


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

## 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**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
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*