	<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;">15 September 2015</p>
<p>RISK MANAGEMENT REPORT</p>	
<p>Report of the Director of Finance</p>	
<p>Open Report</p>	
<p>For Review & Comment</p> <p>Key Decision: No</p>	
<p>Wards Affected: None</p>	
<p>Accountable Director: Hitesh Jolapara, Director of Finance</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 June 2015 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 the current status in respect of strategic risks currently identified for 2015 - 2016. The paper also presents, for Members discussion, findings from the risk assessments conducted by services impacted by the Managed Services programme as commissioned by the Interim Bi-borough Executive Director of Shared Corporate Services. Members are asked to;
- 1.1.1. note the risk profile of the Shared Services risk register and the MSP Service perspective risk assessment;
 - 1.1.2. gain assurance that risk management is effectively implemented by departments, 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**.

- 2.2. The Committee are asked to note the summary findings in section 5.5 of the risk assessments conducted by services in connection with the Managed Services Programme.

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 accompanied by the Service Perspective risk assessment summary of the Managed Services Programme.

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. The strategic risk register attached as Appendix 1, holds a variety of business risks focussing on the strategic objectives set for the council. These have recently been reviewed by the Chief Executive and Executive and Directors at Hammersmith and Fulham's Business Board.

- 5.3. Risks are prioritised for reporting in accordance to the scoring methodology highlighted within the risk management strategy. 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. Hammersmith and Fulham Council categorise 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.
- 5.4. Management of this exposure is 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 directorates.

Managed Services

- 5.5. In June 2015 the Interim Bi-borough Executive Director of Shared Corporate Services commissioned a piece of work to assess the impact on departments of the Managed Services programme. Risk assessments were sent initially to Shared Services departments, prioritising the Adults Social Care and Children's Services areas. Assessments were returned for this initial phase from services by 06 July 2015. That assessment was then extended by inviting sovereign departments and the Shared Corporate Services divisions to participate. Assessments from the second phase were returned by 24 July 2015; The unmoderated results of that assessment are summarised below and were;

Total number of returned assessments	25
Nil returns	2
Total number of risks assessed	285

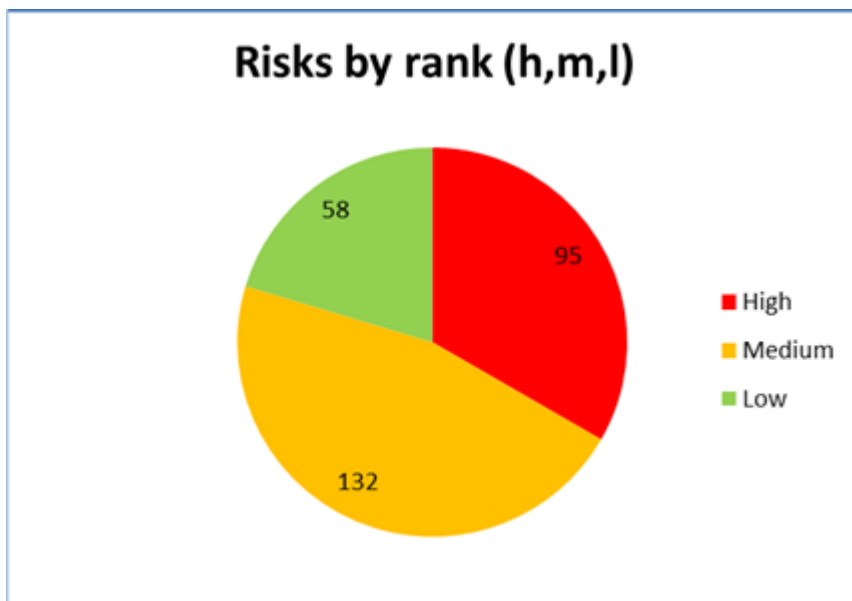
Categories of risks identified

Category		Total
1	Access	4
2	Account Balances - Customer	2
3	Annual Leave	3
4	Budgets	22
5	Chart of Accounts and Coding	7
6	Charges and Add Cost of working	18
7	Data Integrity	4
8	Data Protection	4
9	Debt Recovery	5
10	Disclosure and Barring Checks	4
11	Early exit from contract	2
12	Human Resources MI	5
13	Human Resources Org. Stru.	11

14	Human Resources Sickness	1
15	Interfacing	9
16	Invoicing and receipting	30
17	Legacy	2
18	Ordering - Product Coding	4
19	Ordering - For another dept.	1
20	Ordering - View Purchase Orders	2
21	Payments	38
22	Recruitment	10
23	Refunds - Customer Accounts	2
24	Reputation	11
25	Reporting Function	2
26	Service	30
27	Staff Pay	13
28	System functionality	14
29	Training	20
30	Transparency	5

Chart 1 - Risks by rank.

33% (95) of risks assessed were rated High.
 46% (132) of risks assessed were rated Medium.
 20% (58) of risks assessed were rated Low.



- 5.6. The risk assessment has been shared with the Managed Services Programme Assurance Manager, Programme Director and Head of the Intelligent Client function.
- 5.7. The risks have been provided to the various workstream leads in a suitable folder accessible within SharePoint, a document storage and access facility used by the Programme Management Office.
- 5.8. Workstream leads are reviewing the risks relevant to them looking specifically if;
 - 5.8.1. the risk remains active or can it now be now closed?
 - 5.8.2. the risk is to be closed how was it mitigated?
 - 5.8.3. the evidence of its mitigation can be established and verified?
 - 5.8.4. the risk remains open how will it be managed?
- 5.9. What is the action required to mitigate the outstanding risks and who will own the risk mitigations now?
 - 5.9.1. Are the risk classifications (severity, likelihood, impact) still current?
 - 5.9.2. Is the risk sufficiently clearly described or should it be reworded?
 - 5.9.3. Could those outstanding risks identified be recommended for closure and why?
- 5.10. Any remaining open risks will then be reviewed weekly and management decisions taken. The risk register will be shared regularly with the business in case further updates are required.

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
2.	Services Risk Assessments for Managed Services	Michael Sloniowski 2587	Shared Services Internal Audit, Town Hall, Kensington

LIST OF APPENDICES:

Appendix 1 - Strategic Shared Services risk register