AUDIT COMMITTEE
QUESTIONS FROM MEMBERS OF COMMITTEE

At Audit Committee on the 10ᵗʰ January, a number of observations were made with regard to the Risk Management process and register. It was agreed that these would be minuted and then discussed at the next meeting of the Risk Management Group. The Group met on the 31ˢᵗ March and reviewed the comments. The comments and the Group's response are detailed below. The Group further reviewed these comments at its meeting on the 16ᵗʰ June and up-dated responses where it was felt necessary.

Policy Documents

Members queried if the Corporate Risk Register was submitted to Full Council. The Finance Manager confirmed that it was considered and reviewed by this Committee. It was suggested that all Councillors needed to consider and review the Corporate Risk Register.	To confirm that the Risk Register is not presented to Full Council as it is considered that the Audit Committee is the best place for this. Full Council do however approve the Risk Management Policy and Framework.
Members queried how new risks were identified and added to the Corporate Risk Register and the Finance Manager explained the process. Members commented that this should be reviewed.	At each meeting of the Risk Management Group members will discuss any new risks that have been identified and decide whether to include on the register. These risks can be new risks that members of the group are aware of, be risks escalated from the directorates via the Directorate reps on the Group or as suggested by the Head of Internal Audit, as adviser to the Group, who also has knowledge of risks being included on the register of similar councils.
Members stated that Risk Management training needed to be provided for all Councillors and refresher training carried out for Service Leads, having regard to the time that had elapsed since such training had been carried out.	Training has been arranged and will take place for Members on the 27ᵗʰ June 2022. An officer training session has also been arranged and will take place on the 13ᵗʰ July.
With regard to the Impact Guidance in Appendix 5 of the Risk Management Policy, Members commented that the descriptions seemed very vague and were open to different interpretations by different people. Therefore, some form of quantified numerical guidance was required, such as percentage rates or probability rates, to assist the assessment process.	It is acknowledged that the wording here is not specific, but it has to be flexible enough to be applied to all risks, which does mean that some level of subjectivity is required.

Members queried how the risk appetite of 15 had been established and the reasons for this. The Council needed a proper definition of its risk appetite and a justification for it. The Risk Scoring Matrix also needed to be reviewed to include real examples of what the scoring meant in terms of impact and likelihood.	The Council has had a risk appetite of 15 for some while. Officers continue to believe that this is the right level at which risks with a residual score higher than this should be reported onto Full Council. Clearly if Audit Committee wish to change this score, it is within their remit to do so.
A Member commented that the 'Action RAG' column in the Corporate Risk Register had not been completed in every case and a number of the entries in the 'Target Date' column were shown as 'ongoing'.	This was reviewed at the Risk Management Group meeting and new actions added, but it was noted that in many cases the key controls were adequate and no specific additional actions were being taken forward.
A Member queried the relationship between Internal Audit (IA) reports and the reflection of risks in the Corporate Risk Register, using the examples of the IA report on contract compliance and the statement that out of date versions of corporate policies were published on the internet/intranet.	The Group's opinion was that these are reflected in the scores allocated. It was noted, for example, that the risk score for cyber security had been increased in recent months.

Risk Register

Risk A2 – How is the rating for this risk in relation to ECTC based upon the £500,000 figure evidenced?	While the loan to ECTC is more than this amount, because of the on-going monitoring of the Company's accounts and the debenture to be put in place with the new loan facility, it is considered extremely unlikely that the full value of the loan would ever be lost.
Why is there a single risk for the two Trading Companies when both different in nature and consequences of failure? Should be listed and risk rated separately. How does Risk Management Group evidence decision to keep together as key controls the same?	The risk here relates to the Governance of the Trading Companies, and as both have the same governance arrangement it is felt appropriate to combine them in this way.
Risk A3 – How is the rating for this risk evidenced bearing in mind only 57 affordable housing units completed on a target of 130 per year?	There is no set target. The Council secures affordable housing through the planning process through Section 106 Agreements and works with other organisations wherever possible to bring Affordable Housing forward. The Council encourages a range of tenures of affordable housing.

Risk B3 – How evidence issues and assessment relating to Brexit and Covid in relation to ECSS shortage of HGV drivers? Why is this risk not correlated/reflected in Risk D8 on staff recruitment, absence and retention?	There is no suggestion that Brexit alone caused the driver shortage, but instead it was a number of issues which cumulatively caused the problem. With the immediate concern over Brexit having now passed, it was agreed to remove this risk from the Register and include any on-going residual threat under C1.
Risk C2 – Outlook issue in January 2022 may have been supplier issue, but how evidence that correct controls in place to deal with such issues? Also happened on 1 January but Members/public not notified of issue until 4 January. Need to consider how effectively notify Members/public, etc, under such circumstances, e.g. blanket texts, posting messages on social media. Disaster Recovery Plan not tested and Cyber Security Review raised a number of issues. How are these to be mitigated by ICT staff when already overstretched and so is the risk rating correct?	These issues have been considered and the risk as shown on the Risk Register amended.
Risk C4 – is risk rating correct when are issues with non-compliance on Local Government Transparency Code and GDPR?	The issue with the Local Government Transparency Code has now been addressed.