Summary Sheet

Council Report:
Audit Committee

Title:
KPMG Risk Register Analysis

Is this a Key Decision and has it been included on the Forward Plan?
No

Strategic Director Approving Submission of the Report:
Shokat Lal (*Assistant Chief Executive*)

Report Author(s):
Simon Dennis *(Interim Corporate Risk Manager)*

Ward(s) Affected:
None

Executive Summary:
The Council's auditors, KPMG, have produced a comparison of risk management arrangements and risks across all of their local government clients. This report draws member's attention to the contents of the KPMG document and compares Rotherham's arrangements and risks to its findings.

The report demonstrates that the Council's Risk Registers and Risk Management processes are in line with the processes and risks in place at a majority of other local authorities. Where differences have been identified, they will be considered in the course of the revision of the Risk Strategy and Policy which is taking place over the summer.

Recommendations:

- **The Audit Committee is asked to consider and note the attached KPMG Local Authority Corporate Risk Register Analysis Report**

List of Appendices Included:
KPMG Local Authority Corporate Risk Register Analysis.

Background Papers:
Report to Audit Committee; 17 September 2014, KPMG Comparison of Corporate Risks

Report to Audit Committee; Strategic Risk Register (restricted), 27 April 2016

Consideration by any other Council Committee, Scrutiny or Advisory Panel:
None.

Council Approval Required:
No

Exempt from the Press and Public:

No

Title:
Strategic Risk Register

1. **Recommendation**

   - **The Audit Committee is asked to consider and note the attached KPMG Local Authority Corporate Risk Register Analysis Report**

2. **Background**

   2.1 KPMG periodically produce a comparison of Risk Registers across their local authority clients. We have received the most recent version of this report and it is attached as an appendix.

   2.2 The report provides the Committee with important comparative information on the content of other local authority's risk registers and, provides some external assurance that Rotherham Council's Risk Registers include the risks that are relevant to the Council's operations.

3. **Key Issues**

   Specific Risks

   3.1 KPMG's report highlights the following eight risks as the most frequently occurring on Local Authority risk registers:

   - Delivering the financial plan;
   - Business Continuity/Disaster Recovery/Emergency Planning;
   - Data loss/Information Security/Information Governance;
   - Staff Morale;
   - Safeguarding vulnerable children and adults;
   - Delivering major projects;
   - Asset Management;
   - Planning and Development;

   KPMG conclude that each of the above risks appear on the Strategic Risk Register in one form or another.

   3.2 The following table sets out where the individual risks are captured in the Council's Risk Registers and provides a short commentary where they do not clearly appear on the Strategic Risk Register:

KPMG Identified Risk	Comments
Delivering the financial plan	Included within Strategic Risk Register as risk S16.
Business Continuity/Disaster Recovery/Emergency Planning	Included within Strategic Risk Register as risk S19.
Data loss/ Information Security/Information Governance	Risk does not appear on the Strategic Risk Register. However, data security appears on the Finance and Customer Services Register as FCS4 and also on the CIDS Risk Register. It is not considered appropriate to include this as a strategic risk at this point.
Staff Morale	This is implicitly included in Strategic Risk S15 but is not explicitly included in any risk register. We will consider the potential for inclusion in either the Strategic Risk Register or the Assistant Chief Executive's Risk Register following the results of the Pulse Survey.
Safeguarding vulnerable children and adults	Appears within Strategic Risk Register as risk S01.
Delivering Major Projects	Risks associated with major projects are assessed as part of the management of the projects. Specific large scale projects – such as the Implementation Plan and delivery of the Rotherham Show – appear on the Strategic Risk Register when considered to be significant.
Asset Management	Appears within Strategic Risk Register in part as risk S27 and additionally as Risk 67 in Planning, Regeneration and Transport Risk Register.
Planning and Development	Appears within Strategic Risk Register as S10 and additionally captured in the Planning Regeneration and Transport Risk Register at Risks 43 to 52.

3.3 Whilst not all of the risks identified by KPMG appear explicitly on the Strategic Risk Register, it should be noted that only the first two risks (Financial Plan and Business Continuity) appear on the majority of Local Authority risk registers. In every other case the risks appear on less than a third of risk registers. Where the risk does not currently appear on Rotherham's Strategic Risk Register, an equivalent risk does

appear in the relevant Directorate or Service Risk Register as appropriate.

Risk Register Reporting and Responsibilities

3.4   KPMG's report also sets out the key characteristics of their client's risk management systems. The following table sets out the characteristics identified and compares it to Rotherham's current system:

Characteristic	% of authorities with characteristic	Rotherham System
Risk scored on impact and probability	> 90%	Included
Risk allocated to lead officer	> 90%	Included
Mitigating controls in place	90%	Included
Register identifies movement of risk	> 50%	Not currently included
Clarity on when specific risks will be reviewed	> 40%	Included
Risks allocated to leading members	> 10%	Not currently included

3.5   Whilst the Risk Register process includes the majority of the characteristics that KPMG had identified in their survey, the Register does not currently include an indication of the movement of the risk. We will consider the potential for including such an indicator when we review the Risk Management Policy and Strategic over the summer.

Risk Management Software

3.6   Nearly 75% of all Councils do not use specific Risk Management software. Since the JCAD system was decommissioned as part of the Improvement Plan, Rotherham has used a combination of Excel Spreadsheets and SharePoint to record its risks. Recommissioning of a bespoke system in the future is a possibility, but the focus for the time being is on ensuring that Risk Management processes are embedded across the Council.

Board Assurance Frameworks

3.7   The final section of KPMG's report identifies that Board Assurance Frameworks and Mapping are becoming common in the Public Sector, but have not yet been adopted on a wide scale by Local Authorities. The Risk Management system at Rotherham does link to the Council's Strategic Objectives, but the risk registers do not currently record assurances and control effectiveness.

3.8 The scope for inclusion of a wider assurance framework within Risk Management will be considered in the course of the review of the Risk Management Policy and Strategy over the summer.

4. Options considered and recommended proposal
4.1 Not applicable.

5. Consultation
5.1 Not applicable.

6. Timetable and Accountability for Implementing this Decision
6.1 Not applicable.

7. Financial and Procurement Implications
7.1 The risks contained in the register require ongoing management action. In some cases additional resources may be necessary to implement the relevant actions or mitigate risks. Any additional costs associated with the risks are reported to Strategic Leadership Team, Commissioners and elected Members for consideration.

8. Legal Implications
8.1 There are no direct legal implications arising from this risk register comparison. Any actions taken by the Council in response to risks identified will take into account any specific legal implications.

9. Human Resources Implications
9.1 There are no Human Resources implications associated with the proposals.

10. Implications for Children and Young People and Vulnerable Adults
10.1 None..

11. Equalities and Human Rights Implications
11.1 None.

12. Implications for Partners and Other Directorates
12.1 None.

13. Risks and Mitigation
13.1 It is important to review the effectiveness of our approach to capturing, managing and reporting risks on an ongoing basis. SLT will review and update the risk register on a six-weekly basis, to ensure risks relating to the Council's key priorities are able to be effectively monitored and managed by SLT, Commissioners and elected Members. The risk register and accompanying action plans show the risk management arrangements in place for mitigating risks.

14. Accountable Officer(s):

Simon Dennis (Interim Corporate Risk Manager)

Approvals Obtained from:-

Strategic Director of Finance and Customer Services: Judith Badger

Assistant Director of Legal Services: Dermot Pearson

Head of Procurement (if appropriate): Not Applicable

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