

4. INTERNAL CONTROL

How well does the council's internal control environment enable it to manage its significant business risks?

Key line of enquiry

4.1 The council manages its significant business risks

Audit Focus

Evidence that:

- the council has a risk management process in place
- the risk management system covers partnership working

Criteria for Judgement

Level 2

- * **The council has adopted a risk management strategy/policy that has been approved by members.**
- * **The risk management strategy/policy requires the council to:**
 - identify corporate and operational risks
 - assess the risks for likelihood and impact
 - identify mitigating controls
 - allocate responsibility for the mitigating controls.
- * **The council maintains and reviews a register of its corporate business risks linking them to strategic business objectives and assigning ownership for each risk.**
- * **Member responsibility for corporate risk management is identified in the terms of reference of one or more committees as appropriate.**
- * **Reports to support strategic policy decisions, and project initiation documents, include a risk assessment.**

Level 3

- * **The risk management process is reviewed and updated at least annually.**
- * **The risk management process specifically considers risks in relation to significant partnerships and provides for assurances to be obtained about the management of those risks.**
- * **All appropriate staff are given relevant training and guidance to enable them to take responsibility for managing risk within their own working environment. (now bold)**
- * **The members with specific responsibility for risk management have received risk management awareness training.**
- * **Members with responsibility for corporate risk management receive reports on a regular basis and take appropriate action to ensure that corporate business risks are being actively managed, including reporting to full council as appropriate.**

Level 4

- A senior officer and member jointly champion and take responsibility for embedding risk management throughout the council.
- The council can demonstrate that it has embedded risk management in its corporate business processes, including:
- strategic planning
 - financial planning
 - policy making and review
 - performance management.
- All members receive risk management awareness training.
- The council considers positive risks (opportunities) as well as negative risks (threats).