



# AUDIT AND PENSIONS COMMITTEE

22 September 2011

**CONTRIBUTORS**

All departments

**COMBINED RISK MANAGEMENT HIGHLIGHT  
REPORT**

This report updates the Committee of the risks, controls, assurances and management action orientated to manage organisational level risks.

**WARDS  
All**

**RECOMMENDATION:**

**That the committee consider the current Strategic, Programme and Operational risk position as outlined in the report.**

## **1. PURPOSE**

- 1.1.** This report updates Members on the highlight risk management issues identified across council services and follows changes in the reporting process to Committee expressed at its September 2010 meeting. Effective risk management continues to help the council to achieve its objectives by 'getting things right first time' and is a key indicator of the 'Corporate Health' of the council.

## **2. BACKGROUND**

- 2.1.** The Finance and Corporate Services Department acts as the lead Department on risk management supported by the Principal Consultant Risk Management. Departmental Directors act as Risk Champions in their own service areas to support the process across all levels of the authority. Risk Management is critical to both the value for money assessment and provision of annual assurance that form part of the annual accounts.

## **3. Strategic risks update**

- 3.1.** The Corporate Risk and Assurance Register has been reviewed by the Council's Executive Management Team. The full version accompanies this paper for Members information at **Appendix 1**.

### **3.2. Revision highlights include;**

#### **3.3. Corporate risk number 1. - Business Continuity - Medium risk - Improving**

- 3.3.1.** As services are redesigned within the TriBorough working programme consideration is being given to ensure service continuity is maintained throughout the process. The issue of service continuity has been raised and discussed at the councils competition board where protocols for TriBorough Procurement are being discussed by the respective Heads of Procurement. This ensures that services consider continuity matters at the planning stage. In addition the councils business continuity manager has recently undertaken a training session of the councils contract managers and is contributing to the preparation of a standardised pre-qualification questionnaire to promote a Leaner and more efficient procurement service.

#### **3.4. Corporate risk number 2. – Managing Projects – Low risk – Stable**

- 3.4.1.** Members of the Internal Audit Unit have met with the Portfolio holders in the Organisational Development and Transformation Team and together have initiated a refresh of risk management in

this area. This will cover risk identification, reporting, escalation and communication. The Portfolio Managers will be supported throughout the period and provide advice on governance, risk, counter fraud and in partnership with the Portfolio Managers arrange a risk workshop for Project Managers.

**3.5. Corporate risk number 3 – Managing Statutory Duty – Medium risk – Improving**

**3.5.1.** In April, Corporate Safety audited the gas safety management arrangements for Housing and Regeneration (H&R) in accordance with the corporate policy. A number of minor recommendations, with regard to the council's own housing stock, were identified to improve system robustness. One key area of concern, however, highlighted during this process, is the absence of a suitable and sufficient safety management system for fire, asbestos and legionella in the Housing Options premise portfolio, which as of April came under the auspices of the Housing and Regeneration Department. An internal health and safety project paper, for Housing Options, submitted to their DMT in June 2011 set out a framework to address this shortfall with a proposed project completion date of March 2012.

**3.5.2.** Agreement has been given by the Childrens Services Department to commence asbestos surveys across the community school portfolio; prioritised based on known risk. It should be noted that currently insufficient funds are available to meet the programme in its entirety.

**3.5.3.** The asbestos strategy for the organisation now has a number of fundamental measures in place to provide short, medium and long term assurance. Two key components that remain outstanding to achieve legal compliance, for all departments, is a fit for purpose web-based 'Asbestos Register' that aligns with the corporate asset management system and a nominated 'competent (legally)' person to manage the arrangements for Building Property Management, Housing and Children's Service. Talks regarding a suitable system for registering asbestos are on-going and the outcome looks positive. Discussions regarding the 'competent' person, in line with the introduction of a new corporate asbestos policy/procedure, have commenced.

**3.5.4.** The responsibility for ensuring safety arrangements with regard to premise management, maintenance and construction projects sit outside of Building Property Management's (BPM) direct control in a number of areas, for example housing or schools, although BPM

may be commissioned to undertake these functions. The new corporate suite of procedures identifies a specific Assistant Director in each department, the Responsible Person, who will ensure the corporate safety arrangements are applied. Corporate Safety will advise, guide, identify gaps, monitor and support this process.

- 3.5.5.** A number of enforcement and deficiency notices with regard to fire safety have been served on the organisation. A programme of risk assessment continues to be rolled out and this has been extended to consider any omissions from the stock portfolio. The fire safety policy/procedure is currently under review and an audit of the arrangements is to commence shortly.
- 3.5.6.** Proactive inspection of higher risk premises and activities continues against a set programme. Departmental audits, sample of sections, should commence from September.
- 3.5.7.** A desktop Health & Safety E-Learning course is now available for new and existing staff, via the recently refreshed website. This is a more efficient and cost effective way to manage the training requirement for this area.
- 3.5.8.** The Housing and Regeneration department have rolled out personal safety training to over 130 staff through the Suzy Lamplugh Trust Training. There are a number of spaces available that have been offered to departments through the Corporate Safety Committee.

### **3.6. Corporate risk number 5 Managing budgets - Low risk – Improving**

- 3.6.1.** Controls in this area have been improved through the Introduction and roll out of the collaborative planning software as part of the World Class Financial Management Programme that, with supported training, provides direct access to budget holders on budgeting and budget monitoring module.
- 3.6.2.** Finance Training for Service Managers from the E-Learning software resource has also been introduced and the revenue outturn for 2010/11 shows an underspend on net operating expenditure of £3.313m mainly accounted for better than expected recovery of income on the Controlled Parking Account. The favourable revenue outturn has allowed the council to make transfers to its general and earmarked reserves providing some additional security against the significant financial challenges ahead.

**3.7. Corporate risk number 7. – Maintaining reputation and service standards - Low risk – Stable**

**3.7.1.** This entry has been updated to reflect the Annual Complaints Review report submitted in July to the Overview and Scrutiny Board , ( **Appendix 2**).The report covers the performance of the Council in respect of complaints received between 01<sup>st</sup> April 2010 and 31<sup>st</sup> March 2011 and also enquiries received from the Local Government Ombudsman during the same period. The report indicates that over the period iCasework, the software system used to log, track and categorise customer complaints, registered the top ten customer complaints, issue and outcomes.

**3.7.2.** In addition the entry reflects the updated position following the Information Management Teams highlight report on IT security incidents across the council. The report, attached as (**Appendix 3**) identifies the top five current Information Management risks, statistical summary of incidents, and an update on the Government Connect Project. Also highlighted is the new Information Security Incident procedure and toolkit which is now available on the intranet.

**3.8. Opportunity risk number 2. – Tri Borough, Merging of services with Westminster and the Royal Borough of Kensington & Chelsea.– Low risk of realisation– Stable**

**3.8.1.** An update on Tri Borough working was issued for general consumption on the 12th July. This also contained reference to a number of risks associated with the move to shared service provision and approval of the business cases at the three cabinets.

**3.9. Opportunity risk number 5. - Re-integration of H & F Homes.– Low risk of realisation– Stable**

**3.9.1.** A meeting with the department has established the need to conduct a fundamental review of the risk & assurance profile in order that it complies with the councils agreed risk management standard. To that extent the Housing and Regeneration Department Management Team have been alerted to produce a revised and refreshed risk and assurance register and its first iteration is due to be delivered in August.

**3.10.** Detailed information on controls and assurances is contained in the fabric of the corporate risk register, project tracking record and contract and market testing schedules. Work is in progress to mitigate these risks. The exposure rating of corporate risks has not proven to be volatile indicating a reasonable and consistent level of Internal Control.

#### 4. Programme and projects

4.1. The Transformation Office is refreshing their risk management arrangements. Reports on risk will be produced by exception to the Programme Transformation Board on each respective Portfolio of work. This will cover Transforming the Way we do Business,

#### 5. Operational highlights

5.1. Following a period of review and consultation with the Corporate Anti Fraud Team corporate fraud risks are to be integrated into risk & assurance registers. The process is to be piloted over August using output from fraud investigations. This should provide managers with improved quality registers that consolidate recommendations and actions through one point.

5.2. An audit of Childrens Services Risk & Assurance registers has commenced to take account of the results of the recent inspections from Ofsted and to also map where alternate sources of controls assurance can be relied on. An assurance map of the department will be compiled following the review and the Childrens Services Risk & Assurance register will be updated to reflect any findings or recommendations.

5.3. A refresh of the Finance & Corporate Services Department risk & assurance register has recently been undertaken and work is underway to compile the Housing & Regeneration Department registers.

#### 6. Market Testing

6.1. A new reporting line covering this area has been established as part of the new Transformation portfolios. Procurement and market testing is now under the Market Management Portfolio. The Senior Responsible Officer on the Executive Management Team is the Director of Resident Services. Other areas under consideration include increased commercialisation, social enterprises and mutuals and the identification of alternate contract provision through a single Tri-Borough procurement strategy.

#### **LOCAL GOVERNMENT ACT 2000** **LIST OF BACKGROUND PAPERS**

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Audit Commission: Worth The Risk, Improving Risk	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall,

	Management in Local Government		Hammersmith
2.	Association of Local Authority Risk Managers & Institute of Risk Management, 2002, A Risk Management Standard	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
3.	The Orange Book, Management of Risk Principles & Concepts – HM Treasury	OGC Website	<a href="http://www.ogc.gov.uk/documents/Risk.pdf">http://www.ogc.gov.uk/documents/Risk.pdf</a>
4.	Departmental Risk Registers	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
5.	CIPFA Finance Advisory Network The Annual Governance Statement	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
6.	BS 31100 Code of Practice for risk management	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith