2017/18** | **Q2 2017/18** | **Q3 2017/18** | **Q4 2017/18** |  | **31st May** |
| Red | 2 | 1 | 1 | 2 |  | 3 |
| Amber | 38 | 40 | 39 | 37 |  | 31 |
| Green | 27 | 27 | 25 | 25 |  | 17 |
| **Total risks** | **67** | **68** | **65** | **64** |  | **51** |
| New risks in quarter | 0 | 3 | 2 | 1 |  | 0 |
| Closed | 1 | 2 | 4 | 2 |  | 2 |
|  |  |  |  |  |  |  |

1. There are three red risks at 31st May. These are as follows:-

* **Financial Services** – relates to Treasury Management and the safety of investments. This risk is red because of the potentially high impact, although the probability of a loss occurring is rated as possible due to the controls the Council has in place around counterparty selection and duration of investment.
* **Community Services** – relates to Sponsorship and the failure to achieve sponsorship income targets in order to sustain city events and cultural activity on an annual basis. All staff are assisting with fundraising. The appointment of a new Cultural Development Manager who is an experienced and qualified fundraiser is helping with mentoring staff to improve fundraising bids.
* **Law & Governance** – relates to the reliance on ICT which can cause insufficient support for critical systems and incorrect device solutions for Members which result in Officers and Members operating inefficiently. Law & Governance critical systems review has been included in the ICT work plan. Close liaison with ICT will enable escalation of issues whenever required and articulation of the needs of Members.

**Risk Management Audit**

1. A risk management audit has recently been carried out by our auditors BDO and we are currently awaiting their report.

**Climate Change / Environmental Impact**

1. There are no specific impacts arising directly from this report. The appendices set out mitigations against the Council’s corporate risks.

**Equalities impact**

1. There are no equalities impacts arising directly from this report

**Financial Implications**

1. There are no financial implications arising directly from this report.

**Legal Implications**

1. There are no legal implications directly relevant to this report but having proper arrangements to manage risk throughout the organisation is an important component of corporate governance.

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**List of background papers: None.**