

<p>GOVERNANCE AND AUDIT COMMITTEE</p> <p>9th November 2021</p>	<p>AGENDA ITEM NO. 4</p>
<p>REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES</p>	<p>GOVERNANCE AND AUDIT COMMITTEE – STRATEGIC RISK REGISTER UPDATE</p>

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1. PURPOSE OF THE REPORT

1.1 The purpose of this report is to present the Council’s updated Strategic Risk Register for 2021/22 in line with the Governance and Audit Committee’s Terms of Reference.

2. RECOMMENDATIONS

It is recommended that Members:

2.1 Consider the updated Strategic Risk Register for 2021/22 (**Appendix 1**) and seek assurance, where required, on the arrangements in place.

2.2 Agree to receive Strategic Risk updates in line with the Committee’s Workplan and Terms of Reference.

3. REASONS FOR RECOMMENDATIONS

3.1 To ensure the Governance and Audit Committee is kept up-to-date with the Council’s risk profile and monitors the effectiveness of risk management arrangements in place.

4. BACKGROUND INFORMATION

4.1 The Governance and Audit Committee’s Terms of Reference states its Statement of Purpose is:

The Governance and Audit Committee is a key component of Rhondda Cynon Taf County Borough Council's corporate governance. It provides independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Governance and Audit Committee is to provide independent assurance to the Members of Rhondda Cynon Taf County Borough Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of Rhondda Cynon Taf County Borough Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

- 4.2 In addition, Section C of the Committee's Terms of Reference goes on to identify the following responsibility in respect of the Council's Risk Management arrangements:

Review, scrutinise and issue reports and recommendations on the appropriateness of the Authority's risk management, internal control and corporate governance arrangements, and providing the opportunity for direct discussion with the auditor(s) on these.

- 4.3 In line with the Terms of Reference and the CIPFA publication 'Audit Committees – Practical Guidance Note for Local Authorities & Police, 2018 Edition', a range of information is reported to the Governance and Audit Committee to enable the effective discharge of its risk management responsibilities, as set out in Table 1.

Table 1 – Risk Management related information reported to the Governance and Audit Committee

CIPFA Practical Guidance	Information Reported to the Governance and Audit Committee
Having assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top-level ownership and accountability for risks	<ul style="list-style-type: none"> • The Governance and Audit Committee reviews and oversees the Council's Risk Management Strategy, providing support and challenge. Where the Committee determines changes are required, it approves / recommends updates to the Strategy. • Operational risk management arrangements across the Council have independent oversight through its inclusion within the Internal Audit - Audit Plan, the results of which are reported to the Governance and Audit Committee. • The Governance and Audit Committee considers and comments on the Council's and Pension Fund draft certified Statement of Accounts (SoAs)¹ and

¹ Draft certified Statement of Accounts – the Governance and Audit Committee also considers the draft certified Statement of Accounts for the Central South Consortium Joint Education Services Joint Committee and the Annual

	receives an update from Audit Wales on key issues identified from the external audit of the closure of accounts process prior to a final audited SoAs being
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CIPFA Practical Guidance	Information Reported to the Governance and Audit Committee
Having assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top level ownership and accountability for risks (CONTINUED)	<p>reported to full Council. Following completion of the audit process, areas for improvement identified by Audit Wales for the Council to address are reported to the Governance and Audit Committee (alongside an update from the Council on how it intends to address the areas for improvement).</p> <ul style="list-style-type: none"> • The Governance and Audit Committee reviews and agrees a recommended version of the Council's Annual Governance Statement (AGS) for inclusion within the Council's SoAs. • The Governance and Audit Committee considers half yearly updates on the progress the Council is making to implement recommendations made within the AGS.
Keeping up to date with the risk profile and the effectiveness of risk management actions	<ul style="list-style-type: none"> • The Governance and Audit Committee receives Strategic Risk updates from designated Lead Officers (for example, delivery of the 21st Century School Programme and Workforce Planning) to ensure the Committee has visibility of the Council's Strategic Risks, the <u>arrangements</u> in place to manage them and enable direct discussion with the relevant officers. • The Governance and Audit Committee receives updates in respect of: <ul style="list-style-type: none"> ○ The conclusions of individual audit assignments undertaken by Internal Audit (to enable the Committee to form an opinion on the standard of internal control in operation across the Council) and the option to receive more detailed information where further assurance is required; ○ Counter fraud updates; ○ Anti-fraud, bribery and corruption and whistle-blowing annual reports; and ○ The Head of Internal Audit Annual Report.
Monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management.	<ul style="list-style-type: none"> • The Governance and Audit Committee receives Audit Wales reports on the Council's governance arrangements that include recommendations for improvement accompanied by the actions the Council is taking to address the recommendations. This enables the Committee to form a view on the extent of progress the Council is making to implement the recommendations. • The Governance and Audit Committee utilises the provision of 'Follow-up Reviews' where the standard of internal control on individual audit assignments is deemed to be insufficient, demonstrating the Committee's recognition of risk and taking pro-active steps to support improvement where deemed appropriate to do so.

4.4 Members will also be aware that:

- The Finance and Performance Scrutiny Committee has responsibility for reviewing and scrutinising the Council's Strategic Risk Register as part of quarterly Performance Reports (and in doing so integrates strategic risk monitoring with Corporate Plan priority reporting); and
- In line with the Local Government and Elections (Wales) Act 2021, the Governance and Audit Committee has responsibility for considering the Council's Annual Performance Self-Assessment

and Independent Panel Performance Assessment, with effect from the 2021/22 financial year.

5. STRATEGIC RISK REGISTER 2021/22

5.1 The Council's Strategic Risk Register has been reviewed and updated to take account of the changing internal and external operating environment and signed off by the Senior Leadership Team. In terms of reporting arrangements, as Members will be aware, Strategic Risk Register updates form part of the Council's quarterly Performance Reports that are presented to Cabinet and thereafter scrutinised by the Finance and Performance Scrutiny Committee.

5.2 For the Committee's information, revisions incorporated into the 2021/22 Strategic Risk Register as part of the review and update process were:

- Updating risk descriptions to ensure they continue to be focussed on the key areas of risk to be managed by the Council, for example, the on-going implications of Covid-19; workforce health and well-being and recruitment and retention; increasing pressures within demand led services; and imminent national reforms in respect of the education curriculum and additional learning needs;
- The removal of the specific Brexit related risk, with this area being incorporated within an existing risk associated with the Council's overall recovery arrangements from the Covid-19 pandemic; and
- A new risk in respect of the physical impacts of climate change as a result of the likelihood of increased frequency of extreme weather events.

5.3 The latest Strategic Risk Register position statement, as included within the Council's Quarter 1 Performance Report, is set out at Appendix 1.

5.4 In line with the Governance and Audit Committee's Terms of Reference, Members are requested to:

- Consider the Strategic Risk Register and seek assurance, where required, on the arrangements in place; and
- Agree to receive Strategic Risk updates in line with the Committee's Workplan and Terms of Reference.

6. EQUALITY AND DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY

6.1 There are no equality and diversity or socio-economic duty implications as a result of the recommendations set out in the report.

7. CONSULTATION

7.1 There are no consultation implications as a result of the recommendations set out in the report.

8. FINANCIAL IMPLICATION(S)

8.1 There are no financial implications as a result of the recommendations set out in the report.

9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

9.1 The Council's risk management arrangements satisfies the requirements placed upon it as set out within:

- Accounts and Audit (Wales) Regulations 2018 (regulation 4);
- CIPFA/SOLACE Delivering Good Governance in Local Government – Core Principle F - Managing risks and performance through robust internal control and strong public financial management; and
- Well-being of Future Generations (Wales) Act 2015.

10. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT.

THE COUNCIL'S CORPORATE PLAN PRIORITIES

10.1 The work of the Council's Governance and Audit Committee aims to support the delivery of the priorities contained within the Council's Corporate Plan 2020-2024 'Making a Difference', in particular 'Living Within Our Means' through ensuring that appropriate governance arrangements are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

10.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

11. CONCLUSION

- 11.1 The Governance and Audit Committee plays a key role in supporting and challenging the Council's risk management arrangements and providing on-going independent assurance around the adequacy of those arrangements.
- 11.2 The on-going reporting of strategic risk updates to the Governance and Audit Committee, alongside other risk management related information, will ensure the Committee continues to effectively discharge its responsibilities as set out within the Terms of Reference.

Other Information:-

Relevant Scrutiny Committee
Not applicable.

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LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

9th November 2021

**GOVERNANCE AND AUDIT COMMITTEE – STRATEGIC RISK REGISTER
UPDATE**

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Item: 4

Background Papers

None.

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