

Swindon Internal Audit Services

Chief Executive's

Strictly Private and Confidential

Risk Management 2009/10

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1 Executive Summary

- 1.1 The review was carried out as part of the Internal Audit planned work for the year 2009/10 in order to provide assurance to the Group Director, Business Transformation and Corporate Board that the Council's arrangements for risk management are robust and effective.
- 1.2 Risk Management is a key feature of public sector management and is integral to the Corporate Governance Framework. Good risk management allows an organisation to have increased confidence in achieving its desired outcomes, to effectively constrain threats to acceptable levels and to take informed decisions about exploiting opportunities. It also allows stakeholders to have increased confidence in the organisation's corporate governance and ability to deliver.
- 1.3 The approach to the audit is risk based and these have been identified and agreed with the Head of Performance and Risk prior to the commencement of the review. The key risk is of Corporate, Group and Local Aims and Objectives not being achieved through the risk management process not being effective.
- 1.4 Key controls were identified which would mitigate the above risk. The result of audit testing in relation to compliance within the controls identified indicated that significant improvements are required. The system is defined as one of high materiality and impact and therefore combining this with the opinion on internal controls gives an overall risk rating to the Council of '**of concern**'. The main areas of concerns are as follows:
- A common approach to managing risks is in place however this is not consistently followed. A quality assurance role process should be implemented to ensure that all service areas produce risk registers on a timely basis and follow risk management guidance to achieve consistency and required standards.
 - Following the restructuring of the corporate risk and performance functions under the Head of Performance and Risk, the supporting structure and role of risk and performance champions should also be reviewed. This will ensure that that performance is aligned and linked to individual risks as an aid to risk monitoring. The risk strategy makes reference to performance management, but this may need to be reviewed in light of changes regarding the role of risk and performance champions.
 - In accordance with the risk strategy, roles and responsibilities, the Corporate Risk Management Group meetings should be recommenced without delay and thereafter held quarterly as per the terms and conditions of the group. In the event that these meetings are not held quarterly, Corporate Board and Audit Committee should be advised (as per the communication structure set out in the strategy) and action taken where appropriate.
 - The reporting structure for risk management should be reviewed to include full reporting at all levels i.e. department, directorate, group directorate and corporate. Risk and performance champions should be identified at operational levels of the Council and tasked in assisting with embedding risk management across the Council. Responsibility should also be assigned for

the completion of risk registers and the risk management process within the Directorates.

- The PCT partnership risk registers and reporting process should be reviewed as a matter of urgency to ensure that risks are appropriately considered prior to decision-making.

1.5 The following good practice was identified during the course of the audit:

- The Councils' constitution is available for staff on the intranet and includes an appendix that relates to the risk management of the Council. It clearly sets out the responsibilities of the Chief Executive, Director of Finance and Chief Officers.
- Corporate Board approved an updated corporate risk management strategy on 29th April 2009. The strategy was communicated to officers and members and also presented to Audit Committee on 22nd September 2009. The strategy is supported by two new procedural documents, the *How to guide to risk management* and the *Risk Management template* with integral guidance notes. This information is available on the Intranet.
- The Head of Performance and Risk attends Corporate Board at least quarterly to lead a review of the Corporate risk register and to discuss significant risk issues with Corporate Board as part of the Quarterly Business Review process. Both Government Connect and Safeguarding risks have been reviewed and as recommended in the last audit, these have now been escalated to the Corporate Risk Register.
- A reporting structure at a strategic level is in place and requires quarterly reporting to the CRMG, Corporate Board, 6 monthly to cabinet and 3 reports per annum to the Audit Committee.
- The Quarterly Business Review process is intended to review significant risks and control measures as part of performance management.
- A range of risk management training modules has been developed for different officers and members and the Head of Performance and Risk maintains a log of training completed to date. A Brief Guide to Risk Management has been produced, this is included in staff induction training pack
- The Head of Internal Audit and the Head of Performance and Risk have agreed a process where by all significant or of concern audit reports are now being sent to the Head of Performance and Risk to enable follow-up on any risk management issues. Also, a report on 'significant' and 'of concern' audit opinions is presented by the Head of Internal Audit to Corporate Board quarterly as part of the Quarterly Business Review.
- Partnership risk registers are in place for all LAA blocks and the Capita Contract.
- A single line of reporting risks separately for Housing and Leisure and also Social Care has been agreed.

2 Introduction

- 2.1 An internal audit review of the internal control arrangements supporting the Council's risk management culture, processes and structures was carried out as part of the agreed Internal Audit Plan for the year 2009/10. This is intended to provide assurance to the Director, Partnership and Policy that the systems of internal control are operating adequately and effectively.
- 2.2 Risk management is defined as an activity directed towards the assessing, mitigating and monitoring of risks. In businesses, risk management entails organised activity to manage uncertainty, threats and opportunities and involves people following procedures and using tools in order to ensure conformance with risk-management strategies and policies. A robust risk management process is key to corporate governance within the Council.
- 2.3 The Council approach to risk management is "top down". This approach is where corporate risks are identified along with methodology, strategy and policy and this is cascaded to the service areas of the Council through Group and Directorate risk registers and meetings. The Council is working towards an embedded risk management process where risk is managed at all levels and elevation of risk is undertaken.
- 2.4 Key Lines of Enquiry (KLOEs) are set out by the Audit Commission and used for the Use of Resource Assessments undertaken on an annual basis as part of the Corporate Area Assessment. KLOE 2.4 is titled "*Does the organisation manage its risks and maintain sound systems of Internal control?*" This KLOE focuses on the Council's risk management and covers partnership working, strategy and effective arrangements including allocation of appropriate resources to risk management and to manage the risk of fraud and corruption. The key controls which would be expected to be in place for this KLOE are as follows:
- Regular reviews and updates of corporate and service area risk registers.
 - Risk registers link to strategic objectives.
 - Named individuals are assigned to lead on action identified to mitigate each risk.
 - Consideration of risks relating to significant partnerships and officer assurances about the management of those risks.
 - Mainstreaming of partnership risk into organisational risk management reviews and reporting on this regularly.
- 2.5 The Audit Commission's overall approach to Use of Resources states that the assessment considers how well organisations are managing and using their resources to deliver value for money and better and sustainable outcomes for local people. This focus on outcomes differs, in part, from Internal Audit's approach which is to concentrate on internal controls and effective processes, and it might therefore be expected that the conclusions set out in this report differ from the findings and conclusions of the Use of Resources assessment.

- 2.6 A British standard published by the BSI and came into effect on the 31st October 2008 and is referenced as BS31100: 2008. This document is a code of practice that provides guidance and recommendations in relation to risk management.

3 Approach

- 3.1 Managers determine the extent of internal control in their systems and are responsible for providing an environment that ensures that resources are properly applied, value for money is secured, fraud and other losses prevented, and the Council's Financial Regulations are complied with.
- 3.2 Internal Audit, as a service to the Directorate and the Council as a whole, contributes to internal control by examining and evaluating its adequacy and effectiveness. The auditor's responsibility is to form an independent opinion, based on the audit work undertaken, on the reliability of the systems of internal control, risk management and governance, reviewed and report this to the Director of Finance and to other relevant Managers.
- 3.3 In accordance with best practice, a risk-based approach was adopted that identified the key risks to the business objectives and those mitigating actions/controls that should be in place. The auditor then assessed the effectiveness of the mitigating controls through examination of relevant documents, procedures and detailed testing.
- 3.4 The Head of Performance and Risk was consulted during the course of the review and examination and testing of relevant documentation and procedures took place including risk register provided by service areas.

4 Risk Areas Examined

- 4.1 The key risks to the achievement of the business objectives were discussed and agreed with the Head of Finance, Corporate and shared with Capita Finance as part of the Audit Terms of Reference. The table below summarises the key risk areas examined during the review and provides an assessment of the adequacy of the mitigating controls in place for each area of risk examined:

Risk Area Examined	Audit Conclusion re. Mitigating controls
<ul style="list-style-type: none">Effectiveness of risk management process	Significant Improvements required

5 Overall Opinion

- 5.1 **Materiality and impact: High.** Effective Risk Management is a requirement of sound corporate governance and is a key process to ensure that the Council's strategic and operational objectives are achieved. The Council's risk Management Process would therefore be of a high materiality and would have a high impact if there were a major failure of the system.
- 5.2 **Changes since last audit:** Responsibility for both performance and risk management has been restructured with reporting to the Head of Performance and Risk. The current Head of Performance and Risk is taking maternity leave from February 2010 and an interim appointment made to cover this period.
- 5.3 **Opinion on system controls: Significant Improvement Required** (see Appendix A) i.e. the auditor completing the review concluded that existing procedures needed to be improved to ensure that they are fully reliable. A number of significant recommendations have been made to improve missing or failing controls.
- 5.4 **Overall assessment of risk:** the combination of the high impact of the system, along with the opinion on the system controls gives an overall risk assessment to the Council as being **of concern**:

		MATERIALITY AND IMPACT		
SYSTEM CONTROL		High	Medium	Low
1	High standard	Moderate	Minimal	Minimal
2	Satisfactory	Moderate	Moderate	Minimal
3	Significant Improvements required	Of Concern	Moderate	Moderate
4	Fundamental weaknesses identified	Significant	Of Concern	Moderate

- 5.5 The following key recommendations should be implemented in order to achieve the improvements required:
- A common approach to managing risks is in place however this is not consistently followed. A quality assurance role process should be implemented to ensure that all service areas produce risk registers on a timely basis and follow risk management guidance to achieve consistency and required standards.

- Following the restructuring of the corporate risk and performance functions under the Head of Performance and Risk, the supporting structure and role of risk and performance champions should also be reviewed. This will ensure that that performance is aligned and linked to individual risks as an aid to risk monitoring. The risk strategy makes reference to performance management, but this may need to be reviewed in light of changes regarding the role of risk and performance champions.
 - In accordance with the risk strategy, roles and responsibilities, the Corporate Risk Management Group meetings should be recommenced without delay and thereafter held quarterly as per the terms and conditions of the group. In the event that these meetings are not held quarterly, Corporate Board and Audit Committee should be advised (as per the communication structure set out in the strategy) and action taken where appropriate.
 - The reporting structure for risk management should be reviewed to include full reporting at all levels i.e. department, directorate, group directorate and corporate. Risk and performance champions should be identified at operational levels of the Council and tasked in assisting with embedding risk management across the Council. Responsibility should also be assigned for the completion of risk registers and the risk management process within the Directorates.
 - The PCT partnership risk registers and reporting process should be reviewed as a matter of urgency to ensure that risks are appropriately considered prior to decision-making.
 - A central repository for performance and risk should be made available in order to present up to date information, particularly for risk registers, as this will also improve the efficiency of monitoring processes.
 - An Information Security Forum has been set up as recommended in the last audit. However, the group is not performing its role of evaluating information technology risks faced by the Council, as meetings have not taken place.
- 5.6 Management's response to the Internal Audit recommendations will included in the action plan at section 8 of the report on completion of the audit.
- 5.7 All of the matters arising are detailed in the action plan, together with suitable recommendations, together with an indication as to whether the matters arising are of a high, medium or low priority. The action plan provides a checklist of the findings of the review, potential consequences, and identifies officers responsible for implementing the recommendations and appropriate time-scales.

6 Secure Procedures

- 6.1 It was noted that the following secure procedures are now an integral part of the risk management system:
- The Councils' constitution is available for staff on the intranet and includes an appendix that relates to the risk management of the Council. It clearly sets out the responsibilities of the Chief Executive, Director of Finance and Chief Officers.

- Corporate Board approved an updated corporate risk management strategy on 29th April 2009. The strategy was communicated to officers and members and also presented to Audit Committee on 22nd September 2009. The strategy is supported by two new procedural documents, the *How to guide to risk management* and the *Risk Management template* with integral guidance notes. This information is available on the Intranet.
- The Head of Performance and Risk attends Corporate Board at least quarterly to lead a review of the Corporate risk register and to discuss significant risk issues with Corporate Board as part of the Quarterly Business Review process. Both Government Connect and Safeguarding risks have been reviewed and as recommended in the last audit, these have now been escalated to the Corporate Risk Register.
- A reporting structure at a strategic level is in place and requires quarterly reporting to the CRMG, Corporate Board, 6 monthly to cabinet and 3 reports per annum to the Audit Committee.
- Terms of Reference (TOR) have been revised for the Corporate Risk Management Group (CRMG). The objectives of the Group include the development of the risk management strategy and process, support the embedding of risk management within the Council and to challenge identified risks. The requirement for quarterly reporting to Corporate Board and the Audit Committee is documented.
- The Quarterly Business Review process is intended to review significant risks and control measures as part of performance management.
- A range of risk management training modules has been developed for different officers and members and the Head of Performance and Risk maintains a log of training completed to date. A Brief Guide to Risk Management has been produced, this is included in staff induction training pack
- The Head of Internal Audit and the Head of Performance and Risk have agreed a process where by all significant or of concern audits are now being sent to the Head of Performance and Risk to enable follow-up on any risk management issues. Also, a report on *significant* and *of concern* audit opinions is presented by the Head of Internal Audit to Corporate Board quarterly as part of the Quarterly Business Review.
- Partnership risk registers are in place for all LAA blocks and the Capita Contract.
- A single line of reporting risks separately for Housing and Leisure and also Social Care has been agreed.

7 Acknowledgement

- 7.1 Internal Audit would like to acknowledge and thank the following Officers and risk register owners who contributed to the review:

Name	Job title
Alex Bedford	Head of Performance and Risk
Nick Hobbs	Head of Internal Audit
John Gilbert	Group Director, Children
Caroline Fowles	Group Director, Housing & Social Care
Celia Carrington	Group Director Environment, Regeneration & Community
Hitesh Patel	Group Director Business Transformation
Stuart McKellar	Director of Finance
Bernie Brannan	Director of Housing and Leisure
Matt Gott	Director of Policy, Performance and Business Policy
David Potter	Director Planning & Transport
Bill Cotton	Director of Economic & Cultural Development
Phil Thomas	Head of Commercial Regulation
Jackie Moyles	Head of StreetSmart
Stephen Taylor	Director of Law and Democratic Services
Shirley Entwistle	Director of Customer Services, Revenues and Benefits
Jack Markiewicz	Director of HR & Change
Lawrence Bunn	Head of Corporate Procurement
Sue Mendham	Partnership Manager
Janet Beattie	Partnership Support Manager

Section 8: Action Plan

The purpose of this action plan is to provide a summary of the matters arising during the audit of Risk Management together with the recommendations to mitigate risks, the manager's response to the recommendations, along with the officer responsible and timescale for implementation. In order for you to identify the most significant matters arising, which affect the reliance that can be placed on the controls reviewed, the recommendations have been prioritised.

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Effectiveness of risk management process			
1.1	<p>Following the 2008/09 audit, the performance and corporate risk management functions have been restructured and the overall service manager is now the Head of Performance and Risk Management.</p> <p>The aim of the new structure is to provide an integrated relationship between business planning, performance and risk management, build capacity and capability and promote challenge to improve focus and outcomes.</p> <p>The structure and role of risk and performance champions is being reviewed as part of this corporate restructuring, however the different way of working has yet to be determined.</p> <p>Although the risk management strategy was updated and approved during 2009 and refers to performance management it does not reflect the role of departmental risk and performance champions.</p>	<p>The supporting structure and role of risk and performance champions should be reviewed in line with the corporate integration of these functions. These champions should ensure that business planning, performance and risk is discussed and reported to the appropriate levels within the Council.</p> <p>The risk management strategy should, where necessary, be reviewed to reflect the role and way of working of departmental risk and performance champions. This is to ensure that business planning and performance is aligned and linked to individual risks as an aid to risk monitoring.</p> <p>High priority</p>	<p>Head of Performance and Risk</p> <p>July 2010</p>	<p>Accepted – this suggested approach is being discussed with Group performance champions in April 2010.</p> <p>However it should be noted that the roles and grades of performance champions vary, and this approach will need to be considered on its merits by each Group, particularly in respect of any additional duties which may be required of the individual.</p>

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Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Effectiveness of risk management process			
1.2	<p>Risk management is not fully embedded within the Council. As such it is not possible to demonstrate that the opportunity and delivery of innovation and service improvements has been achieved across services.</p> <p>Following the issue of the approved risk management strategy in June 2009, there is currently no overall or periodic review to ensure that key roles and responsibilities identified in the strategy are in place and operating accordingly.</p> <p>The Risk and Performance manager has advised that there are still questions over the role of the Corporate Risk Management Group and whether this strategic role may be better placed elsewhere.</p>	<p>The risk management process must be fully embedded within the Council. This is to facilitate the opportunity and delivery of innovation and service improvements.</p> <p>A monitoring process should be implemented to ensure that the risk management strategy key roles and responsibilities are satisfactorily performed as specified. Outcomes, should be provided, where relevant, as part of the quarterly Risk Management status report to Corporate Board and Audit Committee.</p> <p>Resolve the purpose of the Corporate Risk Management Group and reflect any changes in the Risk Management Strategy.</p> <p>Evaluate whether in future the strategic role for Risk Management could be better fulfilled by the Operations Board with an Implementation Group set up to embed practices</p> <p>High priority</p>	<p>Head of Performance and Risk</p> <p>July 2010</p>	<p>Accepted – the monitoring process as undertaken during 2009/10 will carry forward into the Quarterly Business Reviews considered at Corporate and Operations Board.</p> <p>It has been accepted that Operations Board will fulfil the role of overall corporate management group for considering risk and outcomes.</p> <p>Under Operations Board it is envisaged the ‘performance champions’ will fulfil the role of an “<i>Implementation Group</i>” though subject to the caveat at 1.1.</p>

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Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Effectiveness of risk management process			
1.3	<p>The Corporate Risk Management Group (CRMG) has responsibilities for the risk management strategy and its implementation i.e. to support the embedding of risk management as an integral part of the management process. However, the CRMG has not met since June 2009.</p> <p>The Head of Performance and Risk has advised that the next CRMG meeting is yet to be determined.</p> <p>On 18th February 2010, for the first time, the Operations Team reviewed the Quarterly Business Report with reporting to Corporate Board on suggested improvements and recommendations.</p> <p>This included the need for Operations Board to have the authority and access top be able to challenge on performance, risk and business planning as part of decision making processes</p>	<p>Review the roles and responsibilities of the Corporate Risk Management Group and assess whether the group will be effective in implementing and embedding the risk management process. As a part of this process also evaluate the role of Operations Board in effectively taking forward the embedding of performance risk management</p> <p>High priority</p>	<p>Head of Performance and Risk</p> <p>July 2010</p>	As at 1.2.

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Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Effectiveness of risk management process			
1.4	<p>The Council has not assessed the strengths and weaknesses of the risk management systems of the PCT so it is not possible to see how the Council shares risks with the PCT.</p> <p>The process to be used between the Council and the PCT has yet to be agreed and a PCT partnership register is not in place.</p>	<p>The Council should assess and report, to Corporate Board and Audit Committee, the strengths and weaknesses of the PCT risk management systems given that this is a key partnership.</p> <p>There should be visibility and a process to show how the Council and the PCT share risks.</p> <p>A PCT partnership risk registers and reporting process should be completed as a matter of urgency to ensure that risks are appropriately considered prior to decision-making.</p> <p>High priority</p>	<p>Head of Performance and Risk – SBC and the Risk Manager (or equivalent) at the PCT.</p> <p>July 2010</p>	<p>Partially accepted – there will need to be a dialogue between Council and PCT, but not a formal assessment of others' internal management arrangements.</p> <p>However, it has been recognised that work will need to be done with the SSP Executive Group to consider sharing of risks following the launch of DS.</p>

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Effectiveness of risk management process			
1.5	<p>The Council have adopted a matrix for both the likelihood and impact of risk in order to score the risks that are faced by the Council. The requirement to make savings and the economic downturn may affect the information contained in the matrices, in particular the financial risks scoring for impact may require adjustment, the current impacts scoring for financial risk is as follows:</p> <ul style="list-style-type: none"> • Significant (4) – Costing over £1m or up to 75% of the budget • Moderate (3) – costing between £250k and £1m or up to 50% of the budget • Minor (2) – costing between £50k and £250k or up to 25% of the budget • Insignificant (1) – costing less than £50k or up to 10% of the budget. <p>The matrices have not been periodically reviewed to ensure that they remain up to date and in line with the Council's risk appetite.</p> <p>Risks will not be scored consistently and then reporting will be adversely affected.</p>	<p>The Council should ensure that the risk-scoring matrix is up to date and reviewed periodically to ensure that the current risk appetite is achieved through the modelling of risk requirements.</p> <p>High priority</p> <p>Recommendation outstanding from 2008/09 audit.</p>	<p>Head of Performance and Risk</p> <p>July 2010</p>	<p>Accepted - this will be considered with Operations and Corporate Boards in the refreshing of the Corporate Risk Register in 2010.</p>

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Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Effectiveness of risk management process			
1.6	<p>As part of a risk management quality assurance programme the Risk and Performance Manager was to attend service senior management meetings on a rolling 6-month basis. This was to facilitate embedding the risk management process, improve understanding and provide a check of service risks, mitigating actions and risk profiles etc. with service management.</p> <p>However, the Head of Performance and Risk has advised that she has been unable to attend Group/Departmental Senior Management Meetings on a 6 monthly cycle due to time restraints.</p>	<p>The Risk and Performance Manager, or designated deputy, should commit to attending senior management meetings on a rolling 6-month basis. This should facilitate embedding the risk management process and to ensure the quality of this process is achieved to corporate standards i.e. assist in rolling reviews of risk registers in order to keep focus and check mitigating actions and risk profiles etc.</p> <p>The date of Quality Assurance checks conducted by the Head of Performance and Risk, or designated deputy, should be recorded at the foot of the relevant service risk registers.</p> <p>The cycle of these quality assurance visits and outcomes should be reported and monitored as part of the Head of Performance and Risk quarterly update to Corporate Board and Audit Committee.</p> <p>Medium priority</p>	<p>Head of Performance and Risk</p> <p>July 2010</p>	<p>Partially accepted – it is planned for the Head of Performance and Risk (please note title) or member of the Performance and Risk to attend Group LPARs on a quarterly basis.</p> <p>However this is dependent on resourcing, as the team currently has limited resource due to redundancies and subsequent ongoing recruitment</p>

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Effectiveness of risk management process			
1.7	A central repository is not in place to ensure visibility of risk management information, i.e. copies of current risk registers.	<p>A central repository for risk management should be implemented in order to ensure that information is available from the Council. This will assist with embedding the risk management process.</p> <p>Recommendation outstanding from 2008/09 audit.</p> <p>High priority</p>	<p>Head of Performance and Risk</p> <p>July 2010</p>	Accepted – a repository will be set up in tandem with Group performance champions.

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Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Effectiveness of risk management process			
1.8	<p>Following a request by the Head of Internal Audit 17 of a possible 27 Group and Departmental risk registers were forwarded for this review.</p> <p>In addition, risk registers were also received for the Capita contract, Local Area Agreement and a Health and Safety risk register for Environment, Regeneration and Communities.</p> <p>Risk Registers were not forth coming for the following services:-</p> <ul style="list-style-type: none"> • The 5 departments within the Children's Group Directorate. • Commissioning, Interim Service Delivery and Public Health within the Housing and Social Care Group Directorate. • Community (prior to 1.03.10 within Environment, Regeneration and Community) <p>Whilst the risk management strategy states that directors/managers are accountable for risk management within their areas of responsibility, there is no management escalation process to report and take action where this does not happen. The absence of this control compromises the embedding of risk management across the whole organisation and with significant partners.</p>	<p>All Directors/Managers must maintain risk registers in accordance with the risk management strategy and forward a copy of their risk register to the corporate Risk and Performance section quarterly.</p> <p>Group Directors should be reminded of the need to ensure that risk registers are appropriately prepared and monitored for each Directorate under their responsibility.</p> <p>The Head of Performance and Risk should monitor the returns of risk registers every quarter. In the event of these not being forward, report this to Corporate Board and the Audit Committee to decide necessary action.</p> <p>Recommendations outstanding from 2008/09 audit.</p> <p>In the event of any queries or training that may be required to effectively deliver the strategy; this should be raised with the Head of Performance and Risk.</p> <p>High priority</p>	<p>Head of Performance and Risk and in conjunction with Corporate and Operations Board.</p> <p>July 210</p>	<p>Accepted – this will be done through the action at 1.6, dependent on available resourcing within the Performance & Risk Team.</p>

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Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Effectiveness of risk management process			
1.10	<p>Of 18 risk registers received for the review it was noted that the appropriate template is being used. However, the completion of risk registers was not conducted to a consistent standard in accordance with risk management guidance.</p> <p>The following consistency issues arose: -</p> <ul style="list-style-type: none"> • Risks were identified but not scored. • The reasons for risks were not clear. • Aims and objectives are not clearly documented in all risk registers. • Implementation and review dates are included but in some cases these are over a year out of date. • Mitigating controls do not appear to reduce risk to the residual risk scoring. • Risks are not consistently cross-referenced to relevant Group or Corporate risks or National Indicators. • Version control of risk registers is not evident or dates of review included. <p>There are examples of risk management best practice e.g. risk register maintained by the Head of Procurement. This service risk register is submitted on time, completed to a good standard with cross referencing to corporate risks and/or National Indicators.</p>	<p>Best practice should be commended for the high standard and timely submission of their service risk registers e.g. Head of Procurement.</p> <p>Officers with responsibility for maintaining risk registers must follow risk management guidance as issued on the Internet i.e. <i>How to guide</i>.</p> <p>Risk registers should be reviewed through a quality assurance process to ensure that they are fit for purpose. This should be implemented in conjunction with continued training sessions. Improvements to be addressed include:-</p> <ul style="list-style-type: none"> • Risks are identified and scored. • The reasons for risks are clear. • Aims and objectives are clearly documented in all risk registers. • Implementation and review dates are included. • Mitigating controls are relevant and reduce risk to the residual risk scoring. • Risks are cross-referenced to relevant Group and Corporate risks or National Indicators. • Version control of risk registers and dates of review are included. <p>Recommendation outstanding from 2008/09 audit.</p> <p>High priority</p>	<p>Head of Performance and Risk.</p> <p>July 2010</p>	<p>Accepted – the opportunities for training and communication will be explored with SLS. The improvement suggested will form the basis of future guidance through training.</p>

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Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Effectiveness of risk management process			
1.11	<p>An elevation process is not in place to ensure that key risks are elevated to the Corporate Risk register from service areas or for cross cutting risks.</p> <p>There is no clear line of risk management communication or responsibility at the operational level to elevate risks.</p> <p>It is also not possible to conduct a comparison of risk levels across the Council.</p>	<p>A robust process for the elevation of key service risks should be put in place, this should include: -</p> <ul style="list-style-type: none"> a clear line of risk management communication or responsibility at the operational level to elevate risks a process for enabling a comparison of risk levels to be made across the Council. <p>Recommendation outstanding from 2008/09 audit.</p> <p>High priority</p>	<p>Head of Performance and Risk.</p> <p>July 2010</p>	<p>Accepted – although it will also be for the Groups in their LPARs to propose when an issue should be escalated to Corporate level (as well as through Performance & risk Team in the QBR reporting process)</p>
1.12	<p>A network of groups within the Council is required to share information and embed the process. This was found to be incomplete. Best practice risk management models promote a communication strategy and framework to build from corporate objectives and stakeholder communication.</p>	<p>A communications strategy should be produced and this should clearly set out the way in which risk is communicated between all areas of the Council a diagram that shows the interaction has been produced and is shown in Appendix B of this report.</p> <p>Recommendation outstanding from 2008/09 audit.</p> <p>High priority</p>	<p>Head of Performance and Risk.</p> <p>July 2010</p>	<p>Partially accepted – the potential for communicating pertinent guidance on risk management (as well as such other internal issues as data quality) will be explored with the Communications Team.</p>

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Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Effectiveness of risk management process			
1.13	The Corporate Risk Management Group approved the setting up of an Information Security Forum in order to identify Information Technology risks that may impact on the Council. However, this forum is not yet fully effective as meetings have been cancelled due to the Director of HR and Change not being available to attend.	<p>A timetable of Information Security Forum meetings should be set and agreed and the Director of HR and Change.</p> <p>Monitoring and key outcomes from the Information Security Forum meetings should be reported to the Corporate Board and Audit Committee as part of the Head of Performance and Risk quarterly updates.</p> <p>Medium priority</p>	Director of HR and Change	Accepted – this is now being taken forward by the ISF.

Standard Audit Opinions

1. The audit opinion is based on two different criteria the first is the materiality of the system and it's impact on the Council if there was a system failure. This has been split into High, Medium or Low.
2. The second criteria, is the standard of control found within the system audited. This has been categorised into 4 different levels i.e. high; satisfactory; significant improvements required and, fundamental weakness. Each of these categories has a standard opinion (see below).

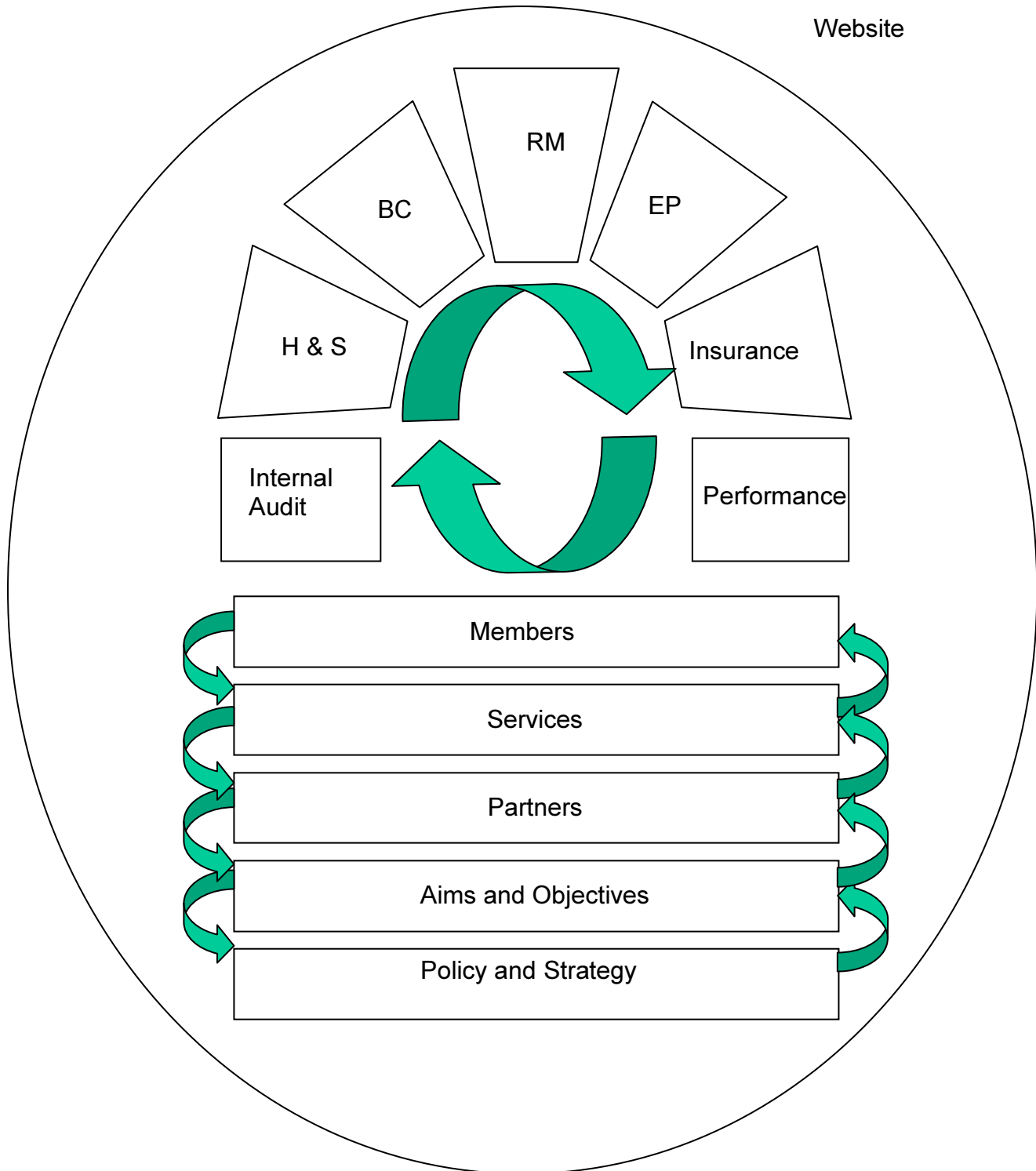
Standard Audit Opinions on System Control
<p>Audit Opinion 1. <i>High Standard</i></p> <p>The auditor completing the review concluded the significant system controls are in place and operating effectively and only minor recommendations have been made.</p>
<p>Audit Opinion 2. <i>Satisfactory Standard</i></p> <p>The auditor completing the review concluded that most of the significant controls are in place and operating satisfactorily although some non-compliance was identified and therefore there is scope for improvement.</p>
<p>Audit Opinion 3. <i>Significant Improvements Required</i></p> <p>The auditor completing the review concluded that existing procedures needed to be improved to ensure that they are fully reliable. A number of significant recommendations have been made to improve missing or failing controls.</p>
<p>Audit Opinion 4. <i>Fundamental Weaknesses Identified</i></p> <p>The auditor completing the review concluded that the matters arising from the review are sufficiently significant to place doubt on the reliability of the procedures reviewed. Implementation of the recommendations made is a priority to ensure that reliance can be placed on the system.</p>

3. The combination of these two factors gives an overall risk assessment to the Council of one of four scores i.e. significant, of concern, moderate or minimal (see section 4 of the main report).

APPENDIX B

Communication Model

Website



Key:
H&S – Health and Safety
BC – Business Continuity
RM – Risk Management
EP – Emergency Planning