

**AUDIT COMMITTEE**  
**24 MARCH 2020**

**RISK & OPPORTUNITY MANAGEMENT POLICY**

**Cabinet Member** Cllr Bob Deed, Leader of the Council  
**Responsible Officer** Catherine Yandle, Group Manager for Performance, Governance and Data Security

**Reason for Report:** To present the Committee with the updated Risk & Opportunity Management Policy for approval

**RECOMMENDATIONS:**

**The Committee approves the updated Risk & Opportunity Management Policy (Appendix A).**

**Relationship to Corporate Plan:** Having effective Risk & Opportunity Management arrangements in place is crucial to enable the Council to identify opportunities and mitigate risks to the Priorities contained in the Corporate Plan.

**Financial Implications:** Failure to mitigate risks or take advantage of opportunities could result in financial loss to the Council.

**Budget and Policy Framework:** This policy is approved by Audit Committee annually.

**Legal Implications:** Potential breach of the Accounts and Audit Regulations (2015).

**Risk Assessment:**

- i. Failure to take advantage of opportunities and mitigate business risks could impact on the Council's ability to deliver its strategic objectives.
- ii. Assessment of the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability is a key element of the Council's governance arrangements.

**Equality Impact Assessment:** No equality issues identified for this report.

**1.0 Introduction**

- 1.1 The Risk & Opportunity Management Policy was last updated and approved by the Audit Committee on 19 March 2019.
- 1.2 The Council has a legal obligation to comply with the requirements placed upon it by the Accounts and Audit Regulations (2015) to conduct a review at least once a year of its system of internal control and include a statement reporting on the review with any published Statement of Accounts. For a local authority in England that statement is the Annual Governance Statement as will be presented to this Committee with the Statement of Accounts in May.

- 1.3 One of the principles of good governance as defined by the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) is: Managing risks and performance through internal control and strong public financial management.
- 1.4 Risk Management forms an integral part of the Annual Governance Statement which is concerned with demonstrating that the Council has adequate and effective internal control arrangements in place for dealing with key business risks.
- 1.5 The purpose of this report is to update the Council's Risk & Opportunity Management Policy (attached as Appendix A) for the 2020/21 financial year. For ease of reference the changes to the document have been tracked. The necessity to have adequate mitigating actions in place has been strengthened.

## 2.0 Risk Appetite/Tolerance and Reporting

- 2.1 Risk appetite is best summarised as 'the amount of risk an organisation is willing to seek or accept in pursuit of its long term objectives'. The Council aims to be risk aware, but not overly risk averse and to actively manage business risks to protect and grow the organisation. The Council's risk appetite scoring diagram or matrix is shown in section 2.2.
- 2.2 Risk tolerance is the level of risk which is acceptable to the Council. The Council's present tolerance levels are:
  - **5 or less – Low,**
  - **6 to 12 – Medium,**
  - **15 to 25 - High.**

The matrix looks like this:

Impact	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
Likelihood						

- 2.3 Risks scoring 10 and above are reported to Committees on the Performance and Risk reports 6 times a year from SPAR, the Corporate Service Performance and Risk Management system.
- 2.4 It is not proposed to change the Council's tolerance level or reporting arrangements at this time.

### **3.0 Conclusion**

- 3.1 Risk & Opportunity Management is not a separate initiative, but is a demonstration of good management practice. The Council has an obligation to provide assurance to Members and the Community that the principles of good governance, including Risk & Opportunity Management are reflected in the activities of the Council.
- 3.2 Approval of the Risk & Opportunity Management Policy (Appendix A) will assist with the Council embedding Risk and Opportunity Management and demonstrating good Governance principles.

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**Circulation of the Report:** Cllr Bob Deed and Management Team