

Audit Committee

08 October 2018



Title	Corporate Risk Management		
Purpose of the report	To note		
Report Author	Internal Audit Manager, Punita Talwar		
Cabinet Member	Councillor Howard Williams	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	The Audit Committee is asked to note the report and recommend the Corporate Risk Register to Cabinet for approval.		
Reason for Recommendation	Cabinet has oversight of the Council's management of risk.		

1. Key issues

- 1.1 The Corporate Risk Register ensures the Council's significant risks are identified, managed and monitored. A risk is the chance of something happening or not happening that will have an influence upon the achievement of an organisations objectives. Risks may include failure to not seek positive opportunities.
- 1.2 The Register continues to highlight the direction of travel in implementing risk mitigating actions, ascertained from the status of actions previously recommended/identified. The narrative in the 'Progress' column supports the Red/Amber/Green (RAG) status granted and outlines developments where appropriate. Positive progress has been made in a number of areas albeit some actions have not been fully implemented and/or are ongoing. There are currently no risk categories to which a red status has been assigned. Management Team has reviewed the Corporate Risk Register (**Appendix 1**).
- 1.3 The most significant risks to be highlighted at this review for consideration by Management Team and Audit Committee are set out at 1.3 (a) to 1.3 (e) below:
 - (a) **Project Management (4)** – Since the last review, a revised Project Management Dashboard has been prepared with the introduction of weekly reporting to Management Team on the status of all projects and on a regular basis to Overview and Scrutiny. The new report was positively reviewed by Overview and Scrutiny. This enables improved

oversight and opportunities to highlight any issues/corrective actions required. These developments contribute to enhancing project management governance arrangements.

- (b) **Information Governance (5a - Organisational Measures)** - A data protection plan for services, which identifies the work required (with associated deadlines) in order to achieve compliance with data protection legislation has been approved by MAT+ (MAT plus Group Heads) and circulated to Group Heads and Managers. Work has started on the data protection compliance plan in services. This plan includes identification of information assets and data mapping. Recommendations from the Internal Audit Review of April 2018 are being pursued, some of which overlap with other actions in this category.
- (c) **System Administration (6)** - The role of System Administrators and where they should sit in the organisation has been considered as part of the recent independent review of the ICT function. This recommended System Administrators remain within service areas and develop closer working with ICT. Discussions with ICT have confirmed difficulty in achieving full segregation of duties within systems administration functionality. Given that the risks of fraud/theft/error prevail the continued importance of applying compensating controls needs to be highlighted by both ICT and Internal Audit. Management Team may need to keep this area under review.
- (d) **Acquisitions and Investments (15)** – As part of the governance framework, planned reporting of prudential indicators to the Development and Investment Group has taken place. The Council is currently developing a Capital Strategy which will have assets and property at its core. This is a new document required by the revised Regulations providing a single narrative explaining the long term capital expenditure needs, the authority's approach to investments and how risk is managed. This is due to be reported to Overview and Scrutiny Committee in November as a draft before going to Council in December for approval. In light of the Council's ongoing commercial asset acquisitions and investments, effective systems and processes need to be in place to record, recover and monitor significant rental income due to Spelthorne. Work is underway to procure and deliver a new Property Management System that enables the Property Manager to effectively manage Spelthorne's complete property portfolio. A high level business requirements document has been prepared and a business case drafted.
- (e) **Brexit (17)** - The Group Head for Commissioning and Transformation prepared a summary briefing note to MAT/Cabinet/Audit Committee in August on possible implications of a Brexit "no deal" for the Council which will be updated as more information appears. This note highlighted the potential indirect impact of skills shortages with implications for increased costs and timings, particularly in the construction and social care sectors.

- 1.4 Several new risk mitigating actions underway or for perusal have been recorded on the risk register, relating to:
- Emergency Planning– risk category 2 ;
 - Service Planning – risk category 3;
 - Information Governance (Organisational Measures) – risk category 5a;
 - System Administrators – risk category 6;
 - Resilience/ Resourcing /Capacity – risk categories 8 and 9, and
 - Leisure Centre Project – risk category 11b
 - Safeguarding – risk category 14;
 - Acquisitions and Investments – risk category 15
 - Money Laundering – risk category 20.

2. Options analysis and proposal

Either:

- i. To note and accept the contents of the Corporate Risk Register. The revised register is considered to be an accurate reflection of the high level risks affecting the Authority, as well as the progress made on actions previously proposed, based on our assessment of risk and controls in operation. (Preferred option)

Or:

- ii. To recommend amendments to the Corporate Risk Register for consideration by the Corporate Risk Management Group.

3. Financial implications

- 3.1 Resources required (staff time) to implement actions proposed in the Corporate Risk Register should be contained within existing budgets as far as possible. There may however be some areas where additional resource /time/management support is required in order to implement risk mitigating actions.

4. Other considerations

- 4.1 The Corporate Risk Register covers a wide range of risks and associated consequences including failure to deliver corporate objectives, failure in service delivery, anticipated project outcomes not being met, financial losses, and poor value for money, legal challenges and reputational damage. The three most significant risks identified as part of this review include Systems Administration, commercial asset acquisitions and investments (systems to recover and monitor rental income due) and Brexit implications. Management Team may therefore need to assess if these areas are being adequately managed or require further resource/time and support.

5. Timetable for implementation

5.1 The Corporate Risk Register shows officers responsible for progressing actions, together with target timescales for implementation. The register is reviewed and updated three times a year by the Internal Audit Manager.

Background papers: There are none.

Appendices: **Appendix 1** Corporate Risk Register