


<p>London Borough of Hammersmith & Fulham</p> <p>AUDIT PENSIONS AND STANDARDS COMMITTEE</p> <p>15 June 2016</p>	
<p>RISK MANAGEMENT HIGHLIGHT REPORT</p>	
<p>Report of the Strategic Finance Director</p>	
<p>Open Report</p>	
<p>Classification: For review and comment Key Decision: No</p>	
<p>Wards Affected: None</p>	
<p>Accountable Director: Hitesh Jolapara, Strategic Finance Director</p>	
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1. EXECUTIVE SUMMARY

- 1.1. The Audit Pensions and Standards Committee in March 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 2016 - 2017. 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.

Audit of risk management

- 5.2. Corporate risk management and Corporate Services risk management arrangements were audited by MAZAR in the last quarter of 2015/16. There were a small number of recommendations made however the areas audited both attained satisfactory assurance. Internal Audit have recommended, for consistency, that services implement the dashboard style risk register as the format used to record their risks.

The Implications of a Leave Vote in the European Referendum on Treasury & Pensions Activities

- 5.3. The implications of a Leave vote or the belief that the vote is moving towards the leave campaign are hotly contested. It has to be remembered that the UK's relationship with the EU will not alter immediately after a vote. It will take at least two years and possibly more to negotiate the terms of the UK's new relationship with the EU. However, markets will react any try and anticipate the outcome of exit negotiations.
- 5.4. The short term implications are perhaps clearer than the long term impact and these have been provided for the Committee by the Shared Services Director of Treasury and Pensions and are attached as **Appendix 3** to this report.

Shared Services Risk Register

- 5.5. This report is intended to update the Audit Pensions and Standards Committee on the Council's key strategic and operational risks.

- 5.6. The current key strategic risks that are monitored and reviewed at a corporate level are listed at **Appendix 1**, the Shared Services Risk Register.
- 5.7. The key risks are as they have been assessed by the service departments and are 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.
- 5.8. The key risk areas covered are;
- Adult Social Care, Public Health risks;
 - Children's Services;
 - The Environmental Group of 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.

- 5.9. 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.
- 5.10. 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.
- 5.11. 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.
- 5.12. 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 be seen reflecting operationally in the service level risks provided in **Appendix 2**.

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**

None.

LIST OF APPENDICES:

- Appendix 1 - Strategic Shared Services risk register
Appendix 2 - Services risk register
Appendix 3 - Brexit briefing, impact on Treasury and Pensions