

Audit, Pensions and Standards Committee

Agenda

Tuesday 22 March 2016

7.00pm

COMMITTEE ROOM 1 - HAMMERSMITH TOWN HALL

MEMBERSHIP

Administration:	Opposition
Councillor Iain Cassidy (Chair) Councillor Ben Coleman Councillor Adam Connell Councillor PJ Murphy Councillor Guy Vincent	Councillor Michael Adam Councillor Nicholas Botterill Councillor Mark Loveday Councillor Donald Johnson

CONTACT OFFICER: David Abbott
Committee Co-ordinator
Governance and Scrutiny
☎: 020 8753 2063
E-mail: david.abbott@lbhf.gov.uk

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www.lbhf.gov.uk/councillors-and-democracy

Members of the public are welcome to attend. A loop system for hearing impairment is provided, along with disabled access to the building.

Audit, Pensions and Standards Committee Agenda

22 March 2016

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10. LBHF PEER REVIEW OF INTERNAL AUDIT - DECEMBER 2015	125 - 138
11. DATE OF THE NEXT MEETING The next meeting is scheduled for 15 May 2016.	
12. EXCLUSION OF THE PUBLIC AND PRESS The Committee is invited to resolve, under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.	

- 13. EXEMPT MINUTES OF THE PREVIOUS MEETING**
- 14. INTERNAL AUDIT REPORT - CARRIAGE AND FOOTWAY MAINTENANCE**
- 15. INTERNAL AUDIT REPORT - KENMONT PRIMARY SCHOOL**
- 16. INTERNAL AUDIT REPORT - PREMISES LICENSING**

More Information about Declarations of Interest

If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.

At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken.

Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.

Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Audit, Pensions and Standards Committee.

London Borough of Hammersmith & Fulham



Audit, Pensions and Standards Committee Minutes

Wednesday 13 January 2016

PRESENT

Committee members: Councillors Iain Cassidy (Chair), Ben Coleman, Adam Connell, PJ Murphy, Guy Vincent, Mark Loveday, Donald Johnson and Stephen Cowan

Other Councillors: Councillor Stephen Cowan (Leader of the Council)

Guests: Paul Gilmour and Anthony Masleck from Mazars

Officers: Nigel Pallace, Hitesh Jolapara, Debbie Morris, Christopher Harris, Moyra McGarvey, Geoff Drake, Nick Dawe, and David Abbott

1. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 14 December 2015 were agreed as a correct record and were signed by the Chair.

2. APOLOGIES FOR ABSENCE

Apologies for lateness were received from Councillor Donald Johnson.

Apologies for absence were received from Councillors Michael Adam and Nicholas Botterill.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED

That under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items

Minutes are subject to confirmation at the next meeting as a correct record of the proceedings and any amendments arising will be recorded in the minutes of that subsequent meeting.

of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

5. EXEMPT MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the exempt minutes of the meeting held on 14 December 2015 were agreed as a correct record and were signed by the Chair.

6. MANAGED SERVICES PROGRAMME - LESSONS LEARNED REVIEW

Members considered the lessons learned review.

7. LBHF COMMENTS ON LESSONS LEARNED REVIEW

This report was considered together with the Lessons Learned Review.

RESOLVED

The Committed noted the contents of the report.

8. MANAGED SERVICES PROGRAMME - OUTSTANDING AUDIT RECOMMENDATIONS

Geoff Drake presented the report that showed responses to outstanding Internal Audit recommendations raised in regards to the Managed Services Programme. A follow up audit would be undertaken to determine the effectiveness of the actions taken once the recommendations are confirmed as implemented, the results will be presented to the Committee at a later date.

RESOLVED

That the Committee noted the contents of the report.

9. MANAGED SERVICES PROGRAMME - GATE EXIT REPORT

Members considered the report.

10. INTERNAL AUDIT REPORT ON MANAGED SERVICES

Members considered the report.

11. ANNUAL GOVERNANCE STATEMENT - MANAGED SERVICES ACTION PLAN

RESOLVED

The Committed noted the contents of the report.

12. MANAGED SERVICES PROGRAMME TEAM REPORT

RESOLVED

The Committed noted the contents of the report.


Meeting started: 7.00 pm
Meeting ended: 10.00 pm

Chair

Contact officer: David Abbott
Committee Co-ordinator
Governance and Scrutiny
☎: 020 8753 2063
E-mail: david.abbott@lbhf.gov.uk

Minutes are subject to confirmation at the next meeting as a correct record of the proceedings and any amendments arising will be recorded in the minutes of that subsequent meeting.

Agenda Item 4

<p>London Borough of Hammersmith & Fulham</p> <p>AUDIT, PENSIONS AND STANDARDS COMMITTEE</p> <p>22 March 2016</p>	 <p>h&f hammersmith & fulham</p>
CERTIFICATION OF GRANT CLAIMS 2014/15	
Report of the Strategic Finance Director	
Open Report	
Classification: For Information Key Decision: No	
Wards Affected: All	
Accountable Director: Hitesh Jolapara, Strategic Finance Director	
Report Author: Christopher Harris, Head of Corporate Accountancy and Capital	Contact Details: Tel: 020 8753 6440 E-mail: christopher.harris@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. The external auditor, KPMG, has finalised the work to certify the Council's grant claims in respect of the 2014/15 financial year.
- 1.2. KPMG's findings are detailed in the letter appended to this report (appendix 1). In summary:
 - The Housing Benefit Subsidy claim was unqualified. Three minor amendments were made to the Council's initial claim, however the auditor did not identify any qualification issues;
 - There were no issues raised with the Pooling of Housing Capital Receipts return;
 - The Teacher's Pensions EOYC return required two minor adjustments but otherwise no issues were raised;
 - There are no recommendations arising.
- 1.3. The final audit fee of £38,270 was in-line with the indicative fee. The main element of this fee relates to the Housing Benefit Subsidy claim (£31,270) which was set by Public Sector Audit Appointments.

2. RECOMMENDATIONS

2.1. To note the KPMG letter.

3. REASONS FOR DECISION

3.1. Not applicable.

4. EQUALITY IMPLICATIONS

4.1. Not applicable.

5. LEGAL IMPLICATIONS

5.1. Not applicable.

6. FINANCIAL AND RESOURCES IMPLICATIONS

6.1. Not applicable.

7. RISK MANAGEMENT

7.1. Not applicable

8. PROCUREMENT AND IT STRATEGY IMPLICATIONS

8.1. Not applicable.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
	None		

LIST OF APPENDICES:

Appendix 1 – KPMG Certification of Grants and Returns 2014/15 letter



cutting through complexity

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KPMG Annual Report on grants and returns work 2014/15

London Borough of Hammersmith and Fulham

February 2016

The contacts at KPMG in connection with this report are:

Andy Sayers

Partner

Tel: 020 7694 8981
andrew.sayers@kpmg.co.uk

Sally-Anne Eldridge

Senior Manager

Tel: 020 7311 2146
sally-anne.eldridge@kpmg.co.uk

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■ Fees	4

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andy Sayers, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to andrew.sayers@kpmg.co.uk After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

<p>Introduction and background</p>	<p>This report summarises the results of work we have carried out on the Council's 2014/15 grant claims and returns.</p> <p>This includes the work we have completed under the Public Sector Audit Appointment certification arrangements, as well as the work we have completed on other grants/returns under separate engagement terms. The work completed in 2014/15 is:</p> <ul style="list-style-type: none"> ■ Under the Public Sector Audit Appointment arrangements we certified one claim – the Council's 2014/15 Housing Benefit Subsidy claim. This had a value of £150,677,749. ■ Under separate assurance engagements we certified two returns as listed below. <ul style="list-style-type: none"> – Pooling of Housing Capital Receipts return (value £17,091,146); and – Teachers' Pensions EOYCa return (value £7,115,530). 	
<p>Certification results</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 8</p>	<p>Our work on the Council's Housing Benefit Subsidy claim was unqualified.</p> <p>We amended the Council's initial claim, however did not identify any qualification issues.</p> <p>Our work on the other grant assurance engagements resulted in the following reports:</p> <ul style="list-style-type: none"> ■ Pooling of Housing Capital Receipts return – no issues raised; ■ Teacher's Pensions EOYCa return – no issues raised, with two small adjustments required. 	<p>Page 3</p>
<p>Audit adjustments</p>	<p>Three adjustments were necessary to the Council's 2014/15 Housing Benefit Subsidy claim as a result of our certification work this year:</p> <ul style="list-style-type: none"> ■ A £33.5k adjustment in respect of easement cases; ■ A £1k adjustment in respect of incorrect student income; and ■ A £4k amendment in respect of over-claimed overpayments. <p>Two minor adjustments were necessary to the Council's 2014/15 Teachers' Pensions EOYCa return as a result of our certification work and no adjustments were necessary to the Council's Pooling of Housing Capital Receipts return.</p>	<p>Page 3</p>
<p>Fees</p>	<p>The indicative fee for our work on the Council's 2014/15 Housing Benefit Subsidy was set by Public Sector Audit Appointments at £31,270. The actual fee for this work was in line with the indicative fee.</p> <p>Our fees for the other 'assurance' engagements were subject to agreement with the Council and were:</p> <ul style="list-style-type: none"> ■ Pooling of Housing Capital Receipts return – £3,500 + VAT; ■ Teacher's Pensions EOYCa return – £3,500 + VAT. 	<p>Page 4</p>

Summary of certification work outcomes

Overall, we carried out work on three grants and returns:

- one was unqualified with no amendment; and
- two were unqualified but required some amendment to the final figures.

Detailed below is a summary of the reporting outcomes from our work on the Council's 2014/15 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate or assurance report.

A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments	Qualified	Significant adjustment	Minor adjustment	Unqualified
Public Sector Audit Appointments arrangements					
■ Housing Benefit Subsidy	1	x3			
Other assurance engagements					
■ Pooling of Housing Capital Receipts					
■ Teachers' Pensions	2				
		0	0	2	1

The table below summarises the key issues behind each of the adjustments or qualifications that were identified:

Ref	Summary observations	Amendment
1	<p>Housing Benefits Subsidy Claim:</p> <p>Three adjustments were noted in relation to easement cases (£33.5K); incorrect student income (£1k); and over-claimed overpayments (£4k). These were subsequently corrected by management and as such we were able to certify the claim without an accompanying qualification letter.</p>	£38k
2	<p>Teachers' Pensions EOYCa Return:</p> <p>Two adjustments to the return were noted. Firstly, total contributory salary was understated by £39.5k due to two employees being excluded from calculations, this also impacted the total employee and employer contributions stated on the return. The second adjustment was a £0.6k overstatement of both employee and employer refunds, which when investigated was found to be an arrears payment and thus outside the scope of the Teachers' Pensions return.</p>	£40k

Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

Our fees for other assurance engagements on returns are agreed with the Council.

The overall fees we charged for carrying out all our work on claims and returns in 2014/15 was £38,270.

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Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2014/15 (£)	2013/14 (£)
Housing Benefit Subsidy claim	31,270	31,674
Pooling of Housing Capital Receipts	3,500	2,812
Teachers' Pensions EOYCa	3,500	3,500
Total fee	38,270	37,986

Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Council's Housing Benefit Subsidy claim in 2014/15 of £31,270. Our actual fee was the same as the indicative fee, and this compares to the 2013/14 fee for this claim of £31,674.

Grants subject to other assurance engagements

The fees for our assurance work on other returns are agreed directly with the Council. Our fees for 2014/15 were in line with those in 2013/14.



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Agenda Item 5

London Borough of Hammersmith & Fulham AUDIT, PENSIONS AND STANDARDS COMMITTEE 22 March 2016	 hammersmith & fulham
RISK MANAGEMENT IN ADULT SOCIAL CARE & HEALTH	
Report of the Executive Director for Adult Social Care	
Open Report	
Classification: For review and comment	
Key Decision: No	
Wards Affected: All	
Accountable Director: Liz Bruce, Executive Director, Adult Social Care & Health	
Report Authors: Shelley Prince Public Health, Performance Manager Martin Calleja Adult Social Care, Head of Transformation	Contact Details: Tel: 020 7641 7443 sprince@westminster.gov.uk Tel 020 8753 martin.calleja@lbhf.gov.uk

1. EXECUTIVE SUMMARY

- 1.1. The Audit Pensions and Standards Committee has responsibility for reviewing the scrutinising arrangements in place for identifying and managing key risks across the Council.
- 1.2. At its meeting on 11 February 2015, the Committee requested that a forward plan be put in place to enable each department to attend and present, one department per Committee meeting, their risk management arrangements and high-level risk register to the Committee.
- 1.3. In accordance with that forward plan, this risk management report is a joint report covering both Adult Social Care and the Public Health services within the Shared Services Adults Social Care and Health department. It is presented to the Committee for their information and review.

2. RECOMMENDATIONS

- 2.1. The Committee is requested to review the risk management arrangements that have been put in place by both the Adult Social Care and Public Health services

and to endorse the mitigating actions for each key high-level strategic risk identified in Section 4 below and note the respective Strategic Risk Registers attached as Appendices. (**Public Health - Appendix 1**; Adults **Social Care - Appendix 2.**)

3. RISK MANAGEMENT ARRANGEMENTS

3.1. Background

3.1.1 The Public Health service transferred into local government from the NHS on 1 April 2013 and is a shared service across the three authorities (RBKC, LBHF and WCC). Initially a standalone service area, hosted by WCC, it has formed part of the overall Adult Social Care & Health department in the portfolio of the Executive Director, Adult Social Care, since mid-2014. The Director of Public Health reports to the Executive Director, Adult Social Care.

As a WCC-hosted service, the Public Health service initially adopted the WCC corporate Risk Management Strategy as the basis of its risk management arrangements, and over the intervening period has adapted this as necessary to fit its particular situation as a shared service across three boroughs.

3.1.2 Adult Social Care (ASC) services came together across Hammersmith & Fulham, Kensington & Chelsea and Westminster in April 2012, as one of the first three borough, shared services. At the time there were three different corporate, borough based business planning and risk management policies and processes in place. An internal audit of ASC risk management arrangements was carried in 2013. This identified the need for a more robust and consistent approach to risk identification, ownership, management and mitigation across all service areas and embedding this within the business and programme planning processes of the service. With the assistance of Corporate risk colleagues in February 2013 a new risk management policy and process was implemented across ASC. This was followed by an extensive programme of awareness raising and support to management boards and teams to embed the new approach.

3.1.3 In essence both the Public Health and Adult Social Care directorate's approach to risk management is a pragmatic one, based on and complying with the principles of the internationally-recognised Risk Management standard AS/NZS 4360:2004. This Standard is principally concerned with ensuring that health and social care organisations have the basic building blocks in place for managing risk through development and implementation of a robust risk management system. Both services approach to risk management fully conforms to Shared Services corporate risk management standards, including in respect of managing hazards, incidents, complaints and claims.

3.2. Outline of Adult Social Care & Health Risk Management processes

Within Adult Social Care & Health, there is a clearly-defined structure and process in place for capturing and managing risks. This is structured as follows:

3.2.1 Senior Accountable Officers

The Executive Director of ASC and Director of Public Health, are the relevant senior accountable officers, who have the responsibility for ensuring the risks identified by the ASC and Public Health directorates respectively, are managed effectively. The accountable officers champion and have overall ownership of the risk management process. They ensure that appropriate commitment and compliance to the process occurs throughout the services.

3.2.2 Senior Management Teams (Senior Management Team (SMT) in Public Health, Adults Leadership Team (ALT) in Adult Social Care)

A key responsibility of the senior management teams is to:

- monitor, manage and report on risks to the business

The senior management teams have primary responsibility for ensuring that appropriate systems and processes are in place to deliver effective risk management, across all the services for which they are responsible. The senior teams review the strategic risk registers on at least a quarterly basis; this is more frequent with significant strategic risks which are subject to change.

In addition to their key role in reviewing and mitigating current risks, the Adult Social Care Adult Leadership Team and Public Health Senior Management Team also ensure that:

- there is full consideration of risk in the directorates annual business planning processes and that actions from identified risks are fully factored into developing targets and objectives as part of business planning activities;
- there is regular horizon-scanning by all boards and teams for emerging risks, both strategic and operational. All intelligence on such potential new risks are fed into the risk management and business planning processes.

3.2.3 Directors, Deputy Directors & Heads of Service

Each Adult Social Care Director, Public Health Deputy Director & Heads of Service are responsible for ensuring that risk management processes are adopted within their service area and that risks are appropriately and timely managed, i.e. included directorate, programme, project or team Risk Registers and escalated/de-escalated as appropriate.

3.2.4 Line managers and staff

All line managers and staff are expected to:

- Be aware of and comply with each directorate's risk management policy and processes.
- Participate fully in regular risk review processes.

- Assume responsibility for risks and mitigating controls within their own areas of work.

3.2.5 Public Health Strategic Risk Register

The PH strategic risk register holds a record of all identified high-level and strategic risks likely to impact on the service area as a whole. This Risk Register is maintained by the directorate's nominated Risk Officer, with each risk being subject to review on at least a monthly basis.

For ease of reference, all risks in the PH directorate Risk Register are categorised under one of the following four headings:

- **Public Health Risks**
- **Contracts/Finance/Performance Risks**
- **Governance Risks**
- **Public Health Team Risks**

The Public Health Strategic Risk Register is presented quarterly to the Public Health Senior Management Team (SMT) for their review and recommendation on mitigating actions. SMT takes the view that management of these risks will be most effective and efficient when undertaken in common, collective and portfolio terms, rather than on an individual risk by risk basis or appetite by appetite basis varying across different public health teams.

A number of the current strategically significant risks in the Public Health Strategic Risk Register are outlined in section 4 below and a summary is attached as Appendix 1. The full Public Health Risk Register can be made available to members on request.

3.2.6 Adult Social Care Strategic Risk Register

The whole business of adult social care is associated with the management of risk at an individual customer and carer, case level, to strategically meeting the care needs of adult residents.

The Adult Social Care Strategic Risk Register holds a record of all identified high-level and strategic risks likely to impact on the service area as a whole. This Risk Register is maintained by the directorate's nominated Risk Officer, with each risk being subject to ongoing review.

On occasion risks can arise from an individual case which could have strategic significance to the service and Council. All risks are assessed by using the corporate rating for impact and likelihood. Strategic risks are those rated with significant potential impact. These are included in the strategic risk register and reported to Adult Social Care Leadership Team on a quarterly basis as part of routine performance management arrangements.

A number of the current strategically significant risks in the Adult Social Care risk register are outlined in section 4 below and a summary is attached as Appendix

2. The full register can be made available to members on request.

3.2.7 Assessing and Rating risks

All identified risks are assessed by using the corporate scales for rating both impact and likelihood. Impact is assessed across a number of domains:

- **Financial**
- **Reputational**
- **Service Delivery**
- **Impact on Life**
- **Environmental**

Likelihood is evaluated by use of a scale ranging from *Likely to Extremely Unlikely*. A risk score is then derived by multiplying the two resultant values together.

At any time, a risk which is assessed as having a high impact rating, (irrespective of likelihood) is considered a strategic risk. These are included on the strategic risk register and reported to Public Health Senior Management Team and/or Adult Leadership Team at least on a quarterly basis as a key part of performance management arrangements.

3.2.8 Public Health Team Risk Registers

In addition to the Public Health strategic risk register, each of the Public Health Teams manages and maintains its own team risk register. These are intended to identify and hold risks which are more operational in nature, and specific to that team's work. These team risk registers are reviewed at least monthly as a standing item by each team at their scheduled monthly team meeting.

However, both strategic and team risk registers are considered holistically within the Public Health service area. If considered appropriate, risks can be escalated from a team risk register to the corporate risk register or alternatively de-escalated from the corporate risk register to a team risk register in line with monthly reviews of actions taken to address risks and mitigating measures put in place.

3.2.9 Adult Social Care - Board Risk Registers

To ensure effective risk management across the whole of ASC business there are a number of key governance boards which have responsibility for maintaining risk registers. These cover risks related to, transformation, key projects, operations, commissioning, financial, safeguarding and other strategic, operational and service related areas:

- **Portfolio Delivery Steering Group** – covers the whole of the ASC

transformation programme, including 'whole systems' with health, the Better Care Fund and delivery of the medium term financial strategy. Also reviews implementation, delivery and monitoring of impact of new duties as a result of the Care Act.

- **Contracts and Commissioning Board** – covers all procurement and commissioning activities, including the development of new commissioning strategies.
- **Workforce Development Board** – covers the internal workforce issues including, learning and organizational development, staff recruitment and retention.
- **Operations Board** – covers the operational activities of the social work services for older people and adults with a physical or learning disability.
- **Mental Health Management Board** – covers the operational social work services and partnership arrangements with West London Mental Health Trust.
- **Safeguarding Adults Board** – oversees safeguarding strategy and processes across agencies.
- **Home Care Board** – this is a project board, but has strategic significance as it oversees the implementation of the new home care framework contracts and monitors demand for and take up of home care services.
- **Customer Journey Board** – this is a project board, but has strategic significance as it oversees the redesign of social work and community independence services.
- **IT Programme Board** – oversees the implementation of the ASC IT strategy and related systems.
- **Information Governance Board** – shared with Children's Services, oversees information governance and information sharing issues.
- **Provided Services Board** – covers the management and operation of in house provided services for all care groups.
- **Performance Board** – recently established to manage and improve performance across the department .

3.2.10 Governnace structures with Health

There are specific partnership arrangements in place which manage the shared risk with the NHS. These are the:

- **Health & Well-being Board** – a statutory requirement in all boroughs, the H&F Health & Well-being Board brings together health with adults, childrens and public health to facilitate the systematic integration of public services.
- **Better Care Fund Board** – oversees the development of the Better Care Fund across the three boroughs.
- **Joint Executive Team** – brings together the senior excutive teams for Adult Social Care and the three CCGs across the three boroughs.

3.2.11 Internal Audit support

Although risk management and internal controls are management's responsibility, Internal Audit has a significant role to play in supporting the maintenance of effective internal control through its annual programme of

audit work and reports.

Internal Audit adopts a risk-based approach to planning its work, and is likely to reference the various PH and ASC risk registers when identifying areas for undertaking audit work.

The Public Health and Adult Social Care corporate risk review process also includes an annual self- assessment of the Risk Management Controls Assurance Standard. Substantive compliance (i.e. 75% or above) is required, This standard is one of three core standards identified by the National Audit Office and is also therefore subject to independent verification by Internal Audit each year.

4. MANAGING CURRENT STRATEGIC RISKS

4.1. A summarised version of the Risk Registers for both Public Health and Adult Social Care, are provided at Appendix 1 and 2. These include a record of all current key strategic risks which impact on the business and activities of both service areas. These are subject to quarterly management review by the senior management teams of both services with associated mitigating actions escalated or de-escalated as necessary. Key strategic risks for the information of the committee are described in more detail below:

4.2. Public Health strategic risks

4.2.1 Public Health grant reductions and removal of the ring-fence (Appx. 1 Risk ref 1)

In October 2015 the Department of Health (DH) announced that Public Health budgets would be reduced nationally by 6.2% after a national consultation exercise. The government had initially proposed substantial cuts to each of the three councils' agreed public health budgets. The most generous of the consultation options would see the Public Health directorate's budgets cut by 6.2%.

The Autumn Statement for Public Health Finance saw the government announce that the Public Health ring-fence will be maintained for 2016/17 and 2017/18. No announcement has been received about whether the ring-fence will be removed after this date, however, we anticipate that this may happen and is therefore a risk.

The statement also announced that Councils had to deliver annual average real terms savings of 3.9% over the next 5 years. The exact amount is yet to be announced, as consultation regarding the allocation formula that will be used to determine future grant allocations is ongoing.

To mitigate the risks outcomes being impaired through the reduction to the grant and the potential removal of the ring-fence after 2017-18, Public Health:

- *Finance managers continue to model various savings scenarios to mitigate the potential impact of any further cuts to the Public Health grant.*
- *Commissioners are reviewing service specifications, contracts and new ways of working to establish whether contracts can be commissioned differently, more collaboratively to release efficiencies.*
- *A task and finish group has been set up to review current and future years potential grant allocation and budget commitments in a reducing grant context, with a view to aligning spend to the Public Health vision for the Councils.*
- *The directorate continues to explore how the councils can continue to meet its public health duties, deliver its agreed outcomes and the council's medium-term plans.*

4.2.2 Clinical governance (APPX 1, Risk ref 3)

Clinical governance is a system through which NHS organisations are accountable for continuously improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish

Adequate assurances are required of our providers and their clinical governance processes.

Without these, we are not fully assured that services fully meet clinical governance requirements.

To mitigate these risks, contracts have clinical governance clauses placed within them; placing a duty on providers to comply.

A review of current monitoring mechanisms will be undertaken, to ensure that these are up to date and provide sufficient assurances.

Clinical governance policies are to be developed,

Staff to be provided with clinical governance guidelines

4.2.3 Public Health Restructure. (Appx 1 Risk Ref 4)

The uncertainty about the direction of Public Health and the instability in PH team affects delivery of key outputs Instability in PH team affects delivery of key outputs. This has wider implications and could affect wider council and unrelated services.

To mitigate this risk, the following is taking place:

- *Team away days have been planned to engage staff and take them through the next steps for the division.*
- *Preliminary consultation with staff is underway;*
- *Managers are attending Leadership workshops, which focus on leading differently*
- *One to one discussions are being undertaken with staff, as part of annual appraisal*

4.3. Adult Social Care strategic risks

4.3.1 Reducing resources to support people with care needs and increasing demand due to demographic pressures (Appx 2, Risk ref 1)

In the financial year there is a funding hole nationally in ASC of £3bn. Through the MTFs, LBHF have already made efficiencies and savings in recent years as the resources available for social care have significantly reduced. As a result of demographic changes the Council is already supporting greater numbers of people with care needs and increasing numbers with complex needs who would have previously been supported more through health services. Therefore, the likelihood of this risk occurring remains very high.

4.3.2 Responding to changing legislation (Appx 2 Risk ref 2)

The Care Act began to be implemented from April 2015. There was a comprehensive programme in place in LBHF to ensure that ASC was compliant with the new requirements. Although implementation of some parts of the Act (e.g. the 'care cap') have been delayed until 2020 by the Government; ASC are left with delivering new responsibilities such as for self funders, carers and the wider health and wellbeing, without additional resources. There continues to be a lack of clarity from Government about available funding to support additional demands for services,

To mitigate these risks we are continuing to:

- *Further change our service model to put a greater focus on short term, re-abling, interventions to help people regain skills and look after themselves for longer delaying the need for social and health care; through both the Customer Journey programme where we are refining our approach to reablement as part of the integrated Community Independence Service and also in the new home care model.*
- *Pursue opportunities to develop more integrated and closer working with health colleagues, through initiatives such as the Better Care Fund and 'whole systems' programme.*
- *Develop a new Commissioning Strategy which is exploring different mechanisms to resource and commission services in the future using 'care pathways', and different procurement models.*
- *Develop an approach to prevention which focuses on reducing demand for social care and utilises some Public Health and wider Council resources to help achieve this.*

- *Manage resource planning through the Department of Health, ADASS network and LGA in relation to the Care Act.*

4.3.3 Reducing customer satisfaction (Appx 2, Risk ref 3)

There is increasing risk that customer and carer satisfaction and outcomes will reduce. The scale of change around frontline social work and provider services and the greater emphasis on individuals finding their own care solutions, time limited interventions and reablement, may lead to reduced satisfaction of some customers especially those who have been supported for some time.

To mitigate this risk we are:

- *Developing a communications strategy and plan which informs residents of changes in the approach to health and social care services locally.*
- *Closely analysing all customer and carer feedback, including that through complaints and the statutory user and carer surveys and using this to help inform our planning.*
- *Redesigning frontline social work services in the Customer Journey project, based on the 'customer voice' research which identified what was important to people who use our services.*
- *Exploring more, new opportunities for co-production and design of new services with customers and carers to ensure their needs and ideas are central to our approach.*
- *Specific responsibility for managing performance has been assigned to the Director of Whole Systems and a departmental Performance Board has been established to improve performance.*

4.3.4 Workforce risks (Appx2 Risk ref 4)

The recent Adult Social Care Peer Review highlighted a recruitment and retention risk across London for social care staff. There is a risk that this is exacerbated locally as terms and conditions are not as competitive as some authorities elsewhere. Additionally there is significant change fatigue across the ASC shared service and added complexity of working across three boroughs, which together create a significant recruitment and retention risk. The whole commissioning service is currently in the middle of a restructure with 39 of the 63 posts in the new service requiring external recruitment.

To mitigate this risk

- *Established a Workforce Board which is overseeing an ASC Workforce Plan*
- *Exploring alternative ways to reward staff, for example through tailored development programmes.*
- *Improved internal staff communications from the senior management team by the use of blogs, team meetings and through the TriAngles staff newsletter.*
- *Used the results of the Your Voice survey to address service, team and staff concerns.*
- *Key change programmes have dedicated learning and development plans attached to them, i.e. Customer Journey, Commissioning Review and home care implementation.*
- *The Commissioning Review includes detailed transition planning including, knowledge and skills transfer; prioritisation of business over transitional period.*

- *Specific recruitment issues have arisen as part of the implementation of the Commissioning Review and specific short and medium term measures have been put in place to manage them.*

4.3.5 Market unable to provide services required (Appx 2 Risk Ref 5)

The ASC market is fragile and there is a risk that it is not able to develop in the ways we will require in the future to meet local need; there is significant risk of market failure.

To mitigate this risk commissioners have:

- *Developed an updated Market Position Statement setting out our future commissioning intentions and direction of travel.*
- *EY are supporting the development of our new Commissioning Strategy and procurement forward plan. Further analyses being undertaken by the West London Alliance will link to the EY work and support the achievement of improvements in quality and cost.*
- *Engaged with providers and undertaking more market warming exercises in particular through LCAS and other forums.*
- *Helped providers to plan better by publishing forward plans for tenders etc.*
- *Developed a Provider Failure and Service Interruption Policy*

4.4. Common strategic risk

4.4.1 Managed Services Programme (including Agresso System implementation). (Appx 1 Risk ref 10, Appx 2 Risk ref 5)

Both services are continuing to experience risks arising from a difficult implementation of the Managed Services Programme. In addition to some problems around payment to suppliers, there are also significant issues around the accuracy of staff information which have resulted in some staff getting incorrectly paid and lack of clarity about leave arrangements. This situation if not resolved could have a significant impact on the end of year accounts and financial controls.

To mitigate these risks,

- *the Adult Social Care, Public Health finance and commissioning managers have been where necessary arranging for ad-hoc emergency payments to be made to the smaller and more vulnerable providers and suppliers.*
- *Some legacy systems have been retained (e.g. Abacus) to minimise the impact on customers and charging.*
- *Working with HR to improve staffing information on Agresso.*
- *Continue to lobby Corporate for more training and technical solutions.*

5. CONSULTATION

5.1 Not applicable to this Report

6. EQUALITY IMPLICATIONS

6.1 Not applicable to this Report

7. LEGAL IMPLICATIONS

7.1 Failure to manage risk effectively may give rise to increased exposure to litigation, claims and complaints. As such the report contributes to the effective Corporate Governance of the council.

8. FINANCIAL AND RESOURCES IMPLICATIONS

8.1 Exposure to unplanned risk could be detrimental to the ongoing financial and reputational standing of the Council. Failure to innovate and take positive risks may result in loss of opportunity, reduced value for money and less positive customer and system outcomes. There are no direct financial implications with the report

9. RISK MANAGEMENT

9.1 It is the responsibility of management to mitigate risk to an acceptable level. Appropriate and proportionate mitigating actions to known risks are expressed in the Shared Services Risk and Assurance Register and subject to review as part of planned audit work and the Annual Governance Statement.

10. PROCUREMENT AND IT STRATEGY IMPLICATIONS

10.1 Failure to address risk in procurement may lead to a reduction in the expected benefits (Value for Money, Efficiency, Resilience, Quality of Service) and leave the council exposed to potential fraud and collusion as identified in the Bribery Act.

LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None.

Appendix 1 - Public Health Strategic Risk Register

Appendix 2 - Adult Social Care Strategic Risk Register

Appendix 3 - Adult Social Care & Health – Risk Assessment & Scoring

Appendix 1 - Public Health Strategic Risk Register

Risk Ref	Brief description	SMT owner	Risk manager	Next review date	Consequences	Type of risk					Inherent Risk		Residual Risk score			Movement of risk exposure since last review	Mitigating actions What actions are planned to mitigate the risk ?
						Reputational	Financial	Service Delivery	Impact on life	Environment	Initial risk score	Current likelihood score	Current impact score	Current risk score			
1	PUBLIC HEALTH GRANT REDUCTIONS AND REMOVAL OF THE RING-FENCE	Mike Robinson	Mike Robinson	Quarterly Review	Health outcomes will be impaired by the reduction of the Public Health grant reductions and Public Healths ability to deliver against the Councils' medium term plans	Yes	Yes	Yes	Yes	No	16	3 - Occasional	4- High	12	↓	<ol style="list-style-type: none"> 1. PH Finance Business partners continue to undertake scenario planning and prepare various budget proposals about future reductions that the Public Health grant will be subject to an annual average 3.0% reduction (in real terms) over the next 5 years. Consultation regarding the allocation formula is still ongoing and we are awaiting the announcement of how the public health grant will be allocated in future years. 2. The announced in-year reduction to the grant of 6.2% has been met. 3. Review of commissioning, contracts and procurement programmes to identify where efficiencies can be achieved for future years. 4. A task and finish group has been set up to review current and future years potential grant allocation and budget commitments in a reducing grant context, with a view to aligning spend to the Public Health vision for the Councils. 	
2	CONSEQUENCES OF REPROCUREMENT and the untoward consequences of the procurement process	Mike Robinson	Mike Robinson	Quarterly Review	Could destabilise service delivery. This has wider implications to across the councils and wider unrelated services.	Yes	Yes	Yes	Yes	No	15	3 - Occasional	4- High	12	↓	<ol style="list-style-type: none"> 1. Stimulate the market through stakeholder and market development events 2. Develop service continuity contingency plan 3. Horizon scanning 	
3	CLINICAL GOVERNANCE Adequate assurances are required of our providers and their clinical governance processes	Ike Anya	Ike Anya	Quarterly Review	Lack of focus on clinical safety and quality	Yes	No	No	Yes	No	12	3 - Occasional	4- High	12	↔	<ol style="list-style-type: none"> 1. Clinical governance policies to be developed. 2. Staff to be provided with clinical governance guidelines 3. Monitoring mechanisms to be put in place 	
4	PUBLIC HEALTH RESTRUCTURE The uncertainty about the direction of Public Health and the instability in PH team affects delivery of key outputs	Radhika Dube	Radhika Dube	Quarterly Review	could result in not meeting their statutory public health duties, meeting agreed targets within strategic business plans. E.g. Public Health outcome trajectories, Strategic Business plan objectives, Health and Wellbeing commitments.	Yes	Yes	Yes	Yes	No	8	3 - Occasional	3 - Medium	8	↑	<ol style="list-style-type: none"> 1. The Public Health operating model is currently being reviewed by the Director of Public Health 2. Team Away days are planned to engage staff and take them through the next steps for the division 3. preliminary consultation with staff; managers are attending Leadership workshops; one to one discussions with staff as part of annual appraisal 	

Appendix 2 - Adult Social Care Strategic Risk Register

Risk Ref	Brief description	ALT owner	Risk manager	Review Board	Next review date	Consequences	Type of risk					Inherent Risk		Residual Risk score			Movement of risk exposure since last review	Mitigating actions
							Reputational	Financial	Service Delivery	Impact on life	Environment	Initial risk score	Current likelihood score	Current impact score	Current risk score			
1	Reducing resources to support people with care needs and increasing demand due to demographic pressures	Liz Bruce	Rachel Wigley	ALT	Quarterly Review	In the financial year there is a funding hole nationally for adult social care of £3bn. Through the MTFS LBHF have already made efficiencies and savings in recent years as the resources available for social care have significantly reduced. There is a risk that further savings which will be required will make it very difficult to meet the needs of the increasing numbers of disabled and older people. As a result of demographic changes the Council is already supporting greater numbers of adults with care needs an increasing proportion of this group have very complex needs who would previously have been supported more by health services.	Yes	Yes	Yes	Yes		16	4-Probable	4-High	16	↔	Further change our service model to put a greater focus on short term, re-abling, interventions to help people regain skills and look after themselves for longer delaying the need for social and health care; through both the Customer Journey programme where we are refining our approach to reablement as part of the integrated Community Independence Service and; Develop a new Commissioning Strategy which is exploring different mechanisms to resource and commission services in the future using 'care pathways', and different procurement models. Develop an approach to prevention which focuses on reducing demand for social care and utilises some Public Health and wider Council resources to help achieve this. Manage resource planning through the Department of Health, ADASS network and LGA in relation to the Care Act. also in the new home care model. Pursue opportunities to develop more integrated and closer working with health colleagues, through initiatives such as the Better Care Fund and 'whole systems' programme. This includes the use of some health resources to fund some of the additional demand for home care as a result of these programmes.	
2	Responding to changing legislation	Liz Bruce	Martin Calleje	Portfolio Delivery Board	Quarterly Review	The Care Act began to be implemented from April 2015. There was a comprehensive programme in place in LBHF to ensure that ASC was compliant with the new requirements. Although implementation of some parts of the Act (e.g. the 'care cap') have been delayed until 2020 by the Government; ASC are left with delivering new responsibilities such as for self funders, carers and the wider health and well being, without additional resources. There continues to be a lack of clarity from Government about available funding to support additional demands for services.	Yes	Yes	Yes	Yes		16	4-Probable	4-High	16	↔	Developing a communications strategy and plan which informs residents of changes in the approach to health and social care services locally. - Closely analysing all customer and carer feedback, including that through complaints and the statutory user and carer surveys and using this to help inform our planning. - Redesigning frontline social work services in the customer Journey project, based on the 'customer voice' research which identified what was important to people who use our services. - Exploring more, new opportunities for co-production and design of new services with customers and carers to ensure their needs and ideas are central to our approach. - Specific responsibility for managing performance has been assigned to the Director of Whole Systems and a departmental Performance Board has been established to improve performance.	
3	Reducing customer and carer satisfaction and reducing self reported 'outcomes'.	Liz Bruce	Chris Neill	ALT	Quarterly Review	Scale of change around frontline and provider services and greater emphasis on time limited interventions and reablement, may lead to reduced satisfaction of some customers, especially those who have been supported for some time. This could lead to poorer outcomes for customers and reputational risk to the Council. There is an increasing risk that customer and carer satisfaction and outcomes will reduce.	Yes		Yes	Yes		12	4-Probable	4-High	16	↑	Established a Workforce Board which is overseeing an ASC Workforce Plan Exploring alternative ways to reward staff, for example through tailored development programmes. Improved internal staff communications from the senior management team by the use of blogs, team meetings and through the Triangles staff newsletter. Using the results of the Your Voice survey to address service, team and staff concerns. Key change programmes have dedicated learning and development plans attached to them, i.e. Customer Journey, Commissioning Review and home care implementation. Specific recruitment issues have arisen as part of the implementation of the Commissioning Review and specific short and medium term measures have been put in place to manage them.	
4	Workforce risks around morale, change fatigue, recruitment and retention and complexity of three borough working.	Liz Bruce	Felicity Thomas	Workforce Board	Quarterly Review	The recent Adult Social Care Peer Review highlighted a significant recruitment and retention risk across London for social care staff. Locally there is a risk that this is exacerbated as terms and conditions are not as competitive as some authorities elsewhere. Additionally there is significant change fatigue across the ASC shared service and the added complexity of working across three boroughs. The consequences could be increasing recruitment problems and difficulty holding onto the most able staff at a time of service change.	Yes	Yes	Yes	Yes		16	4-Probable	4-High	16	↔	Developed an updated Market Position Statement setting out our future commissioning intentions and direction of travel. EY supporting development of new Commissioning Strategy and procurement forward plan. Engaging with providers and undertaking more market warming exercises in particular through LCAS and other forums. Help providers to plan better by publishing forward plans for tenders etc. Developed a Provider Failure and Service Interruption Policy.	
5	Market unable to provide services required	Mike Boyle	Paul Rackham & Mary Dalton	CoCo	Quarterly Review	The ASC market is fragile and there is a risk that it is not able to develop in the ways we will require in the future to meet local need; there is significant risk of market failure. This could result in significant unmet needs and higher dependency levels of customers making it more difficult to achieve savings. In the event of provider failure the Council will need to contingency plans in order to meet the needs vulnerable residents in the in a timely and safe manner.	Yes	Yes	Yes			16	4-Probable	4-High	16	↔	The Adult Social Care, Public Health finance and commissioning managers have been where necessary arranging for ad-hoc emergency payments to be made to the smaller and more vulnerable providers and suppliers. - Some legacy systems have been retained (e.g. Abacus) to minimise the impact on customers and charging. - Working with HR to improve staffing information on Agresso. - Continue to lobby Corporate for more training and technical solutions.	
6	Risks arising from the Managed Services Programme implementation.	Liz Bruce	Rachel Wigley	ALT	Weekly Review	Continuing to experience risks arising from a difficult implementation of the Managed Services Programme. In addition to some problems around payment to suppliers, there are also significant issues around the accuracy of staff information which have resulted in some staff getting incorrectly paid and lack of clarity about leave arrangements. This situation if not resolved could have a significant impact on the end of year accounts and financial controls.	Yes	Yes	Yes			12	4-Probable	4-High	16	↔		

Risk Ref	Brief description	ALT owner	Risk manager	Review Board	Next review date	Consequences	Type of risk					Inherent Risk	Residual Risk score			Movement of risk exposure since last review	Mitigating actions
							Reputational	Financial	Service Delivery	Impact on life	Environment	Initial risk score	Current likelihood score	Current impact score	Current risk score		
7	Complexity of change programmes in ASC and NHS	Liz Bruce	Rachel Wigley	ALT	Quarterly Review	The change programme in Adult Services and in whole systems with the NHS is very complex and there are risks arising from inter-dependencies, misalignment of projects and double counting of benefits. There are also risks of slippage due to need for significant leadership, management capacity and additional programme resources to deliver. There are also risks of delays in decision making due to complex bureaucracy	Yes	Yes	Yes			16	3 - Occasional	4- High	12	↓	New ASC leadership team now in place. Customer Journey will align operational services through the restructure currently at consultation. Commissioning Review to deliver new commissioning structure. Robust programme management approach and shared governance arrangements with NHS. ASC new whole systems lead to ensure consistent approach to working with CCGs. Business case for additional resources costs have been signed off and recruitment commenced to some posts.
8	Risk of exposure to judicial challenge resulting from the Care Act reforms and lack of clarity in the regulations and guidance.	Liz Bruce	Kevin Beale	ALT	Quarterly Review	Lack of clarity in the regulations and guidance, potentially impact on local decisions about service users, self funders, and carers.	Yes	Yes	Yes	Yes	Yes	16	3 - Occasional	4- High	12	↔	Lobby DH through regional ADASS about any concerns issues resulting from the final publication of care act regulations and guidance in October. Learn from Case Law, as it arises nationally post April 2015. Our legal team are working with the London Lawyers Group to monitor specific issues related to the Care Act Guidance. There are some parts of the guidance that are ambiguous and therefore require close contact with the DoH if any related Judicial Reviews are upheld.
9	Better Care Fund benefits could be less than expected.	Stella Baillie / Mike Boyle	Martin Calleja	Portfolio Delivery Board	Quarterly Review	Risk that BCF benefits/savings could be lower than expected re: - Integrated Operational Services and - Integrated contracting and commissioning of residential and nursing care. Benefits could be delayed or reduced and overlap with other contract efficiency savings - and risk achievement of savings targets. Particular risk that CIS service does not achieve the required volumes / throughput to achieve benefits.	Yes	Yes				12	4 - Probable	4- High	16	↔	Benefits Tracker developed across the programme. External evaluation taking place of increased demand for social care, from health. Group A savings contingent on Community Independence Service: regular data collection and review in progress via Lead Providers Oversight Group (LPOG) meeting. Savings gaps flagged at Joint Finance Oversight Group (JFOG), Joint Executive Team (JET) and Better Care Fund Board. Workshop in Autumn to consider other opportunities. Heads of Finance agree composite picture for savings and investment. Monitor spending against projection regularly and report any deviations as priority.
10	Safeguarding risks	Liz Bruce	Helen Banham	ALT	Quarterly Review	Risk of serious safeguarding incident, death or serious injury of vulnerable residents	Yes		Yes	Yes		8	2 - Remote	4- High	8	↔	Robust safeguarding processes in place in operational and provider services and partner organisations. Regular auditing and QA of processes and measuring effectiveness reporting to Safeguarding Adults Board. SIPS meeting includes CQC and regular discussions about quality and safety of providers.
11	Reduction in Adult Social Care expenditure and Commissioning budget leading to services being commissioned that are not 'good' quality and not able to deliver outcomes.	Mike Boyle	Mary Dalton and Paul Rackham	CoCo	Quarterly Review	Since 2009 Officers have continually sought ways to drive efficiencies in contracted services whilst striving to improve service quality. As need to find efficiencies has increased there is a real risk that we are not able to guarantee the quality of our service provision.	Yes	Yes	Yes	Yes	No	16	4 - Probable	4- High	16	↔	Commissioning Strategy being developed to explore new approaches to commissioning services in the context of reducing resources including enterprise, outsourcing and new purchasing and community agencies.
12	Failure to deliver an effective ASC service model to meet requirements of the Care Act	Liz Bruce	Martin Calleje	Portfolio Delivery Board	Quarterly Review	Operational services and commissioning delivering the Care Act requirements at a time of significant other transformation. Target operating model requirements not clearly defined given the complexity of Transformation Portfolio Delivery with all its projects and programme interdependencies and / or inability to effectively deliver the future state through a controlled approach.	Yes	Yes	Yes	Yes	Yes	14	2 - Remote	4- High	8	↓	Interdependencies between projects and programmes was mapped, and compile benefits plan to track successful delivery. Follow national programme office tools and guidance across DoH, LGA and ADASS which supports local authorities to implement the Care Act. A set of standard operating procedures have been rolled out to the ASC teams to enable staff to follow Care Act compliant processes. Staff have opportunity through various channels to feedback if any of the SOPs are unworkable or misleading so that any corrections can be made immediately. Phase 1 successfully implemented; Phase 2 deferred by Govt until 2020.
13	Effective management of contracts due to limited resources	Mike Boyle	Sherifah Scott	CoCo	Monthly Review	The procurement team are responsible for managing 250 contracts. Alongside that they are scheduled to carry out a large number of procurements. This means there is a risk that some high value contracts are not being monitored effectively and some contracts are not being monitored at all.	Yes	Yes	Yes			16	3 - Occasional	4- High	12	↓	A Managing Supplier Performance Framework has been developed which sets a framework for the amount of contract monitoring resource to be allocated to each contract, thus ensuring that the highest risk/highest value/lowest performing contracts are monitored appropriately. Commissioning Review will better combine contract management with service development and commissioning enabling a more holistic approach and address capacity issues.. Commissioning Plan will look at new models of procurement to reduce the amount of contracts directly required monitoring etc.
14	Lack of integrated and coherent partnership approach to mental health commissioning	Mike Boyle	Paul Rackham / Pauline Mason	CoCo	Quarterly review	A risk that joint commissioning priorities will be lost or subjected to the wider NHS agenda. This might impact on LA ability to deliver an integrated offer to individuals with mental health needs resulting in an increased pressure on social care, housing, employment and benefit agencies.	Yes	Yes	Yes	Yes		15	3 - Occasional	4- High	12	↓	Executive management oversight of mental health priorities through Whole Systems Review process Senior management ownership of MH priorities through MH Integrated Plan and MH Programme Board. Clear identification of work areas and clarification about which organisation will lead following transition. ASC MH commissioner now in place to provide capacity around day services. Further liaison with CCGs to improve co-ordination.

Risk Ref	Brief description	ALT owner	Risk manager	Review Board	Next review date	Consequences	Type of risk					Inherent Risk	Residual Risk score			Movement of risk exposure since last review	Mitigating actions
							Reputational	Financial	Service Delivery	Impact on life	Environment	Initial risk score	Current likelihood score	Current impact score	Current risk score		
15	Inconsistent Multi Disciplinary Team service designs in local CCGs.	Liz Bruce	Chris Neal	ALT	Quarterly Review	There is a risk that because the Central London CCG Whole Systems model of geographic 'villages' is not consistent with the BCF proposals in West London and Hammersmith and Fulham, there will be a negative impact on the potential to develop single models of service (e.g. CIS, Long Term Social Work service, Home Care) across the ASC shared service. Risk that social care included in x3 CCG MDT models differently; inconsistent involvement and influence of ASC in design of MDTs			Yes			15	3 - Occasional	4- High	12	↓	<p>Ensure positive engagement with WS Early Adopters design processes by operational Heads of Service.</p> <p>ASC CIS, Hospital discharge and long term social work teams all part of Customer Journey redesign.</p> <p>New Whole Systems ASC Director now appointed to improve co-ordination.</p> <p>New Head of Whole Systems appointed</p>
16	There is a risk of poor quality service provision in care homes where the Council has spot purchased beds which could result in poor care outcomes for individuals.	Mike Boyle	Sherifah Scott	CoCo	Quarterly Review	At present there is significant spend with a number of residential/nursing care providers with no block contract in place, only individual contracts relating to the care for the customer. As a result we are not able to impact the quality of the overall home due to no formal contractual relationship being in place.	Yes		Yes	Yes		14	3 - Occasional	4- High	12	↓	<p>The Placement Review function is now situated within the placement and brokerage team and the review process has been redesigned so that Officers also pick up information about the home which is then fed back to the brokerage and review team.</p> <p>There are a number of homes identified to be moved onto a block contract based on the number of customers.</p> <p>The Commissioning Review will create more resources to focus on this area.</p> <p>Placement Board to be re-established to identify and resolve issues as they arise.</p> <p>Regular SIPS meeting involves CQC and focuses on homes where there are quality and safety concerns.</p>
17	Deprivation of Liberty Safeguards applications continue to rise and the resources to process them remain fixed	Stella Baillie	Helen Banham	ALT	Quarterly Review	As a result of the Care Act, in Q1 14/15, 99 DOLS applications received; Q 1 15/16 264. At the end of Quarter 1 15/16 151 applications have been assessed (57% applications received). A risk of legal challenge for unauthorised detentions remains. Community DOLS are being scoped & applications to the COP made.	Yes	Yes	Yes	Yes		16	4 - Probable	4- High	16	↔	<p>Priorities for assessment (e.g. urgent referrals where the person may be objecting) are determined using ADASS guidelines. The risk of legal challenge is low as all local authorities are in the same situation. ASC are making submissions to the Law Commission Review of DOLS. A system to ensure deaths in DOLS are notified to the Coroners is in place. Community DOLS requiring authorisation in the Court of Protection is being scoped and applications made.</p>
18	Operational services do not achieve the level of change to head count, and changes to methods of working and behaviour or is insufficient.	Stella Baillie	Matthew Castle	Customer Journey	Monthly Review	Insufficient change in practice risks the efficiency savings not being realised and targets missed. Associated risk that ICT changes are not delivered in time to support the practice changes.		Yes	Yes			16	4 - Probable	4- High	16	↔	<p>Staff changes are factored into the Customer Journey programme at all stages with clear staff engagement and expression of what the future will look like.</p> <p>Dedicated IT workstream established in Customer Journey programme.</p>
19	Fundamental change to the way that home care providers deliver services.	Mike Boyle	Christian Markandu	Homecare	Monthly Review	New model of home care has personal support planning and re enabling elements. These are key to achieving efficiencies and improved outcomes.		Yes	Yes			16	3 - Occasional	4- High	12	↓	<p>Partnership working between local authority and new providers. Support training and development of care workers with Learning & Organisational Development supporting this.</p>
20	There is a risk that new providers are not able to mobilise a team to pick-up existing packages.	Mike Boyle	Christian Markandu	Homecare	Monthly Review	If this risk materialises, then this will slow down transfer of customers on new contract	Yes	Yes	Yes			12	3 - Occasional	4- High	12	↓	<p>Robust implementation plan including built-in contingency plan and risk rating of new providers.</p>
21	Dual IT systems in Mental Health Services / no interoperability/ poor IT hardware / systems access and IT support for the specific needs of MH services.	Stella Baillie	SW Lead / Trust managers	MH management	Quarterly Review	Significant challenges with IT systems within MH partnerships with two different IT systems being used. Difficult to get whole picture, difficult to get accurate management information, impact on practitioners efficiency having to use two different systems for accessing and recording information. Wide group of stakeholders key group being staff and customers. Particularly difficult re WLMHT.	Yes	Yes	Yes	Yes	Yes	15	5 - Likely	4- High	20	↔	<p>Define minimum core MH dataset for social care system (Fwi) to support MSP, operational and strategic information needs.</p> <p>Negotiate with WLMHT around provision of data and achieving improvements in data quality..</p> <p>Support for use of Agresso to ensure providers receive payment.</p>
22	Risk to quality and continuity of provided services as a result of failure of major third party/partner supplier relationships to provide facilities management and infrastructure.	Stella Baillie	Kevin Williamson	Provided Services Board	Quarterly Review	Risk that provided services do not meet quality standards adversely affecting customers satisfaction and personal outcomes and risking reputation.	Yes	Yes	Yes	Yes	Yes	8	2 - Remote	4- High	8	↔	<p>Effective monitoring of the contracts at every level.</p> <p>Effective contract / int SLA specs from the outset, with partners and third parties properly understanding the service need.</p> <p>Robust plans and partnership arrangements.</p> <p>All stakeholders working to ensure effective relationships built and maintained (inc internal partners such as Assessment Teams).</p>

Risk Ref	Brief description	ALT owner	Risk manager	Review Board	Next review date	Consequences	Type of risk					Inherent Risk	Residual Risk score			Movement of risk exposure since last review	Mitigating actions
							Reputational	Financial	Service Delivery	Impact on life	Environment	Initial risk score	Current likelihood score	Current impact score	Current risk score		
23	IT collaboration tools to support three borough working and partnerships with NHS	Rachel Wigley	Brian Vallis	IT Board	Quarterly Review	It is challenging working across 3 boroughs despite there being a number of freely available pieces of software to share calendars, files and information (for example Huddle, Media fire, Doodle). We are also working very closely with Health Partners in delivering the Better Care Fund there are currently no workable file sharing applications which we can use to facilitate this work. This will effect staff and customers. Ultimately the inability to keep up with technology will reflect on the services we provide. From both an operational and strategic perspective the use of multi case management systems across the NHS and social care creates particular risks.	Yes	Yes	Yes	Yes		15	3 - Occasional	5- Very High	15	↔	<p>What actions are planned to mitigate the risk ?</p> <p>Actively lobbying corporate IT.</p> <p>Piloting system solutions (e.g. SYSONE) to support joint operational working with NHS.</p> <p>Exploring greater use of mobile technology.</p> <p>Engaged with NWL CCGs in developing NWL data warehouse to provide strategic capability and support development of whole systems working and evaluation.</p>

Adult Social Care & Health Risk Assessment and Scoring

Scoring risk – Impact

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	Very Low (Score 1)	Low (Score 2)	Medium (Score 3)	High (Score 4)	Very High (Score 5)
Cost/Budget Impact	£0K- £50K	£50K-£100K	£100K-£500K	£500K-£1m	> £1m
Service Delivery	Fail to meet ind op target	Fail to meet series of op targets	Failure to meet critical target	Fail to meet series of critical targets	Fail to meet most Perf. Inds – poss special measures
Impact on Life	Temp disability-illness-injury < 4WK & <10 people	Temp disability-illness- injury > 4WK & >10 people	Permanent disability-illness-injury	Individual fatality	Mass fatality
Reputation	Internal rep decrease/no media attention	Internal rep decrease within service/ limited local media short term	External rep decrease local/ media attention on failure/short to medium term	External rep decrease regional/media attention regional/ short to med term	External rep decrease national/media attention national/ long term
Environment	Minor short term damage – local	Short term harm to immediate ecology or community	Damage contained to ward – medium term	Borough-wide damage – medium/long term	Major harm/regional/ long term



Scoring risk – Likelihood and probability

Likelihood	Probability
Certain (Score 6 – Emergency planning only)	100%
Likely (Score 5)	81% to 99%
Probable (Score 4)	51% to 80%
Occasional (Score 3)	21% to 50%
Remote Possibility (Score 2)	6% to 20%
Improbable/extremely unlikely (Score 1)	0% to 5%



Visibility and escalation of risk

IMPACT	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		LIKELIHOOD				

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By multiplying the IMPACT score and LIKELIHOOD scores together

Risks that score 1 to 9 rated green

- Owned/monitored/managed at lower operational/project/strategic level with a lower frequency (quarterly) requirement to be re-scored for residual risk


Risks scored 10 to 14 rated amber

- Owned/monitored/managed at mid-level operational/project/strategic level with mid-range frequency (monthly) requirement to be re-scored for residual risk. Particular attention should be paid to risk at the upper end (13-14) of the range as they are most likely to turn red

Risks scored 15 to 25 rated red

- Owned/monitored (but not necessarily managed) at high-level operational/project/strategic level with mid-range frequency (monthly) requirement to be re-scored for residual risk. Red risk should be managed at the highest practical frequency to ensure the effects of controls and mitigating actions are having the intended effect



<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">AUDIT PENSIONS AND STANDARDS COMMITTEE</p> <p align="center">22 March 2016</p>		
<p>RISK MANAGEMENT HIGHLIGHT REPORT</p>		
<p>Report of the Strategic Director for Financial Corporate Services</p>		
<p>Open Report</p>		
<p>Classification: For Review & Comment Key Decision: No</p>		
<p>Wards Affected: None</p>		
<p>Accountable Director: Hitesh Jolapara, Strategic Director for Financial Corporate Services</p>		
<p>Report Author: Michael Sloniowski, Shared Services Risk Manager</p>	<p>Contact Details: Tel: 020 8753 2587 E-mail: michael.sloniowski@lbhf.gov.uk</p>	

1. EXECUTIVE SUMMARY

- 1.1. The Audit Pensions and Standards Committee in December 2016 monitored the key strategic risks at corporate level for the Borough and the key operational risks identified by individual departments. This paper provides an update of their current status and in respect of strategic risks currently identified for 2015 - 2016. Members are asked to;
- 1.1.1. note the risk profile of the Shared Services risk register; and
 - 1.1.2. gain assurance that risk management is effectively implemented by services, and to identify where further action is necessary.

2. RECOMMENDATIONS

- 2.1. In order that the Council meets the requirement of the Accounts and Audit Regulations 2015 the Committee are asked to note that quarterly review of strategic risks faced by the Council has been undertaken by Hammersmith and Fulham Business Board. The Committee are also invited to consider these risks and corresponding mitigations in the register for appropriateness, attached as **Appendix 1**, the Strategic Register and **Appendix 2** the Service Level Register.

3. REASONS FOR DECISION

- 3.1. The Audit Pensions and Standards Committee's role is to provide an oversight of the authority's processes to comply with the Accounts and Audit regulations and facilitate the identification and management of key risks. By ensuring that effective management of risk is undertaken services can

benefit by reducing their significance; either by reducing the level of impact or likelihood.

4. INTRODUCTION AND BACKGROUND

- 4.1. Sections three and four of the Accounts and Audit Regulations 2015 set out the Council's responsibility for ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of the Council's functions, and which includes arrangements for the management of risk.
- 4.2. The purpose of the Audit Pension and Standards Committee is to provide the Leader of the Council and Chief Executive additional assurance on the adequacy of the risk management framework by overseeing and ensuring that effective risk management arrangements are in place. The Strategic Shared Services risk register is provided to the Committee to inform them of the risks associated with major areas of activity.

5. PROPOSAL AND ISSUES

- 5.1. The Council and the Audit Pension and Standards Committee remains committed to ensuring an integrated risk management process exists within all working practices and management processes, including corporate governance, the budget setting process and medium term financial plan, business planning, performance management, programme and project management and partnerships to meet the requirements of these regulations.

Risk Register.

- 5.2. This report is intended to update the Audit Pensions and Standards Committee on the Council's key strategic and operational risks.
- 5.3. The current key strategic risks that are monitored and reviewed at a corporate level are listed at Appendix 1, the Shared Services Risk Register.
- 5.4. The key risks are as they have been assessed by the service departments and managed on a day to day basis by their respective departmental management teams. These risks are listed in Appendix 2. Service risk registers also include operational risks affecting teams but excludes low level operational or specialist activities where other risk assessments exist, for example for the management of asbestos or legionella.
- 5.5. The key risk areas covered are;

- Adult Social Care, Public Health risks;
- Childrens Services;
- Commercial and Procurement;
- Delivery and Value;
- The Environmental Group of Services, formerly Transport and Technical Services and Environment Leisure and Residents Services;
- Financial Corporate Services
- Housing;
- Information and Communications Technology
- Shared Services, Libraries

Risks are prioritised for reporting in accordance to the scoring methodology highlighted within the risk management strategy.

- 5.6. Risk control actions have been developed for each of the risks identified in Appendices 1 and 2. Each risk is allocated to an owner who is responsible to the Management Board for their completion and ensuring that actions are taken with due consideration to their priority.
- 5.7. The range or spectrum of risks comprising significant risk is commonly defined as being made up of three major categories of risk - strategic, change and service delivery (operational business as usual) risks. The Council categorises risk in this way and that is consistent with good practice as defined by the Institute of Risk Management, Chartered Institute of Public Finance and Accountancy and the Chartered Institute of Internal Auditors.
- 5.8. Where appropriate, risks identified in these risk registers have been incorporated into the annual audit planning process to enable audit resources to be directed to the most appropriate areas that may affect business assurance.
- 5.9. Services have identified a number of financial risks resulting from the implementation of Agresso, including risks concerned with income recovery, expenditure, payroll and bank reconciliation, unallocated balances and postings between the payroll system and the General Ledger. The Managed Services Programme remains a very significant primary risk due to the nature of the services provided and its direct impact to services. This can now be seen reflecting operationally in the service level risks provided in Appendix 2. Housing, risk number 8, cites the ongoing issues regarding rent payments and debt recovery and increased pressure to retain Public Sector Landlords. The Libraries and Archives Shared Service also regard this as a key business risk, risk number 9, having identified concerns regarding the reliability of financial data. Childrens Services also raises concerns within their register, risk number 8, in connection with the ability of the service provider to maintain an acceptable level of performance for the Human Resources and Finance Managed Service.

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1. *Not applicable as the report is a representation of the business risks and opportunities to H&F council.*

7. CONSULTATION

- 7.1. *Not applicable as the report addresses the business risks to H&F council.*

8. EQUALITY IMPLICATIONS

- 8.1. *The responsibility to complete Equality Impact Assessment in relation to policy decisions is the responsibility of the appropriate departmental officer. The report highlights some of the risks and consequences of risk taking over a broad landscape and as such specific Equality and Diversity issues are referred to in the councils Risk Register.*

9. LEGAL IMPLICATIONS

9.1. *Failure to manage risk effectively may give risk to increased exposure to litigation, claims and complaints. As such the report contributes to the effective Corporate Governance of the council.*

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1. *Exposure to unplanned risk could be detrimental to the ongoing financial and reputational standing of the Council. Failure to innovate and take positive risks may result in loss of opportunity and reduced Value for Money. There are no direct financial implications with the report content.*

11. RISK MANAGEMENT

11.1. *It is the responsibility of management to mitigate risk to an acceptable level. Appropriate and proportionate mitigating actions to known risks are expressed in the Risk Register and subject to review as part of planned Audit work and the Annual Governance Statement.*

11.2. Implications verified/completed by: Michael Sloniowski, Shared Services Risk Manager. 020 8753 2587

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

12.1. *Failure to address risk in procurement may lead to a reduction in the expected benefits (Value for Money, Efficiency, Resilience, Quality of Service) and leave the council exposed to potential fraud and collusion as identified in the Bribery Act.*

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Departmental Risk Registers, Shared Services Portfolio risk logs	Michael Sloniowski 2587	Shared Services Internal Audit, Town Hall, Kensington

LIST OF APPENDICES:

- Appendix 1 - Strategic Shared Services Risk Register*
- Appendix 2 - Services Risk Register*

LONDON BOROUGH OF HAMMERSMITH AND FULHAM SHARED SERVICES RISK REGISTER DASHBOARD

APPENDIX 1
Review date 02/02/2016

Ref	RISK				Assigned To	Inherent risk assessment:			Residual risk assessment: Quarter 3			DOT	Target risk:			Reducing the risk		
	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC	✓	WCC	OFFICER(S)	4	4	16	4	4	16	→	3	3	9			January 2016
1	Financial Management in year budget 2015/2016 and Medium Term Planning.					Management controls						Comments	Actions					
	The ongoing challenge of reshaping and delivering council services, within significantly reduced funding levels and increased demand pressures, remains a significant risk. This is both an in year risk and one going forwards over the medium term. As such, a priority within our financial plan is to review different funding models for different services (referencing zero based budgets), and to focus not just on the short-term but on service transformation over a longer time-frame.				Kevin Bartle, Interim Director of Finance, The Royal Borough of Kensington and Chelsea. Hitesh Jolapara, Strategic Director of Financial Corporate Services, London Borough of Hammersmith and Fulham.	The council manages its financial risks through a range of controls including budget preparation, budget setting and a Budget Accountability Framework which updated the roles and responsibilities for managing, monitoring and forecasting income and expenditure against approved budgets. The level of reserves and balances are also regularly reviewed to ensure that account is taken of any financial risk. Regular in-year monitoring, review of future financial plans and assessment of financial risks and reserves are undertaken to ensure the financial plans are delivered.												
LBHF	✓	RBKC		WCC	OFFICER(S)	4	4	16	3	3	9	↑	3	2	6			January 2016
2	Local Land Charges Searches, reduction in resources and income					Management controls						Comments	Actions					
	Loss of income and insufficient funding from Central Government through new burdens regime associated with the transfer of Local Land Charges1 to the Land Registry.				Maureen McDonald Khan Director for Building and Property Management	Active participation in Land Registry's transfer programme and liaison with other Councils through the Local Government Association to ensure formulised burdens regime is adequate in compensating the Council regarding Local Land Charges 1. Active participation as a member of the Local Land Charges Institute (LLCI) at briefings/ meetings. Close liaison with finance colleagues.						Land Registry's programme suggests transfer from Autumn 2017	Continued review as programme and details are emerging.					

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC	✓	WCC	OFFICER(S)	5	4	20	3	4	12	→	3	3	9			January 2016
3	Management of the Better Care fund.					Management controls						Comments			Actions			
	Compliance with the Care Act legislation underpinning the Better Care Fund; <ul style="list-style-type: none"> the accountability arrangements and flows of funding; the reporting and monitoring requirements for 15-16; arrangements for the operation of the payment for performance framework; how progress against plans will be managed and what the escalation process will look like; and the role of the Better Care Fund Task Force / Better Care Support Team going forward. 				Liz Bruce, Executive Director of Adult Social Care	The Care Act implementation programme was successfully completed. Measures to monitor impact of Care Act implementation built into new routine Key Performance Indicator monitoring to Senior Managers and members. This covers expected increases in demand and new duties and responsibilities under the Act. Demand and benefits model developed and being implemented for Community Independence Service as part of Better Care Fund. Routine reporting of impact of new service reported to senior managers and members as part of regular reporting. Multi agency Better Care Fund steering group receives progress reports and reports upwards to the Joint Executive Team and Better Care Fund Board which includes members and senior managers from Adult Social Care, Clinical Commissioning Groups etc. Shared governance with Imperial around change programme for the Community Independence Service. Redesign of reablement part of Customer Journey programme. Risks are regularly monitored by the programme and major risks logged on a risk register.						The Care Act implementation has been completed. External agency (Deloitte) undertaking an independent evaluation of increase in home care demand as result of whole systems. Expected to result in an increase in the requirement for assessments for carers and prison population. Nationally phase two of the implementation of the Care Act has now been put back to 2020; this will reduce the risk of increases in requests for assessments from self funders as the implementation of the 'care cap' has been delayed. The model estimating expected future demand has been refined and is reported frequently to senior managers as part of routine monitoring. New London wide Care Act compliant set of safeguarding protocols from April 2015. Demand and benefits model developed and being implemented for Community Independence Service as part of the Better Care Fund.			Continued regular monitoring through performance and joint governance arrangements			

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC	✓	WCC	OFFICER(S)	5	5	25	4	4	16	↓	3	3	9			January 2016
4	Market testing risks.					Management controls						Comments			Actions			
	1. Failure to deliver high quality commissioned services at the best cost to the taxpayer. Inadequate forward planning risks (commissioning and procurement). 2. Failure to comply with public procurement regulations, potential legal action, and lack of robust Member oversight. 3. Not achieving Social Value through procurement. 4. Contract performance management.				1. Nicholas Holgate, Town Clerk, The Royal Borough of Kensington and Chelsea. 2. Michael Hainge Commercial Director Chief Executives Department	(1) Adult Social Care and Childrens Services Departments have established contract and commissioning boards. (2) A Shared Services Contracts Approval Board has been established. (3) Contract registers are now managed through the CapitalESourcing e-procurement system hosted by Westminster City Council and have recently been audited (but received a nil assurance) (4) Training is being provided on Contract Management across the Shared Services. (5) Hammersmith & Fulham only (5a) Procurement Strategy Board (H&F) - corporate oversight (5b) In addition to all reports going through (1) & (2) above, at H&F they are subject to 3 additional key controls: Cabinet Member Briefing Boards, H&F Business Board and Cabinet (via Cabinet Briefing) (5c) Revised Contract Standing Orders for LBHF will take effect on 1 July 2016 for all procurements advertised on or after this date. This will ensure Cabinet see forward Commissioning Plans and a Procurement Strategy on each procurement (6) The Royal Borough of Kensington & Chelsea. (6a) Procurement regulations for the Royal Borough of Kensington and Chelsea.						(1). Restructuring of Adult Social Care and Children's Services procurement and commissioning teams is underway with jobs recently (2) Hammersmith & Fulham (2a). Amendments to Contract Standing Orders have been approved by full Council to facilitate earlier Cabinet visibility and approval of commissioning and procurement strategies before competitive tendering exercises commence. (2b). The Cabinet Member for Commercial Revenue and Resident Satisfaction has also requested regular Cabinet Member monitoring of all departments 3-year forward commissioning and procurement plans. (2c). LBHF have appointed a Commercial Director who will also lead on procurement. Work is currently being undertaken to review the Contracts Register. (3) Kensington & Chelsea			1. A new Contract Management Framework which is designed to improve contract management and provide a consistent approach across the council is being rolled out across departments . 2. The framework is split into two sections. [2a] The first section deals with housekeeping issues and provides an overview of the Contract Management Framework; [2b] the second section outlines 6 areas of focus namely (i) Specification, (ii) Governance and Organisation, (iii) Performance, (iv) Commercial, (v) Risk and (vi) Legal. The framework includes a Contractual Obligation Tracker.			

LONDON BOROUGH OF HAMMERSMITH AND FULHAM SHARED SERVICES RISK REGISTER DASHBOARD

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC	✓	WCC	OFFICER(S)	5	4	20	3	4	12	↓	1	1	1			January 2016
5	In-year 2015-16 Reduction to Public Health Budgets					Management controls						Comments			Actions			
	With the proposed reductions to the Public Health 2015-16 budgets, coupled with possible removal of the ring-fence and potential changes to the Public Health grant conditions; there is a serious risk of in-year disruption to Public Health projects and/or cessation of Public Health commissioned services before year-end and Public Health's capability to deliver against the three Councils' medium term plans.				Dr Mike Robinson, Director of Public Health	Public Health Finance has modelled various budgetary scenarios and are currently preparing various budget savings proposals, pending the outcome of a national consultation process which was initiated by Public Health England at end of July 2015 on the four possible options proposed for the budget reductions. Public Health's response to the consultation proposals was agreed by the Senior Management Team and members and submitted to Public Health England before the end of August. The Public Health grant will be ring-fenced for remainder of 2015-16 and must be spent in line with clear grant conditions. Grant conditions are clearly set out in six prescribed functions. The outcome of the consultation is now known						Public Health England confirmed an in-year reduction of 6.2% to all local authorities across England, to the Public Health grant (October 2015). This reduction has been met. However, the autumn Spending Review announced reductions to the Public Health grant of approx. 3.9% per annum from 2016/17 for the next 5 years. Use of the Public Health grant will continue to be reported on and assured with Public Health England.			An implementation plan with proposed efficiencies is being adopted, to ensure that we meet the agreed budget commitments for 2016/17. This strategy takes into account the reduction to the grant in 15/16 and the further reduction of 3.9% in 2016/16. A Public Health task and finish is reviewing the grant for 2016/17 and future years, within a reducing grant context. In addition,			

LONDON BOROUGH OF HAMMERSMITH AND FULHAM SHARED SERVICES RISK REGISTER DASHBOARD

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC	✓	WCC	OFFICER(S)	5	5	25	3	4	12	→	2	3	6			January 2016
6	Business resilience.					Management controls						Comments			Actions			
	1). Limited joined up systems, processes and resources in the event of a Royal Borough of Kensington and Chelsea and London Borough of Hammersmith and Fulham Business Continuity internal / external incident. 2). Managed Services Programme - potential supplier withdraws a service due to invoices not being paid. 3). Risks associated with the end of Hammersmith and Fulham Bridge Partnership contract (Novation of contracts to in-house, new contracts and extensions). 4). Non-availability of I.T. systems, cyber attacks. 5). Ensuring continuity of services during a potential Housing Stock Options transfer at London Borough of Hammersmith and Fulham. 6). Loss of significant Contractor (London Borough of Hammersmith and Fulham Serco novation, however Serco have recently announced their intention to retain Environmental Service business.)				Dave Page, Bi-borough Director for Safer Neighbourhoods, London Borough of Hammersmith and Fulham Tony Redpath, Director of Strategy and Local Services, the Royal Borough of Kensington and Chelsea.	1). Corporate Business Continuity Policies and Strategies have been agreed at both Business Boards, and updated accordingly, ensuring commonality for incident management. London Borough of Hammersmith and Fulham use Creditsafe for the assessment of contractor credit and liquidity risks, with The Royal Borough of Kensington and Chelsea, Westminster City Council to follow shortly. Contractors are required to confirm their business continuity arrangements as part of the tendering process, plus a 2 day mandatory Contract Managers Training work shop is being delivered by Westminster City Council. 2) An emergency payments system is in place in the event of a significant delay or missed payment to a supplier. 3) Tri Borough ICT Programme Manager Andy Orr maintains a separate risk register for the transfer and a Transition Team has been set up. 4). Owners of Priority 1 and Priority 2 classified services have been requested to ensure a their service continuity plans have a strategy in place to cater for the loss of the supplier. 5). Risks are being identified and managed through the Programme Management Team and reported periodically to the Shared Service Risk Manager. 6). Counsels' advice has been received and discussions are ongoing with Serco in connection with a novation to a subsidiary company, Serco environmental.						A Shared Services Procurement Risk Advisory Group has been established to provide support on areas such as Supply Chain Risk Management and Information Management resilience. GOLD training has been provided to senior management in both boroughs, to enhance the ability to deal with serious incidents, plus additional Emergency Planning training delivered in London Borough of Hammersmith and Fulham.			1-2) The Royal Borough's Business Impact Analysis system is obsolete, plus the London Borough of Hammersmith and Fulham Business Impact Analysis is non-existent. A formal review of external software systems, to have been carried out by Bridge, proved too costly. Further work is currently under way to consider development of a system in-house, and also to further consider the funding aspects of an external system. 3). London Borough of Hammersmith and Fulham Business Continuity Manager is liaising with the ICT Transformation Manager reviewing the Programme Risk Register for actions that the business / services may need to implement.			

LONDON BOROUGH OF HAMMERSMITH AND FULHAM SHARED SERVICES RISK REGISTER DASHBOARD

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	Risk cause and context						Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	5	5	25	3	4	12	↑	3	3	9			January 2016
7	Information management and digital continuity.						Management controls						Comments			Actions			
	a) Information created, accessed, handled, stored, protected and destroyed by the service areas and departments across the three partner councils is not managed in compliance with information rights legislation or local policies, eg the Data Protection Act 1998, Freedom of Information Act 2000, Environmental Information Regulations 2004 and the Protection of Freedom Act 2011; b) The service areas and departments do not fully understand or manage the risks such non-compliance involves therefore not making informed, risk based decisions; c) Insufficient staff resources, both corporately and departmentally, to mitigate the above risks; d) Potential breach of information rights legislation resulting in a monetary penalty of up to £500,000 plus costs of the staff/ICT resources to remedy the breach and reputational damage to the three partner councils (estimates based on average ICO fines in last 12 months and cost of H&F ICO Undertaking, £100,000 (fine) and £270,000 (staff/ICT resources @ £90,000 per council).					Ed Garcez, Chief Information Officer, Shared Services. Ciara Shimidzu, Head of Information Management	<ul style="list-style-type: none"> * Shared Services Information Management Board. * Shared Services Information Management Strategy * Shared Services Information Sharing Register * Shared Services Information Management work programme, including the following workstreams: Governance, Information Asset Management, Learning and Development and Information Security policy framework Shared Services Information Management Toolkit, eg Information Governance Checklist, Information Sharing Protocol template, Information Sharing Agreement template, Confidentiality Agreement template and PCS template (H&F and WCC only). * Shared Services Privacy Impact Assessment process. * Offsite Records Storage Service Framework Agreement for three boroughs and their partners (currently H&F and WCC only) * Onsite records storage - records management function delivered by the Corporate Information Governance Team * Sovereign information management and security policies, risk logs, compliance monitoring, incident management and reporting protocols * All three boroughs use the same local authority Retention Schedule * Caldicott Guardians for Adult Social Care and Children's Services * Sovereign Senior Information Risk Owners (SIRO's) * NETConsent software used at the RBKC to train and inform Information Technology users and provides for high level of user acceptance. * London Borough of Hammersmith and Fulham and Westminster City Council staff are required to complete and provide a certificate confirming they have passed training known as the Personal Commitment Statement with quarterly monitoring and feedback to departmental management teams. * Potential breaches of policy can be treated as a potential disciplinary matter and referred to Human Resources or the Corporate Fraud team for 						Heightened awareness across the public and staff of information rights. Higher demands from public enquiries and reduced capacity across three councils limiting progress on delivery of key aspects of the Information Management strategy programme as compliance has to be prioritised. Higher demands from sovereign and shared services for Information Management input, training, advice and guidance. Success of the Shared Services Information Management work programme and toolkit has raised Information Management profile across the boroughs. Period of transition with re-organisation of ICT functions after protracted negotiations. Reduced staff size of teams across the three boroughs (2 posts deleted during reorganisation). Number of historic and current data breaches currently under investigation and reported to the Information Commissioners Office.			<ul style="list-style-type: none"> * Development of Shared Services Information Management policies and supporting governance framework Strategy workstream); * Learning and development programme (Strategy workstream); * Information Asset Audit and creation of an Information Asset Register (Strategy workstream); * Introduction of new Information Security Policy and development/implementation of policy acceptance software across the 3 boroughs along with new cohesive user and corporate statements; * Communications strategy; * Creation of a shared ICT service IM team. 			

LONDON BOROUGH OF HAMMERSMITH AND FULHAM SHARED SERVICES RISK REGISTER DASHBOARD

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place	
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	5	5	25	4	4	16	↓	3	3	9			January 2016
8	Managing statutory duties.					Management controls						Comments			Actions				
	Non-compliance with laws and regulations. Breach of a duty of care. Non-compliance with Health and Safety at Work. Equalities and Human Rights. Application of Traffic Management Orders in Housing Estates required to managed levels of parked vehicles blocking access to Emergency Vehicles, Ambulatory and Council vehicles.				Nigel Pallace, Chief Executive, LBHF Council. Nicholas Holgate, Town Clerk, The Royal Borough of Kensington and Chelsea. Charlie Parker, Chief Executive, Westminster City Council.	Local Codes of Corporate Governance, constitutions and schemes of delegation. Officers codes of conduct. Shared Health and Safety Service between the Royal Borough of Kensington and Chelsea and LBHF Council. Shared Services Incident reporting on-line software. Shared Services training software, Workrite. Legislative changes are adopted and reflected in amendments to the Councils constitutions and budgets allocated through a unified business and financial planning process. Amey now manage a number of statutory and regulatory procedural and record management processes. Statutory returns to, for example, the Food Standards Agency, Health and Safety Executive.						Internal Audit of Organisational Health and Safety undertaken. Internal Audit of LBHF gas safety arrangements undertaken. Corporate Safety Team business plan and audit programme established. Departmental and statutory Corporate Safety committee established and meeting regularly. Regular Health and Safety performance reports to the Executive Management Team. Shared Service Building Compliance Board established.							
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	5	5	25	3	3	9	↑	3	3	9			October 2015
9	Standards and delivery of care.					Management controls						Comments			Actions				
	Breach in the standard of delivery of care, caring services and care homes.				Liz Bruce, Executive Director of Adult Social Care Andrew Christie, Executive Director of Childrens Services	Insurance cover in place in the event of a claim for a breach of duty of care. Legislative changes are adopted and reflected in the Councils constitutions. Contract monitoring includes assessment of quality of standards of care. Regular Chartered Institute of Purchasing and Supply meetings brings together commissioners, operational, safeguarding and Care Quality Commission staff to discuss and detect breaches in quality of care. Budget allocation is made through a unified business and financial planning process.						In addition to these arrangements, the Commissioning Directorate and the Safeguarding team monitors the quality and performance of care providers to diminish the likelihood of such events occurring. New Provider Failure & Service Interruption Framework was put in place in June 2015. The new Adult Social Care Strategic Provider and Contract Monitoring Framework now in place enables early identification of risk to quality of service.			Following the Peer Review, Adult Social Care is implementing a more holistic service wide approach to quality assurance, through a new Quality Assurance Board. The Board has now commenced meeting.				

LONDON BOROUGH OF HAMMERSMITH AND FULHAM SHARED SERVICES RISK REGISTER DASHBOARD

APPENDIX 1
Review date 02/02/2016

Ref	RISK				Assigned To	Inherent risk assessment:			Residual risk assessment: Quarter 3			DOT	Target risk:			Reducing the risk		
	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC	✓	WCC	OFFICER(S)	5	5	25	3	4	12	→	3	3	9			October 2015
10	Failure of partnerships and major contracts.					Management controls						Comments			Actions			
	Nigel Pallace Chief Executive, LBHF Council Charlie Parker, Chief Executive, Westminster City Council Nicholas Holgate, Town Clerk, The Royal Borough of Kensington and Chelsea.					Shared Services Board The Link Intelligent Client Function (ICF) manages the AMEY Total Facilities Management contract. Contractor liquidity checking through Creditsafe. Procurement and commissioning is undertaken through CapitalEsourcing software acting as a repository for contract information and providing a workflow for the procurement process. Section 113 agreements under the Local Government Act 1972 for Shared Services.						LBHF and their IT provider the Hammersmith and Fulham Bridge Partnership undertake periodic checking of contractors liquidity. Credit safe is now embedded in capitalEsourcing thus enabling the Royal Borough access to credit checking along with WCC. LBHF have served notice to terminate the agreement with the Link for the management of the TFM contract.						

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LBHF	✓	RBKC	✓	WCC		OFFICER(S)	5	5	25	3	4	12	→	3	3	9			October 2015
11	Increase in complexity of working with partners.						Management controls							Comments		Actions			
	Working with the National Health Services, Clinical Commissioning Groups, Police, General Practitioners., 3BM and Epic CIC Public Service mutuals.				Nigel Pallace Chief Executive, LBHF Council Charlie Parker, Chief Executive, Westminster City Council Nicholas Holgate, Town Clerk, The Royal Borough of Kensington and Chelsea.		Information sharing protocols and agreements. Members scrutiny of partners risk management is undertaken by the Scrutiny Committees at the Royal Borough of Kensington and Chelsea and Policy and Accountability Committees at LBHF.							The LBHF Policy Team are working on developing thematic meetings which will include local external partner agencies to work more inclusively on shared priorities.					
LBHF	✓	RBKC	✓	WCC			5	5	25	3	4	12	↑	3	3	9			October 2015
12	Decision making and maintaining reputation and service standards.						Management controls							Comments		Actions			
	Pre-determination of policies or contract reviews. Breach of Officer or Member code of conduct. Breach of Information Security or Governance or Confidentiality. Poor quality data internally or from third parties.				Nigel Pallace Chief Executive, LBHF Council Steve Mair, City Treasurer, Westminster City Council Nicholas Holgate, Town Clerk, The Royal Borough of Kensington and Chelsea.		Annual Governance Statement Management Assurance Statements Risk Management arrangements in Services Feasibility studies and options appraisals. Members induction programme. Capacity building of I.T. and Staff. Business planning and performance management and information. Complaints and compliments reviews reported to Committees.							A review of this years evidence for the Annual Governance Statement 2015 2016 has yet to establish if Services have undertaken a business planning process for 2016 2017. This is applicable for the Royal Borough and for LBHF.					

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC	✓	WCC		5	5	25	4	4	16	↓	3	3	9			October 2015
13	Failure to identify and address internal and external fraud.					Management controls						Comments			Actions			
	Potential exploitation of Managed Services Agresso systems during implementation and towards business as usual delivery.				Hitesh Jolapara Strategic Director of Financial Corporate Services , LBHF Council Steve Mair, City Treasurer, Westminster City Council Kevin Bartle, Interim Director of Finance, The Royal Borough of Kensington and Chelsea.	Shared Services Corporate Fraud function. Risk assessment used to assist in targeting fraud and for workload prioritisation. Whistleblowing policy, Bribery policy, Officer Codes of Conduct. Procurement teams have attended Counter Fraud training.						The Shared Services Corporate Anti-Fraud Service (CAFS) implements a counter fraud and corruption strategy which is supported by a policy framework. Plans and operations are aligned to the strategy and contribute to the overall goal of maintaining resilience to fraud and corruption. The service employ a mixture of reactive and pro-active techniques to combat fraud, including subscription to national initiatives such as the National Fraud Initiative and the National Anti Fraud Network. The service reports regularly to Audit Committees on performance against the counter fraud strategy and the effectiveness of the strategy.						

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC	✓	WCC		5	5	25	3	3	9	↑	1	3	3			October 2015
14	Change in management of schools.					Management controls						Comments			Actions			
	Relationship and accountabilities of academies. Managing the potential of Fraud in schools. Managing statutory responsibilities. Safeguarding responsibilities.				Ian Heggs, Director of Schools, Quality and Standards	AMEY/Link now provide some statutory compliance services for schools. Ofsted inspection is currently taking place covering The Royal Borough, LBHF and WCC.						Safeguarding in all schools is the subject of a great deal of attention by the Children's Services Department and overseen by the Local Safeguarding Board. They in turn are inspected by Ofsted.						
LBHF	✓	RBKC	✓	WCC		5	5	25	4	4	16	→	3	3	9			January 2016
15	Managed Services Programme					Management controls						Comments			Actions			
	Although the number of risks rated high has been reduced from 20 to 16 since last November, as at 18th January the programme continued to face a number of significant risks: payroll reconciliation; resources (numbers and quality) both at BT SSC and in system development, system controls and system response times. The risks are being managed and mitigated, but their potential impacts remain serious.				Maria Benbow, Westminster City Council Programme Director	Managed Services Programme Management Office Designated Finance and Human Resources Workstream Leads Regular meetings with the Managed Services Provider through Operational and Strategic Framework Boards Managed Services Sponsors meeting track progress against targets. Sponsors issues are regularly identified and discussed. A comprehensive and regularly reviewed risks and issues register						The proposed resolution for the payroll reconciliation is going through piloting and testing, although this is now significantly behind schedule. BT are recruiting to 35 new roles in the Shared Service centre and have made available additional developer resource. Access and authorisations are being reviewed and BT are tasked with delivering a comprehensive control and environment integrity pack. System response time remains a challenge following the decision to defer upgrade 6. Schools training continues to be rolled out. However 44 schools have now given notice that they intend to exit the Managed services contract.			An Annual Governance Statement action plan setting of the challenges faced by the managed services programme and progress to date was provide to H&F Audit Pension and Standards Committee on 13th January			

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC		WCC	OFFICER(S)	5	5	25	3	3	9	→	3	3	9			February 2016
16	Housing Stock Transfer					Management controls						Comments			Actions			
	The Residents' Commission on Council Housing's report was published on Tuesday 3 November 2015 at the Economic Regeneration, Housing and the Arts Policy and Accountability Committee (PAC). Following this, the Cabinet received a report from Officers on Monday 7 December 2015 setting out the Commission's recommendations and setting out the next steps for a transfer of the council's housing stock to a new not-for-profit, resident-led, locally based housing association for the borough constituted on the Community Gateway model. The report was approved in full and Officers have been instructed to develop a business case and Offer for transfer.				Kathleen Corbett, Director for Finance & Resources & Joint Lead Director for Housing	Governance - A Programme Management Office was established for the Strategic Housing Stock Options Appraisal (SHSOA) phase of the Strategic Stock Transfer Programme with a dedicated team. The programme and governance controls utilised during the first phase have been rolled forward and a new Programme Brief was approved by the Programme Board in January 2016. Governance of the appraisal phase received substantial assurance in the November 2015 internal audit. Contracts for the External Advisers have been rolled forward except for the Financial and Funding Consultant who is being re-procured. Budgetary and governance controls for the new phase have commenced. Communications and Consultation Strategy The structure of the Programme Management Office has been expanded to include a Project Manager dedicated to the development and implementation of an expanded Communication and Consultation Strategy. As part of consultation a H&F Residents' Housing Advisory Group (RHAG) with members of the Residents' Commission has been established to develop recommendations relating to the governance structure for the new landlord and the recruitment package for the Shadow Board. Development of the Business Case						Progress against the objectives identified in the Brief, such as the creation of the Business Case for Transfer has already been made, there has been an initial meeting with the Department for Communities and Local Government. Recruitment of dedicated resources has commenced and will be finalised shortly. Work on creating the strategy has also started. The Residents' Housing Advisory Group has commenced its discussions on the new governance structure with the support of the Legal Adviser and their team. Business Board approved the implementation of a detailed Corporate Impact Assessment on 27 February 2016. A structured review of financing						

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	Risk cause and context					Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place		
ADULT SOCIAL CARE Leadership Team Risks																				
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	4	4	16	→	3	3	9				
1	Reducing resources to support people with care needs and increasing demand due to demographic pressures					<u>Management controls</u>											<u>Comments</u>			
	In the financial year there is a funding gap nationally for adult social care of £3bn. Through the Medium Term Financial Strategy efficiencies and savings have already made in recent years as the resources available for social care have significantly reduced. There is a risk that further savings which will be required will make it very difficult to meet the needs of the increasing numbers of disabled and older people. As a result of demographic changes the Council is already supporting greater numbers of adults with care needs an increasing proportion of this group have very complex needs who would previously have been supported more by health services.					Rachel Wigley Deputy Executive Director & Director of Finance and Resources					Further change our service model to put a greater focus on short term, re-abling, interventions to help people regain skills and look after themselves for longer delaying the need for social and health care; through both the Customer Journey programme where we are refining our approach to reablement as part of the integrated Community Independence Service and Manage resource planning through the Department of Health, Association of Directors of Adult Social Services network and Local Government Association in relation to the Care Act.					Review Board is the Adult's Leadership Team.		Pursue opportunities to develop more integrated and closer working with health colleagues, through initiatives such as the Better Care Fund and 'whole systems' programme. This includes the use of some health resources to fund some of the additional demand for home care as a result of these programmes. - Develop a new Commissioning Strategy which is exploring different mechanisms to resource and commission services in the future using 'care pathways', and different procurement models.		January 2016

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LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	4	4	16	→	3	3	9			
2	Responding to changing legislation						Management controls						Comments						
	The Care Act began to be implemented from April 2015. There was a comprehensive programme in place to ensure that Adult Social Care was compliant with the new requirements. Although implementation of some parts of the Act (e.g. the 'care cap') have been delayed until 2020 by the Government; Adult Social Care are left with delivering new responsibilities such as for self funders, carers and the wider health and well being, without additional resources. There continues to be a lack of clarity from Government about available funding to support additional demands for services.					Jerome Douglas Senior Business Analyst	Further change our service model to put a greater focus on short term, re-abling, interventions to help people regain skills and look after themselves for longer delaying the need for social and health care; through both the Customer Journey programme where we are refining our approach to reablement as part of the integrated Community Independence Service and Manage resource planning through the Department of Health, Adult Social Services network and Local Government Association network and Local Government Association in relation to the Care Act.						Review Board is the Care Act Board. Pursue opportunities to develop more integrated and closer working with health colleagues, through initiatives such as the Better Care Fund and 'whole systems' programme. This includes the use of some health resources to fund some of the additional demand for home care as a result of these programmes. - Develop a new Commissioning Strategy which is exploring different mechanisms to resource and commission services in the future using 'care pathways', and different procurement models.			January 2016			
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	4	4	16	→	3	3	9			
3	Reducing customer and carer satisfaction and reducing self reported 'outcomes'.						Management controls						Comments						
	Scale of change around frontline and provider services and greater emphasis on time limited interventions and reablement, may lead to reduced satisfaction of some customers, especially those who have been supported for some time. This could lead to poorer outcomes for customers and reputational risk to the Council. There is an increasing risk that customer and carer satisfaction and outcomes will reduce.					David Evans Principal Strategy & Performance Officer	Developing a communications strategy and plan which informs residents of changes in the approach to health and social care services locally. - Closely analysing all customer and carer feedback, including that through complaints and the statutory user and carer surveys and using this to help inform our planning. - Redesigning frontline social work services in the customer Journey project, based on the 'customer voice' research which identified what was important to people who use our services. - Exploring more, new opportunities for co-production and design of new services with customers and carers to ensure their needs and ideas are central to our approach.						Review Board is the Adult's Leadership Team.			January 2016			

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LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	4	4	16	→	3	3	9			
4	Workforce risks around morale, change fatigue, recruitment and retention and complexity of three borough working.				Management controls			Comments											
	The recent Adult Social Care Peer Review highlighted a significant recruitment and retention risk across London for social care staff. Locally there is a risk that this is exacerbated as terms and conditions are not as competitive as some authorities elsewhere. Additionally there is significant change fatigue across the ASC shared service and the added complexity of working across three boroughs. The consequences could be increasing recruitment problems and difficulty holding onto the most able staff at a time of service change.				Felicity Thomas Learning and Development Coordinator			Established a Workforce Board which is overseeing an Adult Social Care Workforce Plan Exploring alternative ways to reward staff, for example through tailored development programmes. Improved internal staff communications from the senior management team by the use of blogs, team meetings and through the TriAngles staff newsletter. Using the results of the Your Voice survey to address service, team and staff concerns. Key change programmes have dedicated learning and development plans attached to them, i.e. Customer Journey, Commissioning Review and home care implementation.			Review Board is the Workforce Board.			January 2016					
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	4	4	16	→	3	3	9			
5	Market unable to provide services required				Management controls			Comments											
	The Adult Social Care market is fragile and there is a risk that it is not able to develop in the ways we will require in the future to meet local need; there is significant risk of market failure. This could result in significant unmet needs and higher dependency levels of customers making it more difficult to achieve savings. In the event of provider failure the Council will need to contingency plans in order to meet the needs vulnerable residents in the in a timely and safe manner.				Paul Rackham Head of Community Commissioning and Mary Dalton Head of complex Need Commissioning			Developed an updated Market Position Statement setting out our future commissioning intentions and direction of travel. Engaging with providers and undertaking more market warming exercises in particular through London Care and Support and other forums. Help providers to plan better by publishing forward plans for tenders etc. Developed a Provider Failure and Service Interruption Policy.			Review Board is the Contracts and Commissioning Board			January 2016					

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LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	4	4	16	→	3	3	9			
6	Risks arising from the Managed Services Programme implementation.						Management controls						Comments						
	Significant strategic risk due to continuing problems presented by the implementation of the Managed Services Programme Agresso system which have not been fully resolved. Serious risk of interruption or cessation to a number of contracted services. Some suppliers have gone without payment for services provided since the system was introduced in April and the smaller, more vulnerable suppliers will have difficulty continuing in this vein for much longer.					David Evans Principal Strategy & Performance Officer	Adult Social Care and Public Health finance and commissioning managers have been arranging for ad-hoc emergency payments to be made to the smaller and more vulnerable providers and suppliers. Lobbying corporate for more training and support as well as technical solutions.						Review Board is the Adult's Leadership Team.					January 2016	
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	3	4	12	→	3	3	9			
7	Complexity of change programmes in Adult Social Care and National Health Service						Management controls						Comments						
	The change programme in Adult Services and in whole systems with the National Health Service is very complex and there are risks arising from interdependencies, misalignment of projects and double counting of benefits. There are also risks of slippage due to need for significant leadership, management capacity and additional programme resources to deliver. There are also risks of delays in decision making due to complex bureaucracy					Rachel Wigley Deputy Executive Director & Director of Finance and Resources	New Adult Social Care leadership team now in place. Customer Journey will align operational services. Commissioning Review to deliver new commissioning structure. Robust programme management approach and shared governance arrangements with National Health Service. Adult Social Care new whole systems lead to ensure consistent approach to working with Clinical Commissioning Groups. Business case for additional resources costs have been signed off and recruitment commenced to some posts.						Review Board is the Adult's Leadership Team.					January 2016	

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LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	3	4	12	→	3	3	9			
8	Risk of exposure to judicial challenge resulting from the Care Act reforms and lack of clarity in the regulations and guidance.						<u>Management controls</u>							<u>Comments</u>					
	Lack of clarity in the regulations and guidance, potentially impact on local decisions about service users, self funders, and carers.					Kevin Beale Head of Social Care and Litigation	Lobby the Department of Health through regional Association of Directors of Adult Social Services network about any concerns issues resulting from the final publication of care act regulations and guidance in October. Learn from Case Law, as it arises nationally post April 2015. Our legal team are working with the London Lawyers Group to monitor specific issues related to the Care Act Guidance. There are some parts of the guidance that are ambiguous and therefore require close contact with the Department of Health if any related Judicial Reviews are upheld.						Review Board is the Care Act Board.					January 2016	
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	4	4	16	→	3	3	9			
9	Better Care Fund benefits could be less than expected.						<u>Management controls</u>							<u>Comments</u>					
	Risk that Better Care Fund benefits/savings could be lower than expected re: - Integrated Operational Services and - Integrated contracting and commissioning of residential and nursing care. Benefits could be delayed or reduced and overlap with other contract efficiency savings - and risk achievement of savings targets. Particular risk that Community Independence Service does not achieve the required volumes / throughput to achieve benefits.					Martin Calleja Head of Transformation	Benefits Tracker developed across the programme. External evaluation taking place of increased demand for social care, from health. Group A savings contingent on Community Independence Service: regular data collection and review in progress via Lead Providers Oversight Group (LPOG) meeting. Savings gaps flagged at Joint Finance Oversight Group (JFOG), Joint Executive Team (JET) and Better Care Fund Board. Workshop in Autumn to consider other opportunities. Heads of Finance agree composite picture for savings and investment. Monitor spending against projection regularly and report any deviations as priority.						Review Board is the Portfolio Delivery Board.					January 2016	
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	5	5	25	2	4	8	→	1	1	1			
10	Safeguarding risks						<u>Management controls</u>							<u>Comments</u>					
	Risk of serious safeguarding incident, death or serious injury of vulnerable residents					Helen Banham Strategic Lead Professional Standards and Safeguarding	Robust safeguarding processes in place in operational and provider services and partner organisations. Regular auditing and Quality Assessment of processes and measuring effectiveness reporting to Safeguarding Adults Board. Chartered Institute of Purchasing and Suppliers meeting includes Care Quality Commission and regular discussions about quality and safety of providers.						Review Board is the Adult's Leadership Team.					January 2016	

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LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	4	4	16	→	3	3	9			
11	Reduction in Adult Social Care expenditure and Commissioning budget leading to services being commissioned that are not 'good' quality and not able to deliver outcomes.						<u>Management controls</u>							<u>Comments</u>					
	Since 2009 Officers have continually sought ways to drive efficiencies in contracted services whilst striving to improve service quality. As need to find efficiencies has increased there is a real risk that we are not able to guarantee the quality of our service provision.					Mary Dalton Head of Complex Needs Commissioning and Paul Rackham Head of Community Commissioning	Commissioning Strategy being developed to explore new approaches to commissioning services in the context of reducing resources including enterprise, outsourcing and new purchasing and community agencies.							Review Board is the Contracts and Commissioning Board					January 2016
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	2	4	8	→	1	1	1			
12	Failure to deliver an effective Adult Social Care service model to meet requirements of the Care Act						<u>Management controls</u>							<u>Comments</u>					
	Operational services and commissioning delivering the Care Act requirements at a time of significant other transformation. Target operating model requirements not clearly defined given the complexity of Transformation Portfolio Delivery with all its projects and programme interdependencies and / or inability to effectively deliver the future state through a controlled approach.					Jerome Douglas Senior Business Analyst	Interdependencies between projects and programmes was mapped. and compile benefits plan to track successful delivery. Follow national programme office tools and guidance across Department of Health, Local Government Association and Association of Directors of Adult Social Services which supports local authorities to implement the Care Act. A set of standard operating procedures have been rolled out to the Adult Social Care teams to enable staff to follow Care Act compliant processes. Staff have opportunity through various channels to feedback if any of the Standard Operating Procedures are unworkable or misleading so that any corrections can be made immediately.							Review Board is the Care Act Board.					January 2016
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	3	4	12	→	1	1	1			
13	Effective management of contracts due to limited resources						<u>Management controls</u>							<u>Comments</u>					
	The procurement team are responsible for managing 250 contracts. Alongside that they are scheduled to carry out a large number of procurements. This means there is a risk that some high value contracts are not being monitored effectively and some contracts are not being monitored at all.					Sherifah Scott Procurement	A Managing Supplier Performance Framework has been developed which sets a framework for the amount of contract monitoring resource to be allocated to each contract, thus ensuring that the highest risk/highest value/lowest performing contracts are monitored appropriately.							Review Board is the Contracts and Commissioning Board			Commissioning Review will better combine contract management with service development and commissioning enabling a more holistic approach and address capacity issues. Commissioning Plan will look at new models of procurement to reduce the amount of contracts directly required monitoring etc.		January 2016

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LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	3	5	15	3	4	12	→	1	1	1			
14	Lack of integrated and coherent partnership approach to mental health commissioning						Management controls						Comments						
	A risk that joint commissioning priorities will be lost or subjected to the wider National Health Service agenda. This might impact on the ability to deliver an integrated offer to individuals with mental health needs resulting in an increased pressure on social care, housing, employment and benefit agencies.					Paul Rackham Head of Community Commissioning and Pauline Mason Service Development Project Manager	Executive management oversight of mental health priorities through Whole Systems Review process Senior management ownership of mental health priorities through the mental health Integrated Plan and mental health Programme Board. Clear identification of work areas and clarification about which organisation will lead following transition. The Adult Social Care mental health commissioner now in place to provide capacity around day services.						Review Board is the Contracts and Commissioning Board Further liaison with Clinical Commissioning Groups to improve co-ordination. January 2016						

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	Risk cause and context						Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	3	5	15	3	4	12	→	2	2	4			
15	Inconsistent Multi Disciplinary Team service designs in local Clinical Commissioning Groups.						Management controls						Comments						
	<p>There is a risk that because the Central London Clinical Commissioning Groups Whole Systems model of geographic 'villages' is not consistent with the Better Care Fund proposals in West London and Hammersmith and Fulham, there will be a negative impact on the potential to develop single models of service (e.g. Common Induction Standards, Long Term Social Work service, Home Care) across the Adult Social Care shared service.</p> <p>Risk that social care included in x3 Clinical Commissioning Group Multi Disciplinary Team models differently; inconsistent involvement and influence of Adult Social Care in design of Multi Disciplinary Teams.</p>					Chris Neal, Whole Systems Lead	<p>Ensure positive engagement with Whole Systems Early Adopters design processes by operational Heads of Service.</p> <p>Adult Social Care Common Induction Standards, Hospital discharge and long term social work teams all part of Customer Journey redesign.</p> <p>New Whole Systems Adult Social Care Director now appointed to improve co-ordination.</p> <p>New Head of Whole Systems appointed</p>						<p>Review Board is the Adult's Leadership Team.</p>				January 2016		

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LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	3	5	15	3	4	12	→	1	1	1			
16	<p>There is a risk of poor quality service provision in care homes where the Council has spot purchased beds which could result in poor care outcomes for individuals.</p>						<p><u>Management controls</u></p>							<p><u>Comments</u></p>					
	<p>At present there is significant spend with a number of residential/nursing care providers with no block contract in place, only individual contracts relating to the care for the customer. As a result we are not able to impact the quality of the overall home due to no formal contractual relationship being in place.</p>					<p>Sherifah Scott Procurement</p>	<p>The Placement Review function is now situated within the placement and brokerage team and the review process has been redesigned so that Officers also pick up information about the home which is then fed back to the brokerage and review team. A regular Chartered Institute of Purchasing and Supply meeting involves the Care Quality Commission and focuses on homes where there are quality and safety concerns.</p>						<p>Review Board is the Contracts and Commissioning Board</p>	<p>There are a number of homes identified to be moved onto a block contract based on the number of customers.</p> <p>The Commissioning Review will create more resources to focus on this area.</p> <p>Placement Board to be re-established to identify and resolve issues as they arise.</p>			<p>January 2016</p>		
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	4	4	16	→	1	1	1			
17	<p>Deprivation of Liberty Safeguards applications continue to rise and the resources to process them remain fixed</p>						<p><u>Management controls</u></p>							<p><u>Comments</u></p>					
	<p>As a result of the Care Act, in Quarter 1 14/15, 99 Deprivation of Liberty Safeguards applications received; Quarter 1 15/16 264. At the end of Quarter 1 15/16 151 applications have been assessed (57% applications received). A risk of legal challenge for unauthorised detentions remains. Community Deprivation of Liberty Safeguards are being scoped & applications to the codes of practice made.</p>					<p>Helen Banham Strategic Lead Professional Standards and Safeguarding</p>	<p>Priorities for assessment (e.g. urgent referrals where the person may be objecting) are determined using Association of Directors of Adult Social Services guidelines. A system to ensure deaths in Deprivation of Liberty Safeguards are notified to the Coroners is in place. Community Deprivation of Liberty Safeguards requiring authorisation in the Deprivation of Liberty Safeguards are being scoped and applications made.</p>						<p>The risk of legal challenge is low for Shared Services Adult Social Care as all local authorities in the same situation. Shared Services Adult Social Care are making submissions to the Law Commission Review of Deprivation of Liberty Safeguards .</p>	<p>January 2016</p>					

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LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	4	4	16	→	3	3	9			
18	Operational services do not achieve the level of change to head count, and changes to methods of working and behaviour or is insufficient.						<u>Management controls</u>							<u>Comments</u>					
	Insufficient change in practice risks the efficiency savings not being realised and targets missed. Associated risk that Information and Communication Technology changes aren't delivered in time to support the practice changes.					Matthew Castle Portfolio Manager	Staff changes are factored into the Customer Journey programme at all stages with clear staff engagement and expression of what the future will look like. Dedicated Information Technology workstream established in Customer Journey programme.							Reviewed as part of the Customer Journey Programme					January 2016
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	4	4	16	3	4	12	→	1	1	1			
19	Fundamental change to the way that home care providers deliver services.						<u>Management controls</u>							<u>Comments</u>					
	New model of home care has personal support planning and re enabling elements. These are key to achieving efficiencies and improved outcomes.					Christian Markandu Commissioning Manager	Partnership working between local authority and new providers. Support training and development of care workers Learning & Organisational Development supporting this.							Reviewed as part of Home Care					January 2016
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	3	4	12	3	4	12	→	3	3	9			
20	There is a risk that new providers are not able to mobilise a team to pick-up existing packages.						<u>Management controls</u>							<u>Comments</u>					
	If this risk materialises, then this will slow down transfer of customers on new contract					Christian Markandu Commissioning Manager	Robust implementation plan including built-in contingency plan and risk rating of new providers.							Reviewed as part of Home Care					January 2016
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	3	5	15	3	5	15	→	1	1	1			
21	Dual I.T. systems in Mental Health Services / no interoperability/ poor I.T. hardware / systems access and IT support for the specific needs of Mental Health services.						<u>Management controls</u>							<u>Comments</u>					
	Significant challenges with I.T. systems within Mental Health partnerships with two different I.T. systems being used. Difficult to get whole picture, difficult to get accurate management information, impact on practitioners efficiency having to use two different systems for accessing and recording information. Wide group of stakeholders key group being staff and customers. Particularly difficult re: West London Mental Health Trust.					Social Worker Lead / Trust managers	Define minimum core mental health dataset for social care system (Frameworki) to support Managed Services Programme, operational and strategic information needs. Negotiate with West London Mental Health Trust around provision of data and achieving improvements in data quality. Support for use of Agresso to ensure providers receive payment.												January 2016

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LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	2	4	8	2	4	8	→	1	1	1				
22	<p>Risk to quality and continuity of provided services as a result of a failure of a major Third Party/Partner supplier relationships to provide facilities management and infrastructure.</p>					<p>Management controls</p>						<p>Comments</p>								
	<p>Risk that provided services do not meet quality standards adversely affecting customers satisfaction and personal outcomes and risking reputation.</p>					<p>Kevin Williamson Head of Housing with Care Services</p>					<p>Effective monitoring of the contracts at every level. Effective contract / including Service Level Agreements specified from the outset, with partners and third parties properly understanding the service need. Robust plans and partnership arrangements. All stakeholders working to ensure effective relationships built and maintained (inc. internal partners such as Assessment teams).</p>						<p>January 2016</p>			
LBHF	✓	RBKC	✓	WCC	✓	OFFICER(S)	3	5	15	3	5	15	→	1	1	1				
23	<p>I.T. Collaboration Tools to support three borough working and partnerships with the National Health Service</p>					<p>Management controls</p>						<p>Comments</p>								
	<p>From an operational and strategic perspective the use of multi case management systems across the National Health Service and social care creates particular risks.</p>					<p>Brian Vallis Head of Business Services</p>					<p>Actively lobbying corporate I.T.. Piloting system solutions (eg. SYSONE) to support joint operational working with the National Health Service. Exploring with North West London Clinical Commissioning Groups in developing North West London data warehouse to provide strategic capability and support development of whole systems working and evaluation.</p>						<p>It is challenging working across 3 boroughs despite there being a number of freely available pieces of software to share calendars, files and information (for example Huddle, Media fire, Doodle). We are also working very closely with Health Partners in delivering the Better Care Fund there are currently no workable file sharing applications which we can use to facilitate this work. This will effect staff and customers. Ultimately the inability to keep up with technology will reflect on the services we provide.</p>			<p>January 2016</p>

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CHILDRENS SERVICES																		
LBHF	✓	RBKC	✓	WCC		4	5	20	3	4	12	→	3	3	9			
1	If serious harm comes to a child or young person to whom we have a duty of care for, then the Council and/ or partner agencies could be seen to be at fault.					<u>Management controls</u>						<u>Comments</u>						
	Potential injury to a client. Reputational harm.				Clare Chamberlain, Director of Family Services for Royal Borough of Kensington and Chelsea, Steve Miley Director of Family Services for London Borough of Hammersmith & Fulham Debbie Raymond/Angela Flahive Head of Combined Safeguarding, Review and Quality Assurance Service	Family Services Directors manage the risk within their departments and ensure controls are in place so that no serious harm comes to a child or young person. Employees have enhanced Disclosure Barring Service checks. Ongoing Safety, Reliability and Quality Assurance and Local Safeguarding Childrens Board activities to ensure quality assurance. Review lessons learnt from cases and ensure appropriate local safeguarding training is given to staff. Co-ordinated responses in an event of an incident (inc. with corporate teams such as media and comms) eg. managing media and public exposure												January 2016
LBHF	✓	RBKC	✓	WCC		3	4	12	4	3	12	→	3	3	9			
2	If Looked after Children numbers start to rise, due to increase in Unaccompanied Asylum Seekers (UASC)					<u>Management controls</u>						<u>Comments</u>						
	There will be an increasing demand for placements. In addition, even without a rise in overall numbers, ongoing or even increased demand for high cost placements, particularly for adolescents, will put pressure on placements budget. Financial overspend				Clare Chamberlain, Director of Family Services for Royal Borough of Kensington and Chelsea, Steve Miley Director of Family Services for London Borough of Hammersmith & Fulham	The Assistant Director of Tri-borough Looked After Children/ Care Leavers will drive forward work within the Tri-borough Service. Review of current Unaccompanied Asylum Seekers costs for all three councils including breakdown of how these costs are made up (care, care leavers etc) A Looked after Children tracker and financial placements models in place to monitor numbers, need and cost. Looked after Children numbers are monitored against national trend. Launch of Focus on Practice												January 2016

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LBHF	✓	RBKC	✓	WCC			3	4	12	3	4	12	→	3	3	9			
3	If staff morale is low, then this may impact on service delivery and people leaving.						Management controls						Comments						
	Failure to meet the needs and expectations of our customers and politicians Failure to meet the needs of the service- Staff may leave					Andrew Christie, Executive Director Childrens Services and Senior Leadership team.	There is no single corporate solution however, there are opportunities to look at this at individual directorate/ service level. On-going staff engagement and consultation should take place and suitable handover and knowledge sharing opportunities should take place before exit. Workforce Strategy in place.						Specific areas: 1. If pay, terms and conditions are not comparable for staff from different boroughs completing equivalent roles, then this may have negative impact 2. If workforce anxiety about on-going changes to services, people may leave 3. If workforce is reduced, then this reduces capacity/ capability to deliver change.			January 2016			
LBHF	✓	RBKC	✓	WCC			3	4	12	3	4	12	→	3	3	9			
4	Failure to align public health priorities to support improved outcomes for children and their families						Management controls						Comments						
	We may not be able to exploit the benefits of public health investment which may impact on delivering services. Failure to meet the needs and expectations of our customers and politicians					Rachel Wright-Turner Tri-borough Director of Commissioning (Children's Services)	Ensure regular engagement takes place between colleagues in health services and colleagues across the department.									January 2016			
LBHF	✓	RBKC	✓	WCC			4	4	16	3	4	12	→	3	3	9			
5	The changing relationship with schools; we need to ensure effective financial standards and processes are in place in all schools.						Management controls						Comments						
	Failure to meet the needs of the school, Reputational harm					Dave McNamara Tri-borough Director of Finance and Resources	Review and develop the Scheme for Financing Schools across the tri borough to incorporate the funding, procurement and legislative changes. Review the findings of Audit reports to develop and target training at areas of concern and weaknesses in the operation of financial processes within schools.									January 2016			

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LBHF	✓	RBKC	✓	WCC			4	4	16	3	4	12	→	3	3	9			
6	Commissioning and Procurement approach						Management controls						Comments						
	If we do not carry out processes properly (including ensure 'sovereignty' implications) then there is a risk of challenge. Business as Usual but also in projects across the Children's Department. Reputational harm Financial					Rachel Wright-Turner Tri-borough Director of Commissioning (Children's Services)	Ensure that we understand the complexity and timescales of the procurement process and that sufficient time is planned in to undertake the procurement process with robust governance. Where required, inclusion of appropriate 'Sovereign' legal advice. Appropriate level of customer engagement.												
LBHF	✓	RBKC	✓	WCC			5	5	25	3	4	12	→	3	3	9			
7	If current improvements in the delivery of Passenger Transport Contracts, Travel Care and Support are not sustained, then this will impact on service users.						Management controls						Comments						
	Service failure – Children not transported safely Failure to meet the needs and expectations of our customers and politicians. Savings not realised					Rachel Wright-Turner Tri-borough Director of Commissioning (Children's Services)	Clear performance monitoring and contract management in place. Robust remedial action taken when required. Clear governance arrangements in place. Report by exception to Senior Leadership Team and other governance boards when required. Specific risk log to be implemented. Specific implementation of service development and improvement plan.												
LBHF	✓	RBKC	✓	WCC			5	4	20	4	4	16	→	3	3	9			
8	If Managed Services/Agresso is unable to provide Human Resources and Finance services (e.g. Starters and Leavers, payment to suppliers, etc) then the ability for the department to deliver an effective service will be reduced.						Management controls						Comments						
	Failure to deliver service as suppliers/customers not paid Failure to deliver a statutory service Reputational harm					Andrew Christie, Executive Director Childrens Services and Senior Leadership team.	Human Resource / Finance issues reported to BT. Escalation process in place for issues reported to BT and not resolved. Escalate Human Resource issues to Stephen Wood. Escalate Finance issues to Alex Pygram and Caroline Baxter. Work to ensure organisation structure accurate underway with delivery expected by end of August (Retained Finance and Human Resources joint working to deliver) A Service Impact Risk Assessment carried out.												

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LBHF	✓	RBKC	✓	WCC			4	4	16	3	4	12	→	3	3	9				
9	The delivery of further Financial Savings may distract from core business activities, with the risk of service failure.						<u>Management controls</u>							<u>Comments</u>						
	Failure to meet the needs and expectations of our customers and politicians Failure to deliver a statutory service					Andrew Christie, Executive Director Childrens Services and Senior Leadership team.	Use of financial planning process to identify risks associated with any savings proposals and to ensure that they are achievable Ensure full Impact Assessment of any savings proposals. Effective planning for the delivery of savings.												January 2016	
COMMERCIAL AND PROCUREMENT																				
LBHF	✓	RBKC		WCC			4	5	20	3	4	12	→	3	3	9				
1	Impact on the Commissioning and Procurement of Services and Contract with the introduction of the National Living Wage in April 2016.						<u>Management controls</u>							<u>Comments</u>						
	Potential increases in cost of delivering services, smaller firms may lose staff impacting on quality and performance.					John Francis and Alan Parry	Report on the implications of National Living Wage going to 22nd March Audit, Pensions and Standards Committee.							Adult Social Care is likely to be the most affected department given the call upon agency staff in certain areas to ensure service continuity. Adult Social Care and Childrens Services Commissioning and Procurement teams currently assessing impact, and liaising, to ensure a joined-up approach and report. National Living Wage will have little or no impact on outsourced services as previous in-house staff would have TUPE'd over on the higher H&F Minimum Earnings Guarantee. National Living Wage however, could impact on H&F policy objective of involving more local Small and Medium Enterprises s				To be identified as part of the Adult Social Care/Childrens Services/corporate procurement review and reported to Audit Committee.		January 2016

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LBHF	✓	RBKC		WCC		4	5	20	4	4	16	→	3	3	9			
2	Failure to establish clear and agreed commissioning and procurement plans by Services.					Management controls						Comments						
	Direct Awards, poor performance and quality services. Policy directives are not fulfilled.				John Francis and Alan Parry							From 4th July 2016, no new procurement activity above £100k (with few exceptions such as placements for vulnerable children and adults, and energy) will be permitted under Contract Standing Orders to proceed to market without first having had its business case and procurement			Procurement Governance Transition Working Group established. First meeting 1st February 2016. Communications strategy being developed by Internal Communications Team, possibly supported by Internal Audit "health check" to assess state of readiness for go-live date. Monitoring and assessment by Procurement Board and Commercial Director.	January 2016		
LBHF	✓	RBKC		WCC		4	5	20	4	4	16	→	2	2	4			
3	Non-compliance with Council's Contract Standing Orders.					Management controls						Comments						
	Potential breach of local policy eg. Delivering Social Value and best possible quality services to the local taxpayer.				John Francis and Alan Parry	From 4th July 2016 the Contract Standing Orders require prior Cabinet approval for all tendering exercises in excess of £100,000 to be signed off as a Key Decision.						Revised Contract Standing Orders will mitigate this risk.			No new controls envisaged until the Contract Standing Orders have been bedded in	January 2016		

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LBHF	✓	RBKC		WCC		4	5	20	4	4	16	→	2	2	4			
4	Management and control of Contractor's Health and Safety					Management controls						Comments						
	Potential breach of the Health and Safety Act and criminal prosecution. Death or Injury due to a poorly managed or specified contract.				John Francis and Alan Parry	The Shared Services arrangements require departments to use the Contractors' Health & Safety (CHAS) Scheme (or equivalent) as the standard for all works & service contracts, as a condition of contract. The CHAS Scheme carries out a regular assessment of contractors or service providers to ensure that they comply with statutory requirements.						Once the contract has been awarded the Corporate Procurement Team no longer is responsible for monitoring the awarded contract. This becomes the responsibility of the client department and the contract manager, who must as part of the regularly monitoring arrangements ensure that the annual assessment is carried out by the CHAS Scheme Service.						

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LBHF	✓	RBKC		WCC		4	5	20	4	4	16	→	2	3	6			
6	Failure of a significant contractor.					<u>Management controls</u>						<u>Comments</u>						
	May result in service interruption or delay in a critical service, harm, death or injury in safeguarding contracts.				John Francis and Alan Parry	Regular monitoring of contractor using CreditSafe to identify the potential failure of a significant contractor. The alert system provides an early warning that a contractor may be in financial difficulty and allow the Council to plan for such a contingency.						Management control already in placed.			No new management controls at this stage planned.		January 2016	
LBHF	✓	RBKC		WCC		4	5	20	4	4	16	→	2	2	4			
5	Poor specification of a contract.					<u>Management controls</u>						<u>Comments</u>						
	Increased cost of running the contract and poor performance.				John Francis and Alan Parry	Standardised approach to specification already embedded as part of pro-formas available to Service Review Teams and potential contract managers.						H&F's revised Contract Standing Orders that take effect on 1 July 2016 will focus attention on the contents of specifications. There will also be the aim of using the provisions contained in the Public Contracts Regulations 2015 to undertake soft market testing prior to the publication of the opportunity.			The new control from 1 July 2016 will be the requirement to produce a business case for all procurement with an estimated value exceeding £100,000 that must be signed off as a key decision by the Cabinet. The business case must include details of the contents of the specification.		January 2016	
DELIVERY AND VALUE Risk register under review																		
ENVIRONMENTAL SERVICES (Former ELRS and TTS) Risk register under review																		
CLEANER, GREENER, CULTURAL SERVICES																		
LBHF	✓	RBKC		WCC		4	5	20	4	4	16	→	3	3	9			
1	There is a risk that we are unable to manage residents' expectations in a time of pressure on service delivery of waste collections leading to damage to the Council's reputation.					<u>Management controls</u>						<u>Comments</u>						
	Additional risk anticipated, especially to street cleansing, if further savings needed. Damage to council's reputation and poor resident satisfaction				Sue Harris, Bi-Borough Director for Cleaner Greener & Cultural Services	October 2015 - Action Plan developed from the outcomes of the Policy and Accountability meeting 23rd September 2015.											January 2016	

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LBHF	✓	RBKC	✓	WCC			4	5	20	4	4	16	→	3	3	9			
2	Risk that recycling rate will continue to reduce						Management controls						Comments						
	Financial Impact					Kathy May, Head of Waste Management Markets & Enforcement, Waste Management, Markets and Enforcement	October 2015 - New recruits now well established and action plan is under way. Golden ticket success rate so far below other boroughs for RBKC, draw details and publicity arrangements being rolled out. Further funding bid submitted in October. Behavioural change bids evaluated and award to be made.									January 2016			
LBHF	✓	RBKC	✓	WCC			5	3	15	5	3	15	↑	3	3	9	Comments		
3	Risk that effective joint working with LBHF/Carbon reduction remains limited for schools only						Management controls						Comments						
	Financial Impact on MTFS and reputation					Mathieu Mazonod Climate Change Programme Manager	The Team is going to undertake a visioning exercise involving Westminster City Council and London Borough of Hammersmith and Fulham. The Team will retain close working with London Borough of Hammersmith and Fulham.									January 2016			
CUSTOMER AND BUSINESS DEVELOPMENT (No high risks present at this time)																			
SAFER NEIGHBOURHOODS																			
LBHF	✓	RBKC		WCC			5	5	25	4	4	16	→	3	3	9	Comments		
1	Risk that the Fulham Coroners Office is not delivering to service KPI's and customers expectations.						Management controls						Comments						
	Impact to the Mortuary process of delivering bodies to funeral parlours within expected timescales. Reputational risk to the council due to poor service received by residents,					Alistair Ayres, Head of Emergency Services							News story in Mail on Sunday related to the Senior Coroner losing documents related to A PERSON Inquest fortunately did not reflect poorly on LA but did put service in the spotlight. Liaising with Communications team re any future press interest.			January 2016			

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	Risk cause and context						Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC		WCC			4	4	16	4	3	12	↑	3	3	9	Comments		
2	Risk that Hammersmith Park Sports Facility is not successfully delivered.					<p><u>Management controls</u></p>													
	No facilities for the local taxpayer.					Ullash Karia, Head of Leisure	Project Board meet regularly. Consultation taking place May/June involving councillors.												January 2016
LBHF	✓	RBKC		WCC			5	4	20	4	4	16	→	3	3	9	Comments		
3	Risk that income targets for registrars is not achieved due to staff shortages and HR issues. Not enough Registrars taking Notices due to HR issues therefore risk of not delivering on budget.					<p><u>Management controls</u></p>													
						Mary Byrne, Customer Experience/Performance Reporting Manager	October 2015 - income monitored monthly though difficult due to Agresso issues. HR issues still difficulty in running a service and completing training needs for officers. Three Agency staff now in place.												January 2016

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	Risk cause and context						Likelihood	Impact	Overall	Likelihood	Impact	Overall		Likelihood	Impact	Overall	Management comments on measures.	Planned action(s)	Date / in place
LBHF	✓	RBKC		WCC			5	4	20	4	4	16	→	3	3	9	<u>Comments</u>		
3	Risk that income targets for the duct asset contract are not achieved						<u>Management controls</u>												
						Mary Byrne, Customer Experience/Performance Reporting Manager	October 2015 - meeting scheduled with Cllrs Fennimore and Vincent in October 15 to consider the Council's response to ITS's revised proposal for free broadband access. The duct asset concession agreement remains at risk until the Council has reached agreement with ITS about the free broadband.											January 2016	
LBHF	✓	RBKC		WCC			4	4	16	4	4	16	→	3	3	9			
4	Risk that the citizenship ceremony income will not be achieved due to lack of qualified applicants following Home Office policy changes						<u>Management controls</u>										<u>Comments</u>		
	Income not achieved					Mary Byrne, Customer Experience/Performance Reporting Manager	October 2015 -NCS demand is low, savings have been made deleting one post associated directly with the NCS											January 2016	

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PUBLIC HEALTH																			
LBHF	✓	RBKC	✓	WCC			4	5	20	4	4	16	→	3	3	9			
1	Public Health Grant reductions and removal of the ring-fence.						<u>Management controls</u>							<u>Comments</u>					
	Health outcomes will be impaired by the reduction of the Public Health Grant reductions and Public Health's ability to deliver against the Councils medium term plans.					Dr Mike Robinson, Director of Public Health	PH Finance Business partners continue to undertake scenario planning and prepare various budget proposals about future reductions that the Public Health Grant will be subject to an average 3.0% reduction (in real terms) over the next 5 years. The announced in-year reduction to the grant of 6.2% has been met.							Review of commissioning, contracts and procurement programmes to identify where efficiencies can be achieved for future year					
LBHF	✓	RBKC	✓	WCC			3	5	15	3	4	12	↑	3	3	9			
2	Consequences of reprourement and the procurement process.						<u>Management controls</u>							<u>Comments</u>					
						Dr Mike Robinson, Director of Public Health	Stimulate the market through stakeholder and market development events. Develop service contingency plans. Horizon scanning.							Could destabilise service delivery. This has wider implications to across the Councils and wider unrelated services.					
LBHF	✓	RBKC	✓	WCC			3	5	15	3	4	12	→	3	3	9			
3	Clinical Governance						<u>Management controls</u>							<u>Comments</u>					
	Adequate assurances are required of our providers and their clinical governance processes.					Ike Anya, Deputy Director, Consultant in Public Health Medicine	Clinical Governance Policies to be developed. Staff to be provided with clinical governance guidelines. Monitoring mechanisms to be put in place.							A consequence of this risk is that there could be a lack of focus on clinical safety and quality.					

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LBHF	✓	RBKC	✓	WCC			3	5	15	3	4	12	→	3	3	9			
4	Recruitment and retention						Management controls						Comments						
	Not being able to attract and retain staff with the right experience, skills and abilities, to advertised roles.					Dr Mike Robinson, Director of Public Health	Key vacancies are being advertised to fill vacant posts and increase capacity of the department. Workshops are being undertaken to involve and engage staff with updates and changes to the department. Recruitment of wider team function (Community Champions and its health checks) is being undertaken within existing resources.						Could result in the department not being able to provide a core service or meeting agreed targets for 2015/16. This could increase workloads and impact on the health and wellbeing of staff in situ.			January 2016			
INFORMATION MANAGEMENT AND TECHNOLOGY																			
LBHF	✓	RBKC	✓	WCC	✓		5	4	20	3	4	12	↑	3	3	9			
1	Co-ordination and control of IT procurement across the three Councils.						Management controls						Comments						
	The method of procurement varies from Council to Council, this includes the use of the Councils new e-procurement system. CapitalESourcing is used to record procurement activity but not currently for Hammersmith and Fulham Bridge Partnership.					Ed Garcez, Tri-borough Chief Information Officer	It is inevitable that the Hammersmith and Fulham Bridge Partnership will adopt their own procurement approach, and this approach will not change before the contract ends in October 2016. The risk is noted and will as best possible be mitigated by the establishment of the shared Information and Communications Technology service which is now progressing well. There is a dependence on Capital eSourcing now across the three councils, and a formulation of Information and Communications Technology strategic controls being inserted into all procurements. In addition, the use of in house data centres will be costed.						Reviewed by Department Leadership Team			January 2016			
LBHF	✓	RBKC	✓	WCC	✓		5	4	20	3	4	12	↑	3	3	9			
2	Denial of service vulnerability as networks converge.						Management controls						Comments						
	Unmitigated. Risk has been recognised and is under consideration.					Ed Garcez, Tri-borough Chief Information Officer	In order to manage an external threat, defences have been deployed, including Public Services Network CoCo and perimeter PenTest. In addition, a Social engineering exercise is planned for this quarter in order to highlight potential areas of concern. ICO have undertaken a review in H&F, and this is extending across the other 2 councils. The ICT Convergence project is being treated appropriately as a proper change initiative, rather than just an ICT project. In addition, there is a move to Re-establish the Programme group						Reviewed by Department Leadership Team			January 2016			

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LBHF	✓	RBKC	✓	WCC	✓		5	4	20	3	4	12	↑	3	3	9				
3	Failure to manage Information following outsourcing. Assurance from service providers. Records management and control.						Management controls						Comments							
						Ed Garcez, Tri-borough Chief Information Officer	<p>Guidance has been prepared for the Procurement Working Group (led by RBKC Cabinet Members). This will be introduced for all procurements. To review in March 2016.</p> <p>Information Management is represented on the Procurement and Risk Advisory Group and assisting in the creation of guidance and training for contract managers from business case to contract management. Also in the development of disaster recovery/business continuity plans.</p> <p>Privacy Impact Assessments are mandatory for all new procurement and re-procurement activity - this provides a checklist for the business to put in place with regard to the sharing and handling of personal data once the contract is in place, eg information sharing agreements that list information types and the means by which information is shared.</p> <p>A shared information management strategy is in place with a programme of work overseen by by the Head of Information Management</p> <p>Since the Head of Information Management has been appointed, there is greater co-ordination across the three councils' sovereign Information Management teams, including information security and Local Land and Property Gazetteer.</p> <p>The Head of Information Management sits on the Caldicott Guardian Information Governance Group and works closely with the newly appointed Adult Social Care and Childrens Services' Information Governance Officer.</p>						<p>Reviewed by Department Leadership Team</p> <p>A Shared Services Head of Information Management has now been appointed.</p>							January 2016

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LBHF	✓	RBKC	✓	WCC	✓		5	4	20	3	4	12	↑	3	3	9			
4	Information Technology functions across the 3 Councils are not operating as a single entity.					Management controls						Comments							
					Ed Garcez, Tri-borough Chief Information Officer	Appointment made of a Tri-borough Chief Information Officer. Shared Services now have IT relationship managers and a problem manager in place to assist departments The Information and Communications Technology phase 1 restructure has now been completed, with all staff in post in January 2016. A single set of standards for all of the 3 authorities is expected to be drafted and agreed by the Head of Strategy This will be reviewed again in July when, subject to approval, the service is expected to be defined. A full population of the structure will be subject to recruitment timescales A cohesive governance structure for Information and Communications Technology is currently being established, including the Strategy & Portfolio Board for business managers and the Digital Board for Management and Member Information and Communications Technology Leadership.						Reviewed by Department Leadership Team Strategy and Portfolio Board and the Digital Board have overview. Phase 2 and in parallel Phase 3 reorganisations are in motion. January 2016							
LBHF	✓	RBKC	✓	WCC	✓		5	4	20	4	4	16	→	3	3	9			
5	LBHF Transition					Management controls						Comments							
	There is a large scale change affecting six ICT service towers transitioning to four different suppliers at the same time as significant programmes of business change (Housing, contact centre etc.) and a move within Hammersmith town hall. Plus over 100 supplier contracts which departments have to make procurement plans for.				Ed Garcez, Tri-borough Chief Information Officer	The programme has a director and programme manager and the appropriate governance. It reports to three different boards Hammersmith and Fulham Business Board, Shared Services Board and Political Cabinet in order to provide assurance that it will deliver its planned benefits. The programme has links to the other interdependent programmes like housing stock options in Hammersmith and Fulham and ensures through representation on the board and monitoring of those programmes that this risk is mitigated. This risk is also mitigated by the Shared Information and Communications Technology Services Portfolio function which tracks other significant Information and Communications Technology change and dependencies.						Reviewed by Department Leadership Team, Business Board and Shared Services Board Phase 2 and in parallel Phase 3 reorganisations are in motion. January 2016							
LBHF	✓	RBKC	✓	WCC	✓		5	4	20	4	4	16	→	3	3	9			
6	Threat of Cyber Attacks					Management controls						Comments							
	There have been a number of instances of local authorities being targeted by attacks				Ed Garcez, Tri-borough Chief Information Officer	Specific controls in place. Cybersecurity audit undertaken for the Royal Borough of Kensington and Chelsea recently, with three medium priority recommendations for the Head of Information Management and the Royal Borough of Kensington and Chelsea Information Security Manager. In addition, a Cyber Security paper was produced for Members. After a series of attacks primarily aimed at the Royal Borough of Kensington and Chelsea but also affecting the London Borough of Hammersmith and Fulham and Westminster City Council, a series of mitigations were put in place including a reminder to staff not to click on downloads or links from unknown email addresses.						Reviewed by Department Leadership Team January 2016							

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HOUSING																			
LBHF	✓	RBKC		WCC		4	4	16	4	4	16	→	3	3	9	Comments			
1	Welfare Reform /Local Housing Allowance Changes					Management controls													
	Increased demand & decreased supply. Changes in the welfare benefit system. Impact on Homelessness acceptances, Temporary accommodation expenditure and the Housing Revenue Account bad debt cost and void levels.				Mike England / Kathleen Corbett, Director for Finance and Resources	HB Assist linked with new prevention strategy, Incentive package for private landlords is in place. Housing Options have strengthened front of house to provide more tailored advice, assistance and homelessness prevention services, full membership of a West London Procurement framework with a panel of third party providers providing accommodation inside and outside London Sent out Direct Debit forms to every tenant with the rent increase letter, improved direct debit set up on i-world, implementing the ability to set up Direct Debits over the phone, Direct Debit campaign, Housing management under occupation focus regarding spare room subsidy and the bedroom tax.						Increase in demand currently being managed. New Welfare Reform Project Board has now been created to manage the approach to the Overall Benefit Cap and the rollout of Universal Credit however we are seeing increasing pressure on the General Fund Budgets and, unlike previous years, do not expect to report an underspend this year. Reduction of the Overall Benefit Cap from April 2016 and 4 year freezing of working age benefits, including Local Housing Allowance will add further pressure on our ability to procure temporary accommodation			Development of procurement strategy. Report to Cabinet in June 2015 on approaches to Lots1 & 2. Lot 2 involves an agreement with third party suppliers offering to buy property for use as temporary accommodation. Tendering exercise to be reported to Cabinet in April or May 2016. Partnership with RP's engaged in a proactive asset management strategy may yield additional units, increase the number of nominations made available to the Council to vacancies in stock owned by Registered Providers. The restriction of housing benefit payments to single people under 35 living in social housing to the shared accommodation rate, announcement by the Government as part of the Comprehensive Spending Review on 25th Nov 2015, is likely to impact on some of our Council tenants, work is currently underway to assess how many and to develop an approach to help residents maintain their tenancies.			February 2016	
LBHF	✓	RBKC		WCC		4	5	20	4	5	20	→	3	3	9	Comments			
2	Delivery of Medium Term Financial Strategy savings					Management controls													
	Future MTFS savings not delivered or that in 2021 rents continue to be enforced by statute and that the council is unable to return to the rent policy agreed last year with tenants of CPI plus 1% plus £1. In the Housing Revenue Account this would lead to further reductions in planned repairs over the next ten to fifteen years or that fixed term tenancies are imposed by government impacting void rates				Kathleen Corbett, Director for Finance and Resources	As a strategic management team continue to seek ways to reduce costs and generate additional income, focus on opportunities for increasing advertising income and on ensuring we are spending money on communal and planned repairs effectively and efficiently, embed Head of Financial Investment and Strategy into planned works budget monitoring meetings to look for efficiencies, work with residents to look for efficiencies						See existing controls which have just been put in place and now need to be strengthened so seeking efficiencies while improving service becomes cultural and ensure this sits alongside our customer service improvement programme.				February 2016			

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LBHF	✓	RBKC		WCC			3	4	12	3	4	12	↑	3	3	9	Comments			
3	Proposals for the future of the Councils Housing Stock.						Management controls													
	The programme is not delivered and money is spent with no firm outputs.					Mike England Director for Housing Options Skills & Economic Development	Programme Team established November 2014, Residents Commission on Council Housing established in March 2015 to oversee the Options Appraisal. Commission reported in November 2015. Cabinet approved recommendation to pursue Housing Stock Transfer on 7 December 2015, including budgets for pre-ballot expenditure to June 2016.						Continue to monitor via Programme Board. Programme now having to take account of important changes in the Summer Budget around reductions in social rents to 2020, the forced sale of Council homes and reductions in welfare benefits. Workstreams now in place to produce recommendations about the creation of the new landlord, increase the breadth of resident consultation and engagement, build up an "offer" for residents, and opening discussions with the Department of the Communities and Local Government about the						Discussions with the Government Department for Communities and Local Government have now commenced. Next milestones are in March 2016, when members will review progress against expenditure and June 2016, when it is hoped to be in a position to decide whether to go to ballot.	February 2016
LBHF	✓	RBKC		WCC			5	5	25	5	5	25	↓	3	3	9	Comments			
4	Earls Court Regeneration						Management controls													
	The scheme is currently under review following the change of Administration, this may lead to either the loss of receipts or to receipts being received as realisable capital receipts later than currently predicted in the HRA business plan. Receipts in the Housing Revenue Account business plan have been reprofiled to reflect the lower expected initial realisable receipt based on recent phasing information and the remainder of the receipts have been pushed out to later years, however there remains a significant risk of a reduced or delayed receipt until negotiations conclude and the recently received S34A application is concluded. The Housing Revenue Account business plan is very sensitive to movements on this project					Kathleen Corbett, Director for Finance and Resources, Juliemma Mcloughlin Director for Planning	Project Management Team meets fortnightly, quarterly monitoring report to Hammersmith and Fulham Business Board and Members, original scheme project risk register held by project manager (TK). CAPCO paid a fee of £15m on entering into the exclusivity agreement. Governance Structure included in the Conditional Land Sale Agreement £10m is refundable only in restricted circumstances and £5m is not refundable under any circumstances. Sensitivity modelling has been done on the Housing Revenue Account business plan for this and the other CFR risks (the JV review) and to date some rephasing of realisable receipts has been contained. There is however a significant risk if no receipts are received or if there is further rephasing required that this would render the Housing Revenue Account business plan unviable without either income from sales or significant cuts in the capital programme, scenario modelling on this was shared with the Cabinet member for Finance as part of the preparation of the Housing Revenue Account business plan agreed by Cabinet on 5th Jan 2015 and risk has continued to be highlighted in subsequent reports.						Project currently under review and subject to discussions with Capco. All existing controls, assurances and proposed actions will be subject to future review if current scheme changes.						Continue to monitor and review. As part of business plan modelling repeat the sensitivities run this year	February 2016

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LBHF	✓	RBKC		WCC		4	5	20	4	5	20	→	3	3	9	Comments		
5	Investing and maintaining our Council Homes					Management controls												
	Insufficient funds available to invest in existing stock & properties to ensure maintained to provided safe and well maintained homes. Risk now heightened by Earls court / JV Housing Revenue Account CFR risks and recent Government Announcements imposing a 1% rent decrease for the next 4 years and by recent Government Announcements on Welfare reform				Stephen Kirrage, Director for Asset Management & Property Services	To continue to undertake a review of the existing Asset Management Strategy & long term financial investment plan - stock condition survey update has recently been completed and business plan updated, controls under risk 2 above need to be considered in conjunction with this							Embed finance more into the budget monitoring side of the planned repairs team, embed a Value For Money culture more into the repairs team. Work with residents on this to ensure we deliver both our statutory requirements, keep the fabric of the buildings in good condition, comply with Health and Safety requirements and deliver the service residents want based on what we can afford			February 2016		
LBHF	✓	RBKC		WCC		5	5	25	3	5	15	↑	3	3	9	Comments		
6	Consulting with our residents					Management controls												
	Consultation errors limiting income to £100 per leaseholder maximum for the duration of any contracts in excess of 12 months. Too many single point failures in the production of Service Charges.				Kathleen Corbett, Director for Finance and Resources	Check lists drafted for clients to complete and final sign off by Head of Service. Review each dispute on its own merit and a decision reached on a case by case basis regarding a response to the challenge. All change of names and addresses to be updated once a week to ensure all leaseholders are consulted at their preferred address. Instruct Bridge as and when necessary. Section 20 notice and letter have been redrafted to make them easier to understand (checked by legal) and a new improved version is now in use. Working group is being set up with leaseholders to improve the quality of estimates provided as part of the S20 process.							Counsel's opinion may be needed on any specific challenge to any notices issued prior to 2011. Increase resilience from within the business. Continue to work with Residents to increase clarity of current notices to reduce likelihood of future challenge by working in more customer focused approach with all our stakeholders and more continue to make all correspondence and estimates more user friendly			February 2016		

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LBHF	✓	RBKC		WCC		5	5	25	3	4	12	↑	3	3	9	Comments		
7	Delivering new homes					Management controls												
	Review of Joint Venture opportunity Sites with a view to delivering the Affordable homes as Social Housing in asd far as possible rather than Low Cost Home Ownership. The current proposal is that this would be achieved by making the replacement for Edith Summerskill House into 80:20 social :affordable rented and funding this using the land receipt from Watermeadow Court (which would be 100% private sale). This will result in the loss of a £12.75m receipt currently included in the Housing Revenue Account business plan with a consequent increase in the Housing Revenue Account CFR. It will also result in the loss of the £7.5 m receipt currently assumed in the General Fund capital Programme from Watermeadow Court, the general fund capital programme would therefore also require revision. There is also a risk that the recent Government Announcements regarding high value vacant social housing may mean we end up having to sell immediately after development and a risk that the scheme may again need reviewing as a result of the government proposals on starter homes				Kathleen Corbett, Director for Finance and Resources, Juliemma Mcloughlin Director for Planning	Housing Revenue Account business plan now does not include the receipt for Edith Summerskill House. If Government announcement on selling vacant high value social rented homes put the programme at risk we could revert to shared ownership and need to watch the risk re starter homes												
						Continue to monitor and review. Model next years Housing Revenue Account business plan without this receipt, need to have certainty by Winter 2015 otherwise may need to rephase the planned repairs programme for 2016/17. Continue to review legislative position on the sale of hgh value voids, ensure homes design can be used for either social rented or shared ownership												
						February 2016												

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LBHF	✓	RBKC		WCC			5	5	25	4	5	20	→	3	3	9	Comments		
8	Delivering Quality Housing Service - Managed Services Impact						Management controls												
	<p>Managed services implementation continues to impact significantly on both our service delivery to residents and on our ability to collect both rents and leaseholder service charges. We have had on-going issues with missing rent payments which makes it hard for us to firmly chase debt and take cases to court, it also makes it hard for our tenants to keep control of their finances. We have been unable to properly chase service charge arrears since March 2015 (and only very recently have been able to see balances on screen and raise invoices), we do not know the accuracy of the service charge balances but it is very possible that there are issues with payments similar to those we have had with rents. There is a very significant risk that bad debts will increase and a significant risk of pressure on PSL costs as we have lost landlords directly as a result of payment delays caused by Agresso. There is also a significant risk attached to staff recruitment as the new processes are causing significant delays and there is a risk that good candidates will be lost and agency staff costs incurred as posts remain vacant longer</p>					<p>Kathleen Corbett, Director for Finance and Resources, Hitesh Jolapara, Strategic Director for Financial Corporate Services</p>	<p>Project is managed by a team based in Westminster who have implemented the system across LBHF, RBKC and Westminster. Arrears letters for tenants are now reinstated as the missing payment files was believed be resolved however it has continued to reoccur. We are now replicating monitoring that BT should be doing to pick up and chasing missing payment files to ensure we can send out accurate arrears letters. We now have access to suspense account on Agresso and have found that there are a large number of bounced rent payments on it which we are working through resolving. For Leaseholder Service Charges we will need to carry out a similar exercise. We continue to feedback our payment, recruitment and other issues to the Westminster team and to seek local solutions as well as learning from each other</p>							<p>Continue with arrears letters for tenants and pushing Westminster project team to resolve the issues. For Leaseholders we will need to carry out a similar calling around exercise before the first Dunning letters are sent. For all other issues we need to continue to push and feedback to BT and the project team</p>			<p>February 2016</p>		

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SHARED SERVICES LIBRARIES																					
LBHF	✓	RBKC	✓	WCC	✓		4	4	16	4	4	16	↓	1	1	1	Comments				
1	Failure to agree shared 3B shared approach to medium term financial challenge and continued development of 3B services						Management controls														
	(Libraries delivery models programme), 3B arrangements do not develop or are terminated					Mike Clarke Tri-borough Director of Libraries and Archives	Developing change proposals in an iterative and consulted way; programme management arrangements to be reviewed/support garnered; Member engagement						Review by Programme Board, Officer Steering Group			January 2016					
LBHF	✓	RBKC	✓	WCC	✓		4	5	20	3	4	12	→	1	1	1	Comments				
2	Failure to deliver three year savings programmes						Management controls														
	Budgets not balanced, services overspend or under-achieve income					Mike Clarke Tri-borough Director of Libraries and Archives, Jonathan Ross, Finance Manager	Medium term planning through corporate processes and Senior Management Team. Monthly monitoring by service and finance						Monthly forecasting and management of pressures			Approval of proposals for yearly reductions; development of alternative models	January 2016				
LBHF	✓	RBKC	✓	WCC	✓		4	3	12	4	3	12	→	2	2	4	Comments				
3	Increased risk to library staff from increasing Anti Social Behaviour issues in libraries						Management controls														
	Public order, customer and staff safety, risk to Council property					Mike Clarke Tri-borough Director of Libraries and Archives	Weekly updates at Senior Management T. Additional security where required						Enhanced liaison with police and community safety			January 2016					
LBHF	✓	RBKC		WCC			4	5	20	3	4	12	→	2	2	4	Comments				
4	Roof leaks at Hammersmith library damaging refurbished interior						Management controls														
	Reputational risk, operational costs					Tony Rice Tri-borough Operations Manager, Customer Services	Hammersmith library refurbishment project. Funding for roof works being sought through capital programme . Monitoring by BPS. Planning application submitted. Costed.						Programme to be agreed to remedy defects and carry out additional exterior works			January 2016					

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LBHF	✓	RBKC	✓	WCC	✓		4	4	16	4	4	16	→	2	2	4	Comments			
6	Manage income generating decline (libraries)						Management controls													
	Financial risk					Mike Clarke Tri-borough Director of Libraries and Archives, Jonathan Ross, Finance Manager	Careful management of resources including recruitment drag, supplies and services efficiencies etc. However this remains a major concern with no 'magic bullet' solution							Monthly forecasting and medium term financial planning			Explore other sources of income. Rightsize as part of alternative models of delivery			January 2016
LBHF	✓	RBKC		WCC			3	4	12	3	4	12	→	2	2	4	Comments			
8	Access to catalogue will fall over (CALM not supported or upgraded)						Management controls													
	Access to catalogue will fall over (CALM not supported or upgraded)					Mary Enright, Tri-borough Reference, Information and Archives Manager, Libraries & Culture Director's Office	Data exported to Excel April14										Explore Sirsi potential			January 2016
LBHF	✓	RBKC	✓	WCC	✓		4	4	16	3	4	12	→	2	2	4	Comments			
9	Lack of reliable financial information due to the implementation						Management controls													
	Financial risk					Kim Marshall, Strategic Finance Manager - Tri-borough Libraries, Jonathan Ross, Finance Manager	Financial monitoring and review							Monthly financial monitoring			Analysis of areas not effectively covered by current financial processes			January 2016

<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">AUDIT, PENSIONS AND STANDARDS COMMITTEE</p> <p align="center">22 March 2016</p>		
<p align="center">ANNUAL GOVERNANCE STATEMENT ACTION PLAN AND OUTSTANDING RECOMMENDATIONS FOR EXTERNAL AUDIT</p>		
<p>Open Report</p>		
<p>Classification: For Information Key Decision: No</p>		
<p>Wards Affected: None</p>		
<p>Accountable Executive Director: Moyra McGarvey, Director for Audit, Fraud, Risk and Insurance</p>		
<p>Report Author: Geoff Drake, Senior Audit Manager</p>	<p>Contact Details: Tel: 020 753 2529 E-mail: geoff.drake@lbhf.gov.uk</p>	

1. EXECUTIVE SUMMARY

- 1.1. This report summarises Progress on implementing recommendations arising from the External Audit Report 2014/15 and the Annual Governance Statement.

2. RECOMMENDATIONS

- 2.1. To note the contents of this report.

3. REASONS FOR DECISION

- 3.1. Not applicable. No decision required.

4. INTRODUCTION AND BACKGROUND

- 4.1. In September 2015 the Council's External Auditors (KPMG) issued their 'Report to those charged with governance (ISA 260) 2014/15'. The report contained two recommendations for implementation by management.
- 4.2. The Council's 2014/15 Annual Governance Statement (AGS) also contained one issue that required action by management. Action plans are a necessary result of the AGS and should provide sufficient evidence that the individual significant

control weaknesses taken from the AGS will be resolved as soon as possible, preferably in-year before the next statement is due.

- 4.3. Failure to act effectively on the significant control issue would increase the exposure of the council to risk. As these issues are considered to be significant, the action plans and the progress made in implementation will be periodically reported to the Audit, Pensions and Standards Committee to agree and then to monitor progress.

5. PROPOSAL AND ISSUES

5.1. Update on External Audit recommendations

- 5.1.1. The table attached as Appendix A shows the progress reported by the responsible managers in implementing the recommendations from the KPMG 'Report to those charged with governance (ISA 260) 2014/15'. Unless otherwise stated, Internal Audit has not verified the information provided and can therefore not give any independent assurance in respect of the reported position.

5.2. Update on Annual Governance Statement recommendations

- 5.2.1. The table attached as Appendix B shows the progress reported by the responsible managers in implementing recommendation from the 2014/15 Annual Governance Statement.
- 5.2.2. Unless otherwise stated, Internal Audit has not verified the information provided and can therefore not give any independent assurance in respect of the reported position.

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1. Not applicable

7. CONSULTATION

- 7.1. Not applicable

8. EQUALITY IMPLICATIONS

- 8.1. Not applicable

9. LEGAL IMPLICATIONS

- 9.1. Not applicable

10. **FINANCIAL AND RESOURCES IMPLICATIONS**

10.1. Not applicable

11. **RISK MANAGEMENT**

11.1. Not applicable

12. **PROCUREMENT AND IT STRATEGY IMPLICATIONS**

12.1. Not applicable

**LOCAL GOVERNMENT ACT 2000-
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	External Audit and AGS recommendations progress updates	Internal Audit Manager Ext. 2505	Finance, Internal Audit Town Hall King Street Hammersmith W6 9JU

LIST OF APPENDICES:

Appendix A External Audit Recommendations
Appendix B Annual Governance Statement Recommendations

External Audit Recommendations Update

Recommendation/Areas of Improvement	Initial response and timescale	Responsible Officer	Update to Audit, Pensions and Standards Committee
<i>Report to those charged with governance (ISA 260) 2014/15</i>			
We recommend that the Council implement a more stringent review over the preparation of politically sensitive disclosures and increase communication between the Finance and HR teams to ensure that information presented in these notes is accurate.	The Council will review the process for preparing politically sensitive disclosures, making improvements where necessary and strengthening communication between Finance and HR colleagues. Date for Completion: March 2016	Director for Finance	Work is underway to improve the production of politically sensitive disclosures. This includes determining the composition of the Senior Officers note for 2015/16. This remains on target for March 2016.
The Authority should consider implementing an asset management system with the required functionality to improve efficiency of officers throughout the year and increase accuracy in the financial reporting process reducing the risk of error. (Carried over from 2012-13)	We accept the recommendation. The spread sheets have generally served the Authority well but as part of the transition to Managed Services an asset management system will be introduced. The Council will continue to use spread sheets which will be refined and improved where possible.	Director for Finance	This will delivered via the Agresso system once priority areas of that system have been fully implemented and/or stabilised. Corporate Finance will continue to use the established spreadsheets for fixed asset accounting in 2015/16 and thereafter will 'parallel run' them with Agresso.

2014/15 Annual Governance Statement Action Plan

Entry	Responsible Officer	Action Plan	Progress To date
<p>Managed Services</p> <p>The BT Managed Services Programme (MSP) is intended to standardise operations and reduce costs across Hammersmith and Fulham (LBHF), the Royal Borough of Kensington and Chelsea (RBKC) and Westminster City Council (WCC). The chief executive of WCC has been the Senior Responsible Officer (SRO) for the project throughout the programme. The programme aims to provide a standard system irrespective of the council or the service.</p> <p>The system that was chosen provides a common transactional Human Resources, Payroll and Finance service. It was originally planned that it would provide a saving of over £6 million by 2015/16 across the three councils but there have been significant and costly problems with this project and that saving is no longer likely.</p> <p>There were four audits of the programme undertaken during the year of which a limited assurance was determined of the control environment associated with systems readiness, change management and testing. The 'Go Live' date was postponed from 1 April 2014 and then</p>	<p>MSP Programme Manager</p>	<p>This progress report deals with the resolution of the challenges that have arisen with respect to the delivery of the Managed Services Programme since go-live on 1st April 2015. The decision to go live with the system was taken in the knowledge that the SERCO contract with Westminster could not be extended and there was no resource available to update the H&F and RBKC systems such that they could be relied on after March 2015. It was recognised that this was not an ideal position and it has given rise to significant problems. A programme stabilisation plan has been created around the workstreams and the programme governance arrangements that existed before go live including risks and issues management and stage gate reviews. Programme reporting and programme assurance have been strengthened. A summary of the deliverables for each workstream is given below is given below.</p> <ol style="list-style-type: none"> 1. Finance – this workstream is tasked with ensuring that the all finance processes and core data are fully operational and stable (Purchase to Pay; Record to Report, Order to Cash, Fixed Assets, Income Manager, Access and Authorisations, Planning and Forecasting). 2. Organisation structure – a corrected organisation structure supported by appropriate online forms, standard operating procedures and establishment reporting. 3. Human Resources – This workstream is tasked with the delivery of stable HR processes, the resolution of system configuration issues and enabling reporting and alerts. 4. Payroll – stabilisation of pay impacting incidents, improving self-service accuracy, rationalisation of payroll 	<ol style="list-style-type: none"> 1. Finance – Core Data and functionality is live throughout the Purchase to Pay and Order to Cash processes including most of the integration with Line of Business Systems through interfaces. Implementation of three of the outstanding interfaces has been deferred until April and the three remaining interfaces will now be implemented by the end of March. This action depends on the three councils. <p>The technical solution for debt recovery is in place, but implementation requires significant activity at the Shared Service Centre (SSC). A resource plan is being prepared by BT.</p> <p>The core elements of the Record to Report functionality are delivered through the Budget Manager Pack which was completed at the end of December. There are some build items that should have been completed in January that have slipped. Overall delivery, however, will still be completed during February and March.</p> <p>Income Manager is being used across all three Councils to varying extents, alongside legacy solutions. All forms of card payment processes other than Chip and PIN are now available for use in at least one service per Council and solution response time issues for customer facing transactions have been partially addressed. A detailed implementation plan for the roll out of Chip and PIN and the rest of the Income Management functionality has been finalised with a view to full implementation by end March but this is subject to the full and prompt resolution of response time issues and some council activity, for</p>

Entry	Responsible Officer	Action Plan	Progress To date
<p>September 2014 with the majority of the system eventually going live on 1 April 2015. Since 'Go Live' there are problems that had not been foreseen and which are currently being worked through.</p>		<p>codes, resolution of pension issues and 3rd party pension provider access, enabling effective reporting for both councils and schools, resolving payroll deductions and overpayments and complete payroll reconciliation.</p> <p>5. Organisation readiness – this workstream is responsible for the analysis of training needs, the delivery of training programmes, e-learning and reference materials and supporting the transition of council personnel to self-sufficiency, including communication of progress to all staff.</p> <p>6. Schools and academies – delivering self-service access to Agresso for key personnel in schools, providing accurate and stable payroll processes, ensuring effective management of starters and leavers and providing accurate and timely reports and management information.</p> <p>7. Service management and governance – this workstream is responsible for the management of the contract and implementation of all contractual service management deliverables, reporting and management information, oversight of the BT Shared Service Centre improvement and incident recovery plan and on-going quality assurance and performance monitoring as well as supporting the transition to business as usual and putting in place the Intelligent Client Function</p> <p>8. Solution and environment assurance – this workstream is focussed on ensuring effective environment, system and data control, confirmation that what has been delivered is what was specified, reconciliation and integrity assurance, improving system performance, documentation and the simplification of the access and authorisations model.</p> <p>9. Interfaces – is tasked with developing and implementing mechanisms to send and receive data files from source systems to target systems (so that key council service areas can exchange data with Agresso), including the creation of translation tables, transformation rules and</p>	<p>example, on web payments and customer accounts. Initial testing of a revised approach to Access and Authorisations identified a number of issues which have still to be resolved. Implementation is now proposed for May and will be linked to Update 6.</p> <p>Recent changes to the workflow processes around Accounts Payable have resolved some long standing issues around the processing of “non-standard” invoices (e.g. VAT only, CIS related) but further work is still required to fully resolve.</p> <p>The solution for Historic Data has high level plans for all councils in place, but the detailed planning is at different stages by end December. WCC have a detailed plan, but there is still further work to do on those for H&F and RBKC.</p> <p>Both the Councils' and BT's resources continue to be deployed directly to ensure that sufficient progress is made against the Councils' priorities such as Bank Reconciliation and Unallocated Income to ensure financial year end requirements will be met. There is a weekly year-end audit review call with Chief Accountants to review progress against plan to ensure focus on delivery and timelines</p> <p>Fixed Assets is currently deferred.</p> <p>2. Organisation structure – The post to post hierarchy in Agresso is largely correct. However, as a result of the payroll reconciliation project a number of potential system issues and data gaps have been identified. Plans are being developed with BT to resolve these. This includes a root cause analysis of background processes, increasing the number of mandatory fields to promote data integrity and linking this to form design and exception reporting. BT continues to increase resources and improve processes and training to enable the CPI for organisation data changes to be consistently met.</p> <p>3. Human Resources – Further progress has been made</p>

Entry	Responsible Officer	Action Plan	Progress To date
		secure transport protocols.	<p>since January by the HR workstream. The Establishment report is now live in self-service for retained HR which will allow them to work with the business to resolve any outstanding org structure issues. Sickness absence reports will be released into live by 26th February – there have been some build related issues which have caused these to be delayed longer than initially expected. A number of other MI reports including starters / leavers are almost complete as well. Issues relating to annual leave and work schedules are almost resolved in terms of system configuration and data. Any remaining issues will be moved to the SSC as these will be stabilisation related. Occupational health changes have been completed and are in live and ready to use. A follow up training session will be arranged as some people in the business were unable to attend. Scanning of legacy files has been decided by the Sponsors to be a low priority and the business is also carrying out a review of the data contained within the files to remove sensitive documents before they are loaded.</p> <p>The appraisal moderation did not pass testing. A joint Plan B has, therefore, been agreed by senior stakeholders. The system generated report in Agresso that lists scores of the employees eligible for bonus payments whose appraisal ratings need moderation will be completed before 29th February. A manual process will then be completed throughout March and April to agree performance ratings and bonus eligibility for some 900 people with implementation to payroll in May.</p> <p>Unplanned issues continue to arise requiring the diversion of resources from planned activity. Further work is required relating to all categories as per above before the HR service will be fully stable. The historical data solution will be managed as part of the cross-workstream project and a decision has been taken by the Sponsors not to implement</p>


Entry	Responsible Officer	Action Plan	Progress To date
			<p>DBS e-bulk solution.</p> <p>4. Payroll – The payroll reconciliation project, although delayed by some weeks, was largely completed by 7th February. The majority of reconciliations have been made. Some further corrections are scheduled for the weekend of 20th – 21st February. These relate to where there were incorrect mappings from posts and payroll elements for schools and non-schools cost centres and account codes. There is a very minor difference in overall trial balance (£26.45) relating to roundings. Appropriate postings to account for this have been actioned. The final timetable for full completion is currently being confirmed with the programme team.</p> <p>Pension contributions are being recalculated in a test system. Work to roll forward payrolls has commenced and timescales for the completion of this work will be determined once payroll roll forward has progressed further. This work must be completed before the end of the financial year end. The recovery or repayment of differences will be managed with due consideration to the impact on the individuals affected.</p> <p>The Surrey Pensions report required some final adjustments which have now been completed. An updated file that addresses the remaining requirements and mapping issues has been submitted. The target for completion is now 29th February.</p> <p>Payroll accuracy figures are WCC 98.2%; RBKC 99.3% and H&F 99.0%. The average of 98.9% is a significant move towards the target of 99.8%. Payslip changes are complete and waiting promotion to live and work continues to identify and implement process improvements at the SSC.</p> <p>5. Organisation Readiness – The greater part of the post go live stabilisation training plan (90%) has been delivered. Some input on more specialist areas is still required and</p>

Entry	Responsible Officer	Action Plan	Progress To date
			<p>some further training has still to be organised as a result of people not attending the workshops as originally scheduled. The review of e-learning materials is underway and due for completion at the end of February. Agreement is being reached with BT about a resource and process to update user guides. Communication is now focussed on supporting the year end, following which the emphasis will shift to a soft re-launch of the solution and building engagement.</p> <p>6. Schools and Academies – Training for schools is now complete except from an additional day for those not able to attend the earlier sessions. Schools which have access to self-service are able to run reports and the schools establishment report is being distributed through the retained HR schools team. Data errors when inputting from the schools payroll packs have fallen from 53 in October to 25 in January. A total of 49 schools (including 35 H&F schools, 9 RBKC schools and 5 WCC schools – correct as at 29th January) have given notice that they intend to find another payroll provider from 1st April.</p> <p>7. Service management and governance – Work is continuing to deliver all management information by the end of February. Some elements of the data collation require build work to extract the data, and this is targeted for the end of February. Testing of the ICF reporting in Agresso has been successfully completed and arrangements now need to be confirmed to promote these to live. Further work is ongoing to build other dashboards. The demand and capacity plan is awaiting BT internal sign off The SSC continue to work on in resolving new incidents, the main areas for which are supplier payments, payroll, applications and recruitment. Progress is being made in</p>

Entry	Responsible Officer	Action Plan	Progress To date
			<p>securing the additional permanent and temporary resources to which BT has committed. As at 5 February, 20 staff were in post, 8 more will start in February and 2 offers are awaiting acceptance. Interviews for the re-advertised new Head of Payroll position were held on 3 February, with the successful candidate accepting an offer of employment; their start date is being finalised. . An improvement plan for the Shared Service Centre is underway with an anticipated completion date of 31st March 2015. Planning for the implementation of the ICF is also underway.</p> <p>8. Solution assurance – Audit and quality assurance of the first ten months’ data is timetabled for completion at the end of February. A controls and system report has been delivered to BT for review. A position statement is expected from BT on 16th February and will be put to OFB for review. The revised access and authorisations model did not successfully complete testing. Confirmation will be sought from OFB to defer until May, which will also bring access and authorisations into line with the version 6 upgrade. Performance remains a significant issue and work is being done to identify configuration issues that are adversely impacting system speed. Fixes with respect to HR transactions and journals are targeted for completion by 31st March Work is continuing in this workstream to get reconciliation and integrity reports to the required standards and to ensure that audit requirements are met.</p> <p>9. Interfaces –The workstream has delivered 74 out of 103 interfaces into service including all 49 “must have” interfaces. There are six critical interfaces which still need to be delivered the remaining work on these is covered under the heading of the Finance Workstream. The 42 interfaces which it was decided to defer are for the most</p>

Entry	Responsible Officer	Action Plan	Progress To date
			part built and deployment plans will be agreed as and when the business is ready to adopt them.

Agenda Item 8

London Borough of Hammersmith & Fulham AUDIT, PENSIONS AND STANDARDS COMMITTEE March 2016		 hammersmith & fulham
INTERNAL AUDIT ANNUAL PLAN 2016/17		
Open Report		
Classification: For Information Key Decision: No		
Wards Affected: None		
Accountable Director: Moyra McGarvey, Director for Audit, Fraud, Risk and Insurance		
Report Author: Geoff Drake, Senior Audit Manager	Contact Details: Tel: 0208 753 2529 E-mail: geoff.drake@lbhf.gov.uk	

1. EXECUTIVE SUMMARY

- 1.1. This report summarises internal audit approach used to develop the Internal Audit plans for the 2016/17 year as well as providing the audit plans.

2. RECOMMENDATIONS

- 2.1. To note the 2016/17 year Internal Audit plan.

3. REASON FOR DECISION

- 3.1 To enable the delivery of the audit plans to commence on 1 April 2016

4. INTRODUCTION AND BACKGROUND

- 4.1 This report explains the process for developing internal audit annual plans and provides the 2016/17 year Internal Audit plans for the Committee to note and approve.

- 4.2 The key document for consideration by the Committee is the Internal Audit plan provided at Appendix A.

5. PROPOSAL AND ISSUES

Internal Audit Planning Process

- 5.1 The Initial stage of the planning process for the 2016/17 year was to develop and update the audit universe, which lists all the potential auditable areas within the organisation. At the same time a list of all the entries in the corporate and departmental risk registers that have a medium or high inherent risk rating were listed for consideration for the audit plan.
- 5.2 These two documents were evaluated to consider which areas should go forward into an initial draft plan, taking into account risk, materiality and whether the area has been audited in the last three years. Some of the selected items are standing entries in the audit plans due to their inherently high risk to the Council. These include gas safety and financial management. Other standing entries include procurement/contracts and IT, to ensure that contracts and IT governance are subject to satisfactory control.
- 5.3 The draft Plan has been provided to Senior Managers at the Council to consult on potential areas of audit review for the coming year. Balancing audit resources across the Council's activities takes into account change, priorities and risk with cyclical reviews planned in operational areas across a three-year period, where possible. Areas of high risk have been identified and included in the plan as well as cyclical reviews in areas of lower financial risk (eg schools). In addition, it is recognised that changes in priorities arise during the course of a year and the Audit Plan will be reviewed on a regular basis to reflect these changes.
- 5.4 With the implementation of Managed Services in April 2015, there have been significant changes to processes particularly around the Council's key financial systems. The audit plan for 2015/16 included time to review the key controls within the new managed services environment and the effectiveness of these controls. Whilst some work has been undertaken in this area, due to the systems evolving during the year, full controls evaluation has not been undertaken and a number of these reviews have been carried forward into the 2016/17 draft Audit Plan.
- 5.6 The table below shows an estimate of the audit resources required to fulfill the Council's Audit Plan for the 2016/17 financial year. In areas where services are provided on a shared basis with other Councils, the number of days assigned to the audit is shared across the councils. The table includes an estimate of the days chargeable to Hammersmith and Fulham for these audits. The planned audit days in the shared services areas have not yet been finalised and consequently this table will be updated once consultation across the three Councils has been completed.

Page	Department	Audit Days
	Adult Social Care	120
	Public Health	80
	Children's Services	220
	Corporate Services	180
	Environment	100
	Housing	100
	Audit Days	800

5.7 The plan will continue to be developed as further evaluation of some areas is still under way. Any major update on the current plan will be reported to the Audit, Pensions and Standards Committee.

3. OPTIONS AND ANALYSIS OF OPTIONS

3.1. Not applicable

4. CONSULTATION

4.1. Not applicable

5. EQUALITY IMPLICATIONS

5.1. Not applicable

6. LEGAL IMPLICATIONS

6.1. Not applicable

7. FINANCIAL AND RESOURCES IMPLICATIONS

7.1. Not applicable

8. RISK MANAGEMENT

8.1. Not applicable

9. PROCUREMENT AND IT STRATEGY IMPLICATIONS

9.1. Not applicable

**LOCAL GOVERNMENT ACT 2000-
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Full supporting documents for Internal Audit reports planning	Geoff Drake Ext. 2529	Corporate Services, Internal Audit Town Hall King Street Hammersmith W6 9JU

LIST OF APPENDICES:

Appendix A Draft Internal Audit Plan 2015/16

Appendix A

Auditable Area	Audit Type	Scope	Quarter
Adult Social Care			
e-Monitoring Home Care System	IT	Review of new e-monitoring system (Panztel) across shared services.	Q4
Homecare Service Delivery	System	Implementation phased in over 9 months following re-commissioning in 2015/16. Review applications, approvals, notifications to service supplier, monitoring of service delivery and performance and contract management.	Q1
Supplier Resilience	System	Identification of all contractors, prioritisation of contracts, resilience checking as part of procurement processes, collection and collation of financial/business performance data (regular reports plus market warning notices), effective evaluation of data and reporting of any impacts, contingency planning, proactive management of the market.	Q2
Joint Commissioning	System	See also under Public Health. Review how the process identifies options and decides on which to take forward. Also how it inputs into the procurement plans at an early stage. Also consider development of new contracting vehicles such as alliances.	
Commissioning Planning	System	Ernst & Young defining commissioning intentions and procurement plans which will be developed in early 2016. Review the implementation of the plans for tendering, delivery of benefits and review of plans.	Q2
Customer Journey	Systems	Implementation of plans from April 2016, including the monitoring of performance and delivery of benefits	Q2
Better Care Fund	System	Timing to be kept under review. Would consider use of funds, monitoring and reporting on performance and budget management	Q2

Auditable Area	Audit Type	Scope	Quarter
Information Governance & Exchange	Compliance	Information governance structure and organisation, policy and processes, dept oversight and reporting arrangements identification of data and responsible officers, data management, monitoring and reporting by responsible officers.	Q3
Commissioning & Contracts	Compliance	Identification of contract need, approval to procure, procurement governance arrangements, tendering and procurement in line with standing orders and council policy.	Q2
Direct Payments	System	To review the process to approve that direct payments can be made, that the correct amount is paid and that the funds are used for the purposes intended.	
Quality Assurance and compliance	System	This will cover the arrangements to ensure consistency and quality of work. It will include supervision, the recently reintroduced quality assurance, and the Better Outcome Panels,	
Re-commissioning: CIS/Reablement	System	TO review arrangements for reviewing existing services and contracts and establish future needs for re-commissioning.	
Public Health			
Procurement	Compliance	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEsourcing	Q3
Health & Wellbeing Strategy	System	Review collation of evidence, consultation, options assessment, production of reports, delivery of strategies	Q2
Partnership working with Health & CCGs	System	To cover priority setting & ensuring that the PH outcomes framework is used to inform this.	Q4
Commissioning Governance	System	Most of the current arrangements came from Dept of Health and are being reviewed at end of 2015/16	Q1

Auditable Area	Audit Type	Scope	Quarter
Joint Commissioning	System	Plans are currently being reviewed. Audit could include reviewing how the process inputs into the procurement plans at an early stage. Also include development of new contracting vehicles such as alliances.	Q3
Contract Management - GPS and Pharmacists	Contract Management	Currently circa 100 contracts managed under a light touch regime. Review whether outcomes are delivered to support the service funding	Q1
Contract Management - CLCH	System	Consider review of the management and governance arrangements in respect of the Councils' relationship with CLCH.	Q1
Supplier resilience (non DH/NHS)	System	Not as high risk as ASC if service not delivered, but it is important to ensure that certain services continue where possible (eg substance misuse, sexual health)	Q2
Cardiovascular – contract monitoring	System	To review compliance with contract terms and the requirements of the service being delivered.	
Obesity – contract monitoring	System	To review compliance with contract terms and the requirements of the service being delivered	
Children Services			
William Morris Academy 6th form college	Compliance	Agreed School Audit Programme	Q1-3
Queensmill School	Compliance	Agreed School Audit Programme	Q1-3
Bayonne Nursery Schools	Compliance	Agreed School Audit Programme	Q1-3
Vanessa Nursery School	Compliance	Agreed School Audit Programme	Q1-3
Lena Gardens	Compliance	Agreed School Audit Programme	Q1-3
Miles Coverdale	Compliance	Agreed School Audit Programme	Q1-3
Old Oak	Compliance	Agreed School Audit Programme	Q1-3

Auditable Area	Audit Type	Scope	Quarter
Sir John Lillie	Compliance	Agreed School Audit Programme	Q1-3
Wendell Park	Compliance	Agreed School Audit Programme	Q1-3
John Betts VA	Compliance	Agreed School Audit Programme	Q1-3
Larmenier and Sacred Heart RC	Compliance	Agreed School Audit Programme	Q1-3
St. Augustine's RC	Compliance	Agreed School Audit Programme	Q1-3
St.Paul's C of E	Compliance	Agreed School Audit Programme	Q1-3
St. Thomas of Canterbury RC	Compliance	Agreed School Audit Programme	Q1-3
Phoenix High	Compliance	Agreed School Audit Programme	Q1-3
SEN Provision	System	Review of the arrangement for the assessment of SEN needs and determining the necessary level of provision in individual cases in compliance with legislation. Will examine the progress in implementing the recommendations from the Ernst Young review	Q1-Q2
SEN Transport	Compliance	Review of the contract management arrangements across the three Councils by the in-house client team based in Children Services	Q2
Asylum Seekers - Unaccompanied Minors	Compliance	Review of the arrangements across the three councils for the assessment of individuals presenting as asylum seekers and the funding arrangements for their management and care provision	Q3
Personal Budgets - Disabled Children	Compliance	Review the arrangements for compliance with enabling legislation including assessments and management/monitoring arrangements in individual cases	Q1
School Improvement Services	Compliance	Review the arrangements for provision of School Improvement Services	Q3
Leaving Care	System	Review of the arrangements for preparing children for the transition out of council care and the ongoing overview and management of individual cases	Q2
Safeguarding Children	Compliance	Review the arrangements for monitoring compliance with legislation and providing quality assurance over the Councils' arrangements for safeguarding children.	Q3

Auditable Area	Audit Type	Scope	Quarter
School Meals Contract	Compliance	Review the arrangements for managing the contract	Q2
Children & Families Act Implementation	Compliance	Review arrangements for managing the councils transition to full compliance (strong links to SEN provision)	Q1-Q2
Schools: Outsourced Payroll Arrangements	Special	A significant number of LBHF schools have withdrawn from the BT shared Services contract and are sourcing payroll arrangements elsewhere, apparently mainly through 3BM who have partnered with a payroll organisation. We may need to review the procurement route the schools followed.	
Troubled Families – grant verification	Special	To validate the accuracy and validity of the cases put forward for Troubled Families grant annually	Q3
Procurement of Residential Placements	System	Review the arrangements for procuring placements for higher needs and disabled children, including payment and budgetary controls	Q2
Corporate Services			
Disaster Recovery and Business Continuity	IT Governance and Security	Review of DR and BR arrangements for key systems	
ICT Service Contract with BT and Agilisys	IT System and Processes	Service review of BT and Agilisys contract for helpdesk and data network support	Q2
Business Rates NNDR (Academy) System	IT System and Processes	Review of the Academy application for BR/NNDR (outsourced to Capita in Erith)	Q3
Housing Benefits (Academy) System	IT System and Processes	Review of the Academy application for Housing Benefits (outsourced to Capita in Erith)	Q3
Transport Infrastructure - See also Highways & Infrastructure	System	Review how the council will account for a change in valuation of highways assets. (This audit will involve the service area as well as key contacts in the Finance Support area). The process for this change within the contractor's arrangements needs to be clear.	TBC

Auditable Area	Audit Type	Scope	Quarter
Procurement governance	Specific	To review the new LBHF sovereign Contract Standing Orders. This may be a pre or post implementation review	TBC
Pensions Administration	Systems	Change in provider now with Surrey CC for all three councils. Full systems review to include all aspects of the pension administration service taking into account issues resulting from interfacing with Agresso.	Q2
Legal Services Demand Management	System	Review how the service manages demand/resources for legal services in line with the S113 agreement.	Q1
Legal Services – Trading Account	System	Should include the setting of charging rates, allocation of costs and charging, monitoring financial performance.	Q1
Trading Accounts	System	Review the systems in place to ensure that the service is capturing costs/billing/accounting for income across the shared service.	Q2
Total Facilities Management	System	LBHF sovereign review of contract management and monitoring arrangements. See also under Environment Services	Q2
Ethics, Declarations of Interest, Gifts & Hospitality	Compliance	Review of compliance by the service areas with the requirements of the council's code of ethics etc	TBC
Payroll – Managed Services	System	MS - Audit brought forward from 2015/16	Q1
Disclosure Barring Service	System	Review process since Managed Services implemented & service retained in house	Q1
Accounts Payable (P2P)	System	MS - Audit brought forward from 2015/16	Q2
Accounts Receivable (O2C)	System	MS - Audit brought forward from 2015/16	Q3
Income Management (Cash & Bank)	System	MS - Audit brought forward from 2015/16	Q2
General Ledger/Budgetary Control	System	MS - Audit brought forward from 2015/16	Q3
Treasury Management	System	Review of the systems in place for the shared treasury management service and compliance with agreed policies, strategies and procedures.	Q2

Auditable Area	Audit Type	Scope	Quarter
VAT	Compliance	Review the arrangements to ensure VAT rates are correctly applied and that timely and accurate advice is provided as needed.	
Networks & Telecommunication Service Contract	IT Governance and Security	Review of new service contract for network and telecommunications across shared services	Q4
ICT Contract Monitoring Arrangements	IT Governance and Security	Review of how central ICT service contracts are monitored and managed across shared services	Q2
Personal Commitment Statement/ Information Security Policy Compliance	IT Governance and Security	Review of compliance with personal commitment statements for network users	Q2
Security Incident & Data Management	IT Governance and Security	Review of security incident management and data management including prevention / loss of data	Q3
Office 365 Implementation	IT Governance and Security	Review of the implementation for Office 365 including security issues and costs	Q4
System Server & Admin Account Management	IT Systems & Processes	Review management of system servers and system administration accounts for networks	Q3
IT Asset Management & Disposal	IT Systems & Processes	Review of arrangements for management and disposal of IT assets / equipment across shared services	Q3
MSP - System Administration Access Organisation Hierarchy	IT Systems & Processes	Review of system administration, system access and organisation hierarchy set up for Agresso	Q2
MSP - Change Control Process	IT Systems & Processes	Review of how change controls is managed within the MSP environment	Q3
MSP - Interfaces with external systems	IT Systems & Processes	Review of Agresso interfaces with business critical systems how these are managed/controlled through Procsolve (third party provider)	Q3
MSP - Business Continuity and Disaster Recovery	IT Systems & Processes	Review of the DR and BR arrangements for Agresso	Q3

Auditable Area	Audit Type	Scope	Quarter
MSP – Intelligent Client Function	System	To review the new arrangements to manage the new Agresso system and the Managed Services contract.	Q2
MSP – Benefits Management	System	To review the process followed to establish expected benefits at the start of the project, track changes and report on continued programme value, monitor delivery of benefits, etc.	Q1
MSP Contingency	IT Systems & Processes	Contingency for emerging issues with MSP.	Q1-Q4
Corporate and Partnership Governance	Systems	Review of governance arrangements	Q4
Commercial Property Management	System	To include the identification of commercial properties, their regular review for retention/disposal, renting/leasing of properties, collection of income and debt management, properties maintenance.	
Absence management	System	To review the process and controls to report absences to monitor levels of absence and to take action in line with absence management policies and procedures.	
Recruitment and Selection	System	To review compliance with policies and procedures to get approval to recruit, advertising of vacancies, receipt and evaluation of applications, interviewing and selection, checking of details eg full employment record, educational requirements, taking up of references etc, notification of results.	
Library Services			
Libraries	TBC	Different options for delivering the service are being explored (Dec 2015) and this may focus any future audit work. The scope of any audit activity will therefore need to be discussed with service prior to any work commencing.	TBC
Environment			


Auditable Area	Audit Type	Scope	Quarter
Community Safety: Wardens	System	Training and Guidance, safety of officers, allocation of officers to patrols, allocation and use of equipment, liaison with partners and stakeholders eg others in the council and the police, incident recording, performance management.	Q2
Regeneration: King Street (c/f)	Specific	Audit scope to be confirmed following meeting the director.	Q1
Private housing Grants	System	Publicity of service, governance arrangements, identification of cases and applications, assessment, decision making, funding, check on grant use and achievement of client benefits.	Q1
Licensing	Contingency	Review planned to cover; policy and procedures, application processing, income collection, debt recovery & write offs, enforcement, budgetary control and performance management	Q3
Corporate Health and Safety	System	Review to cover policies, procedures, compliance with legislation, roles and responsibilities, support and training, risk assessments, incident reporting, management monitoring and assurance.	Q1
TFM Contract management	Compliance	Review to cover contract governance, service delivery, monitoring against terms and conditions, contract liaison, contractor performance, application of penalty clauses/performance rewards. See also under Corporate services.	Q2
Asset Management: Utilisation of office space	System	Review to evaluate governance of office assets, corporate landlord policy and strategy, identification of office assets and values, evaluation of levels and effectiveness of use, consolidation of use, identification of unused and underused assets, plans to address these.	Q2
Economic Development	System	Audit coverage to include policy, strategy and procedures, business plans, progress and performance targets, monitoring delivery, monitoring delivery of benefits from ZBB, financial management.	Q2

Auditable Area	Audit Type	Scope	Quarter
Regeneration: Governance (c/f)	System	Review to cover, Governance Structure, Strategy and Planning, Decision Making, Programme/Project Monitoring and Control and Management Information and Reporting.	Q2
Regeneration: Earls Court (c/f)	Specific	Scope based on current stage of project.	TBC
Parking notice processing	System	All parking notice processing is now undertaken by a shared service team and a new parking system (Spur) was implemented on 1/2/16. The review will consider the implementation and systems in place to process parking notices	Q2
Parking Pay and Display	Compliance	The review will consider current arrangements and processing of income from pay and display operations. Consideration will be given to the implementation of cashless pay and display units. The audit will review both systems and undertake substantive testing.	Q3
Bridges	Specific	Hammersmith bridge is scheduled to be repaired utilising a design and build contract with major funding from TFL. There are other bridges where Councils have responsibility for maintenance and upkeep in conjunction with TFL. This review will be subject to further discussions.	TBC
Procurement	System	Review of compliance by the service area with the requirements of the procurement code and the use of capitalEsourcing	
Housing			
Joint venture	System	Audit of governance and financial arrangements	TBC

Auditable Area	Audit Type	Scope	Quarter
Housing Voids	Compliance	Identification of vacated premises, initial evaluation and work planning, monitoring progress, quality assurance of completed works and sign off, reallocation of property, financial management, performance monitoring.	Q2
Service Charges	System	Review to include policy and procedures, identification of leaseholders, identification of chargeable costs, calculation of charges, invoicing, debt management.	Q4
Health and Safety, including gas safety	Compliance	Data migration onto Techforge, ongoing maintenance of data.	Q3
Housing Stock Options	System	Identification of potential impacts, evaluation and confirmation, financial assessment, QA of assessment, reporting.	TBC
Stakeholder satisfaction/ Residents' consultation	System	Audit to review policies and Procedures, call handling, satisfaction Surveys, inspection regime and use of Feedback and Management Information	Q3
Emergency Planning	System	The processes have recently been reviewed. Therefore review the Housing emergency planning process including lessons learned from recent 'near misses' and implementation of any recommendations.	
Homelessness	System	Coverage to include prevention as well as assessments, allocation of residences etc.	
Housing Special Purpose Vehicle	Special	Included to keep under review, currently inactive.	
MITIE repairs reporting process	System	A walkthrough review of how someone reports a repair, and their process through the system including how it is fed back to the resident (customer service view).	
IT			

Auditable Area	Audit Type	Scope	Quarter
Mosaic Implementation	System	System development/ implementation.	

Agenda Item 9

London Borough of Hammersmith & Fulham AUDIT, PENSIONS AND STANDARDS COMMITTEE 22 March 2016		 hammersmith & fulham
INTERNAL AUDIT QUARTERLY REPORT FOR THE PERIOD 1 OCTOBER TO 31 DECEMBER 2015		
Open Report		
Classification: For Information Key Decision: No		
Wards Affected: None		
Accountable Director: Moyra McGarvey, Director for Audit, Fraud, Risk and Insurance		
Report Author: Geoff Drake, Senior Audit Manager	Contact Details: Tel: 0208 753 2529 E-mail: geoff.drake@lbhf.gov.uk	

1. EXECUTIVE SUMMARY

- 1.1. This report summarises internal audit activity in respect of audit reports issued during the period 1 October to 31 December 2015 as well as reporting on the performance of the Internal Audit service.

2. RECOMMENDATIONS

- 2.1. To note the contents of this report

3. REASONS FOR DECISION

- 3.1. Not applicable. No decision required.

4. INTRODUCTION AND BACKGROUND

- 4.1. This report summarises internal audit activity in respect of audit reports issued during the period 1 October to 31 December 2015.

5. PROPOSAL AND ISSUES

5.1. Internal Audit Coverage

5.1.1. The primary objective of each audit is to arrive at an assurance opinion regarding the robustness of the internal controls within the financial or operational system under review. Where weaknesses are found internal audit will propose solutions to management to improve controls, thus reducing opportunities for error or fraud. In this respect, an audit is only effective if management agree audit recommendations and implement changes in a timely manner.

5.1.2. A total of 13 audit reports were finalised in the third quarter of 2015/2016 from 1 October 2015 to 31 December 2015. This includes 2 shared services audits. No management letters or follow up reports were issued in the period.

5.1.3. A summary of each of the limited and nil assurance reports is provided at Appendix D. Three limited reports were issued in this period:

5.1.3.1. The review of Kenmont Primary School identified 3 high, 11 medium and 3 low priority recommendations. Fourteen of the 17 recommendations have passed their due date for implementation and have been implemented.

5.1.3.2. The review of Premises Licensing identified 2 high, 2 medium and 1 low priority recommendations. None of these were due for implementation at the time of writing.

5.1.3.3. The review of Carriage and Footway Maintenance was given a split assurance opinion of Satisfactory for operations and Limited for payments. The audit identified 2 high, 1 medium and 1 low priority recommendations. One recommendation was due for implementation at the time of writing but had not yet been confirmed as implemented.

5.1.4. The Internal Audit department works with key departmental contacts to monitor the number of outstanding draft reports and the implementation of agreed recommendations.

5.1.5. Departments are given 10 working days for management agreement to be given to each report and for the responsible

Director to sign it off so that it can then be finalised. There are no outstanding draft reports for the current period.

5.1.6. There are now 11 audit recommendations where the target date for the implementation of the recommendation has passed and they have either not been fully implemented or the auditee has not provided any information on their progress in implementing the recommendation. This compares to 15 outstanding as reported at the end of the previous quarter and represents an improvement in the position. We continue to work with departments and HFBP to reduce the number of outstanding issues.

5.1.7. The breakdown of the 11 outstanding recommendations between departments are as follows:

- Adult Social Care - 1
- Children’s Services (Non Schools) – 1
- Schools - 2
- Corporate Services – 5
- Transport and Technical Services - 2

5.1.8. Five of the recommendations listed are over 6 months past the target date for implementation as at the date of the Committee meeting. Internal Audit are continuing to focus on clearing the longest outstanding recommendations and to that end will be arranging meetings with the relevant departmental managers responsible for all recommendations overdue by more than 3 months as and when this occurs.

5.1.9. The table below shows the number of audit recommendations raised each year that have been reported as implemented. This helps to demonstrate the role of Internal Audit as an agent of change for the council.

Year	Number of recommendations due	<i>Number of recommendations implemented</i>
2013/14	248	247
2014/15	200	193
2015/16	51	47

5.2. Internal Audit Service

5.2.1. Part of the CIA's function is to monitor the quality of Mazars' work. Formal monthly meetings are held with the Mazars Contract Manager and one of the agenda items is an update on progress and a review of performance against key performance indicators. The performance figures are provided for quarter 3 of the 2015/16 financial year.

Performance Indicators 2015/16

Ref	Performance Indicator	Target	Pro rata target	At 31 December 2015	Variance	Comments
1	% of deliverables completed	95%	71.3%	63%	-8.3%	55 deliverables issued out of a total plan of 87
2	% of planned audit days delivered	95%	71.3%	69%	-2.3%	698 days delivered out of a total plan of 1016 days
3	% of audit briefs issued no less than 10 working days before the start of the audit	95%	95%	97%	+2%	31 out of 32 briefs issued more than ten working days before the start of the audit.
4	% of Draft reports issued within 10 working days of exit meeting	95%	95%	96%	+1%	27 out of 28 draft reports issued within 10 working days of exit meeting.
5	% of Final reports issued within 5 working days of the management responses	95%	95%	100%	+5%	17 out of 17 final reports issued within 5 working days.

5.3. Audit Planning

5.4. Amendments to the 2015/16 year Internal Audit plan agreed by the Committee are shown at Appendix C.

6. OPTIONS AND ANALYSIS OF OPTIONS

6.1. Not applicable

7. CONSULTATION

7.1. Not applicable

8. EQUALITY IMPLICATIONS

8.1. Not applicable

9. LEGAL IMPLICATIONS

9.1. Not applicable

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1. Not applicable

11. RISK MANAGEMENT

11.1. Not applicable

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

12.1. Not applicable

LOCAL GOVERNMENT ACT 2000- LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Full audit reports from October 2004 to date	Geoff Drake Ext. 2529	Corporate Services, Internal Audit Town Hall King Street Hammersmith W6 9JU

LIST OF APPENDICES:

Appendix A	Audit reports issued 1 October to 31 December 2015
Appendix B	Summary of Outstanding Audit Reports
Appendix C	Amendments to 2015/16 audit plan
Appendix D	Summary of Limited Assurance Reports
Appendix E	Outstanding Recommendations

APPENDIX A

Audit reports Issued 1 October to 31 December 2015

We have finalised a total of 13 audit reports for the period of 1 October to 31 December 2015. This includes 2 Shared Services audits. No follow ups were completed in the period and no management letters were issued.

Audit Reports

We categorise our opinions according to our assessment of the controls in place and the level of compliance with these controls.

Audit Reports finalised in the period:

No.	Audit Plan	Audit Title	Director	Audit Assurance
1	2015/16	Food Safety	Nick Austin	Satisfactory
2	2015/16	All Saints Church of England Primary School	Andrew Christie	Satisfactory
3	2015/16	Registrars	David Page	Satisfactory
4	2015/16	Corporate Procurement	Nigel Pallace	Satisfactory
5	2015/16	Grounds Maintenance	David Page	Satisfactory
6	2015/16	Kenmont Primary School	Andrew Christie	Limited
7	2015/16	IT Disaster Recovery	Ed Garcez	Satisfactory
8	2015/16	Premises Licensing	Nick Austin	Limited
9	2015/16	Prevent	David Page	Satisfactory
10	2015/16	Strategic Housing Stock Options Appraisal Programme Management	Mike England	Substantial
11	2015/16	Sullivan Primary School	Andrew Christie	Satisfactory
12	2015/16	Business Intelligence *	Nigel Pallace	Satisfactory
13	2015/16	Highways Maintenance and Footpaths *	Mahmood Siddiqi	Satisfactory (operations) Limited (Payments to contractors and claims to TFL relating to Agresso)

* Undertaken by the in house internal audit team at RBKC/WCC

Substantial Assurance

There is a sound system of control designed to achieve the objectives. Compliance with the control process is considered to be substantial and few material errors or weaknesses were found.

Satisfactory Assurance

While there is a basically sound system, there are weaknesses and/or omissions which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

Limited Assurance

Weaknesses and / or omissions in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.

No Assurance

Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

Internal Audit reports in issue more than two weeks as at 31 December 2015

There are no outstanding reports for the period ended 31 December 2015

Amendments to 2015/16 Audit Plan

There have been no amendments to the 2015/16 plan during this period.

Summary of Limited Assurance Reports

Ref	Audit and Scope	Details	Assurance Risk /
1	<p>Kenmont Primary School</p> <p>The objectives of this review were to assess and evaluate the controls in the following areas:</p> <ul style="list-style-type: none"> • Governance and Leadership • Financial Management • Procurement • Staff Expenses & Petty Cash • Income • Payroll • Head Teachers Pay • Assets & Inventory • Leasing • Unofficial Funds 	<p>The London Borough of Hammersmith and Fulham's standard schools audits are carried out using an established probity audit programme. Audits are currently undertaken on a three year cycle unless issues dictate a more frequent review. The programme is designed to audit the main areas of governance and financial control. The programme's standards are based on legislation, the Scheme for Financing Schools and accepted best practice.</p> <p>Three High priority and 11 Medium priority recommendations have been made. The key recommendations were as follows:</p> <ul style="list-style-type: none"> • The Governing Body should review and update the School Finance Policy to include details of staff members who will cover the finance and administrative functions of the School. The Governing Body should review and update the Committee Structure, Terms of Reference and Schemes of Delegation document and the School's Finance Policy document to ensure enough members of SLT have authority to approve transactions. • The School Financial Value Standard (SFVS) self assessment should be reassessed in light of the audit findings and, where appropriate, appropriate remedial action taken. • Where costs relating to transactions can be identified in advance a purchase order should be raised and authorised prior to placing the order with the supplier. Management should remind staff that all undisputed invoices should be paid within 30 days from receipt. • The School should terminate any credit card agreements. • The School should ensure that adequate records are maintained for all income collected. The School's local income records should be independently checked by a more senior officer on a regular basis. Stock records for school uniforms should also be maintained. • The School should formulate an action plan regarding collection of the school meal income arrears in order to reduce the level of arrears. The debt recovery procedure should be finalised and documented within the Charging Policy and evidence of all debt recovery actions should be retained. • Overtime Claim Forms should be submitted by staff members for any additional hours worked. These should only be paid when signed and dated by the claimant and signed as approved by a senior officer. 	Limited

Ref	Audit and Scope	Details	Assurance Risk /
		<ul style="list-style-type: none"> • Quotations and Tenders should be obtained and retained for contracts and leases entered into in accordance with the requirements of the School's Finance Policy. The award of any contract or lease, and reasons for supplier selection, should be documented in the meeting minutes of the Governing Body or other delegated Committee. • The School's asset register should be updated to include all desirable items located within the School. Annual asset checks should be undertaken and signed and dated by the person(s) performing this check. There should be a separation of duties between the Officer maintaining the asset register and conducting the asset check. <p>All recommendations were accepted by management for implementation by 31 December 2015</p>	

Ref	Audit and Scope	Details	Assurance / Risk
2	<p>Premises Licensing</p> <p>The objectives of this review were to assess and evaluate the controls in the following areas:</p> <ul style="list-style-type: none"> • Policy & Procedures • Application Processing • Income Collection • Debt Recovery & Write Offs • Enforcement • Performance Management • Budgetary Control 	<p>The Licensing Act 2003 requires local authorities to publish a licensing policy. The legislation provides a clear focus on the promotion of four statutory licensing objectives which must be addressed when licensing functions are undertaken, these are:</p> <ol style="list-style-type: none"> 1. The prevention of crime and disorder; 2. Public safety; 3. The prevention of public nuisance; and 4. The protection of children from harm. <p>The Licensing Authority operates an inspection regime that is based on risk; this is in compliance with the Regulators Code, which is a statutory requirement. This ensures that only high risk premises and premises that have had compliance issues and/or complaints are targeted for inspection. Any enforcement action taken is taken in accordance with the divisional Enforcement Policy.</p> <p>Two High priority and Two Medium priority recommendations have been made as follows:</p> <ul style="list-style-type: none"> • Management should continue with current efforts to work with the Finance and IT functions in order to ensure that: Invoicing of annual fees is conducted following the agreed debt cycle; New customer accounts are created in Agresso on a timely basis; Licensing and accounts receivable records are adequately maintained and are duly reconciled; and Invoices approved for write off/cancellation are cancelled in Agresso on a timely basis. The possibility of obtaining the support of a professional with Uniform application expertise should be explored in order to ensure the license records in Uniform are refreshed to include the Agresso customer numbers. • Management should ensure that all overdue annual fees for LBHF continue to be investigated and all records in the Uniform database are cleansed. • An interface and reconciliation should be implemented between the Agresso and Uniform systems. This process should be automated to reduce the risk of human error and ongoing resource requirements of a manual reconciliation. • Management should ensure that LBHF procedures are updated, and that all RBKC and LBHF procedures related to the Agresso finance system are updated appropriately for both boroughs once the functioning of this system is fully established and understood. <p>All recommendations were accepted by management for implementation by 31 May 2016.</p>	<p>Operations –Satisfactory / Agresso related activity - Limited</p>

Ref	Audit and Scope	Details	Assurance / Risk
3	<p>Carriage and Footway Maintenance</p> <p>The objectives of this review were to assess and evaluate the controls in the following areas:</p> <ul style="list-style-type: none"> • Service Objectives • Planned Maintenance • Reactive Maintenance • Payments to Contractors • Contractor Performance Monitoring • Management Information 	<p>Under section 41 of the Highways Act 1980, local authorities have a statutory duty to maintain the public roads including major and minor works. The Transport and Highways Group deals with all aspects of maintaining the public highway and footway, kerbside spaces and coordinating all highways work as a Shared Services service between the Royal Borough [RBKC] and Hammersmith and Fulham [H&F].</p> <p>Highways maintenance comprises a mixture of planned works and reactive maintenance. In Hammersmith and Fulham, The split between the two works streams are 65%:35% respectively. The work is undertaken through the use of an external contractor, FM Conway. H&F has committed to a new call off contract from WCC Framework Agreement with Conway which started in April 2015. As the firm already provided footway services to the Council the transition to the new call off arrangements did not impact on operational procedures.</p> <p>Two High priority recommendations (both related to Agresso) and one Medium priority recommendation have been made as follows:</p> <ul style="list-style-type: none"> • Arrangements should be made between the Senior Highways Engineer [RBKC], the Planned Maintenance Engineer [H&F] and the Finance Manager to identify which schemes have been completed allowing the submission of the grant claims to the TfL. A method for identifying LIP schemes from other completed works should be devised allowing a timely claim to be made as each LIP scheme is completed. • Arrangements should be made to settle all overdue invoices as soon as possible. In addition, a review of the payment process with ELRS finance team should be conducted to establish a process for improving the payment on contractor invoices. • A single IT system supporting the highways maintenance process should be introduced across both teams enabling a common set of processes to be adopted and facilitating efficient electronic communication storage of information <p>All recommendations were accepted by management for implementation by 30 June 2017.</p>	<p>Operations –Satisfactory / Agresso related activity - Limited</p>

APPENDIX E

Summary of Outstanding Recommendations

This is a schedule of all recommendations where the target date for implementation has passed and either the recommendation has not been fully implemented, or the auditee has failed to provide information on whether it has been implemented.


Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target Date	Responsible Officer	Status
1	2013/14	Adult Social Care	Home Care	Satisfactory	<p>Initial reviews should take place within six weeks of the care first being provided and annual reviews should be undertaken thereafter.</p> <p>Management should identify the reasons for not undertaking the initial reviews promptly and take corrective action where necessary. Where reviews cannot be undertaken at the required time as this is not convenient for the service user, this should be documented.</p>	1	01/07/2015	Head of Assessment and Care Management	<p>In progress. People are in the process of being reviewed. The work has not gone as planned due to various issues with the Home Care Transfer and dates for mobilisation being changed regularly. This has been compounded by the problem of recruiting locum staff of the right calibre to carry out this work. Nevertheless we are still aiming for everyone to have had a Care Act compliant assessment or review before the end of the financial year.</p> <p>This recommendation is being taken up by the ASC Performance Board, but won't be achieved in time for 31 March due to the problems mentioned, in particular the new Home Care contract changes.</p>

Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target Date	Responsible Officer	Status
2	2014/15	Children's Services	School Admissions	Satisfactory	The reasons and evidence used in determining which applications received after the deadline can be accepted and processed, should be logged and retained.	2	31/10/2015	Head of Admissions	No update received.
3	2015/16	Children's Services	All Saints CE Primary School	Satisfactory	The School Development Plan and Staffing Structure should be subject to review and approval by the Governing Body on an annual basis.	2	31/12/2015	Governing Body/ Head Teacher	No update received.
4	2015/16	Children's Services	All Saints CE Primary School	Satisfactory	The Governing Body should discuss the options available to the School before entering contracts. The School should obtain quotes and tenders as per the Schools financial policy before entering a contract with a supplier or document the justification for not doing so.	2	31/12/2015	Governing Body / Head Teacher/ School Business Manager	No update received.
5	2014/15	Corporate Services	Mobile Device Security	Satisfactory	Management should draft, agree and communicate a specific IT security policy that covers mobile device usage for Tri-Borough work. All users using mobile devices, whether issued by the Tri-Borough or not, should be required to formally sign off their acceptance of relevant policies before being issued with a Tri-Borough issued mobile device or before having their own device configured for Tri-Borough use. The development of relevant policies should also be supported by appropriate user training.	2	30/04/2015	Information and Systems Strategist	Update Sep 2015: This is currently being finalised as part of the Mobile Working project prior to deployment of the shared ICT service mobility platform

Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target Date	Responsible Officer	Status
6	2014/15	Corporate Services	Tri borough Cloud Computing	Satisfactory	A central Tri-Borough inventory of all services and solutions provided through the cloud should be created and maintained, regardless of which borough is responsible for managing the service contract. The Tri-Borough Information Security Assurance Authority Group should be responsible for the inventory.	2	30/06/2015	Tri-Borough CIO will have oversight of this task but Tri-Borough Contract management will manage this service catalogue.	No update received.
7	2014/15	Corporate Services	Tri borough Cloud Computing	Satisfactory	<p>Regular reporting on performance and security incidents (or any agreed schedule) should be requested from the cloud service providers for the Frameworki, Library Management System and Bravo Solutions application.</p> <p>Furthermore, such reporting requirements should be extended to all Tri-Borough based cloud agreements.</p>	2	31/03/2015	Tri-Borough CIO will have oversight of this task but Tri-Borough Contract management will manage this service catalogue.	Response from Tri-borough Director of Libraries and Archives 14/5/2015 - With regard to performance reporting, I can confirm that SirsiDynix is able to supply uptime reports and we will be exploring further what performance information they can supply, such as response times. However this is complicated by the network and other factors bearing on responsiveness so it is not clear how the service would establish whose responsibility any poor responsiveness was.

Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target Date	Responsible Officer	Status
8	2014/15	Corporate Services	Tri borough Cloud Computing	Satisfactory	The Tri-Borough should ensure continuous compliance of their vendors and Cloud Service Providers with applicable regulations such as: PCI DSS, ISO 27001, EU Data Protection Regulations, Cloud Security Alliance Control Matrix, ISAE 3402, SSAE 16, and SAS 70 Type II.	2	31/03/2015	Tri-Borough CIO	No update received.
9	2015/16	Corporate Services	IT Disaster Recovery	Satisfactory	LBHF management should implement the following: <ul style="list-style-type: none"> • Review the current test plan and include a schedule that identifies and prioritises systems and ensuring that critical systems are tested at least on an annual basis; • Agree the relevant test plan in advance; and • Establish a process to communicate test results to senior H&F and HFBP management. Where it is not considered practical or cost effective to test all critical systems annually, an alternative approach may be to test one service from each methodology each year. However, the risks associated with adopting this approach should be evaluated.	1	31/12/2015	Contract Management Officer (H&F) & Head of Applications (HFBP)	No update received.

Ref	Audit year	Department	Audit Name	Assurance	Recommendation	Priority (1/2/3)	Agreed Target Date	Responsible Officer	Status
10	2014/15	Transport & Technical Services	Organisational Health and Safety	Satisfactory	<p>Service lines should be instructed, via the Corporate Health and Safety Committee to provide a copy of their risk assessments to Corporate Health and Safety so they can be uploaded onto Tri-B Net.</p> <p>These risk assessments should be reviewed and updated on an annual basis. Monitoring of activity should be undertaken by the Corporate Safety Team.</p>	2	30/06/2015	Bi Borough Corporate Health and Safety Manager	Update 18/2/2016 – Reasonable progress has been made. Departmental and team audits have been undertaken. Risk assessments for ELRS, TTS, Libraries and the majority of ASC are now collated centrally. Generic risk assessments for CHS and the remainder of ASC are being prepared and will be sent to managers for sign off. Completion tabled for end of April 2016; this remains a priority for the team.
11	2014/15	Transport & Technical Services	Rechargeable Street Works	Satisfactory	<p>Performance indicators for the service should be agreed and monitored against. This could include:</p> <ul style="list-style-type: none"> • % of assessments that have been undertaken, within set timeframe, after an application has been received; • % of estimates provided to customer, within set timeframe, after assessment has been completed; • % of proactive Inspections undertaken within timeframe; • % of additional works required as a result of quality inspections; and • % deviation of estimate to actual invoice amount. <p>Results should be reported to Senior Management on a periodic basis.</p>	2	01/06/2015	Project Engineer/ Finance Officer	We have gathered all the details and will be compiling and format shortly to produce KPI stats.

<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">AUDIT, PENSIONS AND STANDARDS COMMITTEE</p> <p style="text-align: center;">22 March 2016</p>	
<p>LBHF PEER REVIEW OF INTERNAL AUDIT AGAINST THE UK PUBLIC SECTOR INTERNAL AUDIT STANDARDS DECEMBER 2015</p>	
<p>Open Report</p>	
<p>Classification: For Information Key Decision: No</p>	
<p>Wards Affected: None</p>	
<p>Accountable Director: Moyra McGarvey, Shared Service Director for Audit, Fraud, Risk and Insurance</p>	
<p>Report Author: Geoff Drake, Senior Audit Manager</p>	<p>Contact Details: Tel: 0208 753 2529 E-mail: geoff.drake@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. The Relevant Internal Audit Standard Setters* have adopted a common set of Public Sector Internal Audit Standards (PSIAS) from 1 April 2013. Standard 1312 states that “External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. External assessments can be in the form of a full external assessment, or a self-assessment with independent validation.” The London Audit Group has organised a system of peer review, with 32 of the 33 London Boroughs agreeing to take part. It has been agreed that self-assessments will be carried out and that these will be validated by suitably qualified individuals or teams from other members of the group across a 5 year cycle.
- 1.2. This review of internal audit at the London Borough of Hammersmith and Fulham (LBHF) has been carried out by the Head of Anti-Fraud and Internal Audit (Head of Internal Audit) at the London Borough of Southwark. Based on the work carried out it can be confirmed that internal audit at the **LBHF GENERALLY CONFORMS** with the UK Public Sector Internal Audit Standards. This means that the relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects.
- 1.3. Only minor observations were raised, these are identified below:

- that the CEO and the Chair of the Audit Committee contribute to the Chief Audit Executive's (CAE's) appraisal: Fully conforms but scope for enhancement;
- all internal audit staff and contractors are required to comply with the Code of Ethics and the Nolan principle: Generally conforms;
- There should be written job descriptions (the job description for the Senior Audit Manager was not provided during the audit): Generally conforms;
- The terms of reference for audit projects are comprehensive, they did not include reporting lines for projects: Generally conforms.

2. RECOMMENDATIONS

- 2.1. To note the contents of this report.

3. REASONS FOR DECISION

- 3.1. Not applicable. No decision required.

4. INTRODUCTION AND BACKGROUND

- 4.1. This report is a result of an independent review of the LBHF Internal Audit Service. The full report is provided at Appendix 1. No major observations were raised, only 4 minor observations were made and no actions are required to address any of these points.

- that the CEO and the Chair of the Audit Committee contribute to the Chief Audit Executive's (CAE's) appraisal: Fully conforms but scope for enhancement. **As the CEOs and Audit Committee chairs of each council already have avenues to provide feedback, and the line manager has the option of speaking to them as necessary, no further action is proposed;**
- all internal audit staff and contractors are required to comply with the Code of Ethics and the Nolan principle: Generally conforms. **Compliance with the Code of Ethics is a requirement of professional membership of audit organisations, signing an annual statement is no guarantee of compliance with the Code of Ethics for Internal Audit. No further action is proposed;**
- There should be written job descriptions (the job description for the Senior Audit Manager was not provided during the audit): Generally conforms. **The job description does exist, refreshed when the shared service Internal Audit service was established. No further action is proposed;**
- The terms of reference for audit projects are comprehensive, they did not include reporting lines for projects: Generally conforms. **The reporting lines for auditees was introduced into audit terms of reference approximately 2 months before this review took place. No further action is proposed.**

5. PROPOSAL AND ISSUES

5.1. To note the contents of the report

6. OPTIONS AND ANALYSIS OF OPTIONS

6.1. Not applicable

7. CONSULTATION

7.1. Not applicable

8. EQUALITY IMPLICATIONS

8.1. Not applicable

9. LEGAL IMPLICATIONS

9.1. Not applicable

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1. Not applicable

11. RISK MANAGEMENT

11.1. Not applicable

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

12.1. Not applicable

12.2.

**LOCAL GOVERNMENT ACT 2000-
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Internal Audit background papers	Geoff Drake Ext. 2529	Corporate Services, Internal Audit Town Hall King Street Hammersmith W6 9JU

LIST OF APPENDICES:

Appendix A - LBHF Peer Review of Internal Audit against the UK Public Sector Internal Audit Standards

LONDON BOROUGH OF HAMMERSMITH AND FULHAM

**PEER REVIEW OF INTERNAL AUDIT AGAINST THE UK
PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

**CARRIED OUT BY
MIKE PINDER, HEAD OF ANTI-FRAUD AND INTERNAL AUDIT
LONDON BOROUGH OF SOUTHWARK**

REPORT DECEMBER 2015

London Borough of Hammersmith and Fulham Peer Review of Internal Audit against the UK Public Sector Internal Audit Standards

1 Introduction

- 1.1 A professional, independent and objective internal audit service is one of the key elements of good governance in local government.

The UK Public Sector Internal Audit Standards

- 1.2 The Relevant Internal Audit Standard Setters* have adopted a common set of Public Sector Internal Audit Standards (PSIAS) from 1 April 2013. The PSIAS encompass the mandatory elements of the Global Institute of Internal Auditors (IIA Global) International Professional Practices Framework (IPPF) as follows:

- Definition of Internal Auditing
- Code of Ethics, and
- International Standards for the Professional Practice of Internal Auditing (including interpretations and glossary)

- 1.3 Additional requirements and interpretations for the UK public sector have been inserted in such a way as to preserve the integrity of the text of the mandatory elements of the IPPF.

- 1.4 The PSIAS apply to all public sector internal audit service providers, whether in-house, shared services or outsourced.

- 1.5 The Code of Ethics promotes an ethical, professional culture. It does not supersede or replace internal auditors' own professional bodies' Codes of Ethics or those of employing organisations. Internal auditors must also have regard to the Committee on Standards of Public Life's *Seven Principles of Public Life*.

[*The Relevant Internal Audit Standard Setters are: HM Treasury in respect of central government; the Scottish Government, the Department of Finance and Personnel Northern Ireland and the Welsh Government in respect of central government and the health sector in their administrations; the Department of Health in respect of the health sector in England (excluding Foundation Trusts); and the Chartered Institute of Public Finance and Accountancy in respect of local government across the UK]

Statutory Requirements

- 1.6 The Accounts and Audit (England) Regulations 2011 state that "A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control" (6 (1)).

- 1.7 Section 151 of the Local Government Act 1972 states that every local authority in England and Wales should “make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”. CIPFA has defined ‘proper administration’ in that it should include “compliance with the statutory requirements for accounting and internal audit”.
- 1.8 The statement on the role of the Chief Financial Officer (CFO) in local government states that the CFO must:
- ensure an effective internal audit function is resourced and maintained
 - ensure that the authority has put in place effective arrangements for internal audit of the control environment
 - support the authority’s internal audit arrangements, and
 - Ensure that the audit committee receives the necessary advice and information, so that both functions can operate effectively.
- 1.9 The relationship between the Chief Audit Executive (CAE) and the CFO is therefore of particular importance in local government.

External Review of Internal Audit

1.10 Standard 1312 states that “External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.....External assessments can be in the form of a full external assessment, or a self-assessment with independent validation.” “A qualified assessor or assessment team demonstrates competence in two areas: the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through a mixture of experience and theoretical learning. Experience gained in organisations of similar size, complexity, sector or industry and technical issues is more valuable than less relevant experience.” “The chief audit executive uses professional judgment when assessing whether an assessor or assessment team demonstrates sufficient competence to be qualified.”

1.11 “An independent assessor or assessment team means not having either a real or an apparent conflict of interest and not being a part of, or under the control of, the organisation to which the internal audit activity belongs.”

1.12 In London, The London Audit Group has organised a system of peer review, with 32 of the 33 London Boroughs agreeing to take part. It has been agreed that self-assessments will be carried out and that these will be validated by suitably qualified individuals or teams from other members of the group across a 5 year cycle.

1.13 This review of internal audit at the London Borough of Hammersmith and Fulham (LBHF) has been carried out by the Head of Anti-Fraud and Internal Audit (Head of Internal Audit) at the London Borough of Southwark. His qualifications for conducting this review are: A qualified member of the Chartered Institute of Public Finance and Accountancy, 20 years experience of internal audit including 9 years as a local government head of internal audit, previous experience of conducting peer reviews and other forms of external inspection.

2 Summary & Conclusion

2.1 The review was based on the self-assessment conducted by the Senior Manager Internal Audit (SMIA) at LBHF, with evidence provided to support its conclusions. In addition, interviews were conducted with some of internal audit's key stakeholders: The Chair of the Audit & Risk Committee, and the Chief Executive. Also available were the customer satisfaction surveys from a number of key stakeholders.

2.2 The co-operation of the SMIA and members of the internal audit team in providing every bit of information asked for, as well as those stakeholders that made themselves available for interview, was appreciated and made it possible to obtain a thorough view of internal audit's practices and of its contribution to the organisation.

2.3 **Based on the work carried out it can be confirmed that internal audit at the LBHF GENERALLY CONFORMS with the UK Public Sector Internal Audit Standards.** This outcome should be reflected in the Head of Internal Audit's annual opinion report for the year 2015/16.

2.4 Some minor observations are made in section 3 below.

2.6 Definitions of the levels of conformance with the standards are contained in the following table:

DEFINITIONS	
Fully Conforms	The internal audit service fully complies with each of the statements of good practice in the assessment.
Generally Conforms	The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects.
Partially Conforms	The internal audit service falls short of achieving some elements of good practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit.
Does Not Conform	The internal audit service is not aware of, is not making efforts to comply with, or is failing to achieve many/all of the objectives and good practice statements within the section or sub-section. These deficiencies will usually have a significant negative impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the audit committee.

3. Minor Observations

Public Sector Internal Audit Standards

3.1 Standard 1000 – Fully conforms but scope for enhancement. The standard requires that the CEO and the Chair of the Audit Committee contribute to the CAE’s appraisal.

The Director of Internal Audit (DIA) is line managed by the Section 151 at Royal Borough of Kensington and Chelsea. Feedback is requested from their line manager, which fully complies with the scheme. The DIA also seeks informal feedback from the chair of the audit committee. While feedback is not routinely requested from LBFH management, the LBFH Chief Executive is able to provide feedback at any time if they wish.

3.2 Standard 1100. Generally conforms. The standard requires that all internal audit staff and contractors are required to comply with the Code of Ethics and the Nolan principle.

The SMIA indicated that all staff are required to sign an annual statement confirming their compliance with the IIA code of ethics. A copy of this for the SMIA was not, however, available to confirm compliance. The service is reminded to maintain a copy of signed code of ethics statements for all staff going forward.

3.3 Standard 2030. Generally conforms. There should be written job descriptions. A copy of the job description for the Director of Internal Audit was provided. The job description for the SMIA was not provided during the audit. This document should be located/updated as appropriate.

3.4 Standard 2200. Generally conforms. Engagement plans include consideration of the relevant systems, records, personnel, and physical properties.

The terms of reference for projects are comprehensive and meet the majority of requirements. They did not, however, include reporting lines for projects. Scope exists to include this on future terms of references.

Impact of internal Audit

3.5 In addition to a review of conformance with the standards, the review sought to gain an understanding of stakeholder views of the impact of the service.

The survey was sent to four key stakeholders with three responses received. On average the service scored well with an overall score of 80%. Full returns are provided in appendix A. Averages were compiled and summary scores which were generally either three or fours, with the following exceptions:

Areas	Average Score (%)
The internal audit service is seen as a key strategic partner throughout the organisation	2.3 (58%)
Internal audit is valued throughout the organisation	2.7 (67%)
Internal audit activity influences positive change and continuous improvement to business processes, bottom line results and accountability within the organisation	2.7 (67%)

3.6 It is noted, that these scores were slightly skewed by one lower score in each case from the small number of respondents. The SMIA was already aware of these comments, from ongoing dialogue for that service.

3.7 Further to this, interviews were held with the LBHF's Chief Executive and Chair of the Audit Committee. These meetings did not indicate any issues or concerns with the internal audit service. Both indicated improvements in the service over recent times.

3.8 The Chair of the Audit committee, also discussed the role of the committee, and how they are trying to optimise support of the service, through their processes.

Summary assessment

2	3	4 Does not	5 Partially	6 Generally	7 Fully confo	8 Comments
9	10 Purpose & positioning	11	12	13	14	15
	<ul style="list-style-type: none"> • Remit 				X	
	<ul style="list-style-type: none"> • Reporting lines 				X	Noting 3.1 above
	<ul style="list-style-type: none"> • Independence 			X		See 3.2 above
	<ul style="list-style-type: none"> • Other assurance providers 				X	
	<ul style="list-style-type: none"> • Risk based plan 				X	
16	17 Structure & resources					
	<ul style="list-style-type: none"> • Competencies 				X	
	<ul style="list-style-type: none"> • Technical training & development 				X	
	<ul style="list-style-type: none"> • Resourcing 				X	
	<ul style="list-style-type: none"> • Performance management 			X		See 3.3 above
	<ul style="list-style-type: none"> • Knowledge management 				X	
18	19 Audit execution					
	<ul style="list-style-type: none"> • Management of the IA function 				X	
	<ul style="list-style-type: none"> • Engagement planning 			X		See 3.4 above
	<ul style="list-style-type: none"> • Engagement delivery 				X	
	<ul style="list-style-type: none"> • Reporting 				X	
20	21	Do not agree	Partially agree	Generally	Fully agree	Comments
22	23 Impact					
	<ul style="list-style-type: none"> • Standing and reputation of internal audit 				X	See 3.5 above
	<ul style="list-style-type: none"> • Impact on organisational delivery 				X	
	<ul style="list-style-type: none"> • Impact on 				X	

	Governance, Risk, and Control						
Does not conform		Partly Conforms		Generally conforms	X	Fully conforms	

Appendix A
Survey Scores:

Area	Respondent			Score (out of 4)	Score
Standing and reputation of internal audit	1	2	3	Average	%
The internal audit service is seen as a key strategic partner throughout the organisation	1	3	3	2.33	58
Senior managers understand and fully support the work of internal audit	2	4	4	3.33	83.
Internal audit is valued throughout the organisation	1	4	3	2.67	67
The internal audit service is delivered with professionalism at all times	4	4	4	4.00	100
Impact on organisational delivery					
The internal audit service responds quickly to changes within the organisation	2	4	3	3.00	75
The internal audit service has the necessary resources and access to information to enable it to fulfil its mandate	3	3	3	3.00	75
The internal audit service is adept at communicating the results of its findings, building support and securing agreed outcomes	2	4	3	3.00	75
The internal audit service ensures that recommendations made are commercial and practicable in relation to the risks identified	2	4	3	3.00	75
There have not been any significant control breakdowns or surprises in areas that have been positively assured by the internal audit service	3	4	4	3.67	92

Area	Respondent			Score (out of 4)	Score
Has the internal Audit had a positive impact on Governance, Risk and Control?					
The internal audit service includes consideration of all risk areas in its work programme	3	4	4	3.67	92
Internal audit advice has a positive impact on the governance, risk, and the system of control of the organisation	2	4	4	3.33	83
Internal audit activity has enhanced organisation-wide understanding of governance, risk, and control	1	4	4	3.00	75
The internal audit service asks challenging and incisive questions that stimulate debate and improvements in key risk areas	2	3	4	3.00	75
The internal audit service raises significant control issues at an appropriate level in the organisation	3	4	4	3.67	92
The organisation accepts and uses the business knowledge of internal auditors to help improve business processes and meet strategic objectives	2	4	3	3.00	75
Internal audit activity influences positive change and continuous improvement to business processes, bottom line results and accountability within the organisation	1	4	3	2.67	67
Internal audit activity promotes appropriate ethics and values within the organisation	4	4	4	4.00	100
Total Score and Percentage				3.20	80