

Audit Committee

23 March 2017



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 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 key risks are identified, managed and monitored. Management Team has reviewed the Corporate Risk Register (**Appendix 1**).
- 1.2 There are a number of significant issues to report as follows:
 - (a) **Performance Management (4 & 5)** – An internal audit review conducted in October 2016 identified scope for improvement including re-establishing annual performance reviews of Service Plans, ensuring a clear Service Plan guideline and timetable is communicated, scheduling performance indicator returns into the Cabinet forward plan, scope to make some existing performance indicator's more meaningful and improved monitoring of the staff appraisal process. Findings have been discussed with the relevant Group Head and it is acknowledged that a number of positive steps have been taken since the audit review in October. This includes issue of a timetable and revised templates for the Service Planning and Annual Performance review process in February 2017 as well as quarterly reporting on performance indicators.
 - (b) **Information Governance (7a)** – An Information Governance Officer has recently been appointed to provide ongoing guidance and ensure compliance with statutory obligations. Two new risk mitigating actions have been added to this section, including the need for a decision on where the Senior Information Risk Owner role (SIRO) should sit in light of the organisational restructure, and secondly for Data Protection training to highlight the implications of the new Data Protection Regulations Act effective from May 2018 (whereby regulators can

impose a significant increase in fines up to £20m or 4% of global revenue turnover).

- (c) **ICT Security (8)** – In light of the increased risks for any organisation posed by cybercrime, an Internal Audit review is scheduled for later this year to consider measures being taken to protect the authority from Cyber Security threats as well as an assessment of the adequacy of the authority's response to any such attacks.
- (d) **Business Continuity (9)** – Service-Level plans are outstanding in some areas. Issues arising from the corporate table top exercise of September 2016 have been fed into the Corporate Business Continuity Operational Plan.
- (e) **Failure in service delivery (10)** – A number of imminent departures are planned within Finance and Customer Relations, resulting in a significant loss of experience, expertise and systems knowledge. An ongoing management of change and interim pastoral support is therefore required within this area until the new Group Head for Finance and Customer Relations is in post. Human Resources are liaising with Deputy Chief Executives to progress Management development training needs across the authority with a view to addressing succession planning and resilience.
- (f) **Code of Corporate Governance (13)** – Review of this code remains outstanding. This is important to promote high standards of conduct and behaviour.
- (g) **Procurement (14i & 14ii)** – New risk mitigating actions have been raised following an Internal Audit Review of January 2017. In particular, full compliance with the Local Government Transparency Code is required (we are only partially compliant), Procurement and Contract Management guidelines need updating to reflect regulatory requirements and should be followed by staff training/awareness sessions once resource is available. The Procurement strategy has been revised and published on the Spelthorne web site and an action plan has been developed. The Leisure Centre project should be included in the Corporate Project Register to facilitate regular reporting by the Corporate Project team.
- (h) **Economic Development (17ii)** - The updated 3 year economic assessment & development strategy for 2017-2022 and associated processes incorporate recommendations raised by Internal Audit in their review of December 2016. This includes establishing timescales for actions in the strategy (wherever possible) to improve accountability, documentary evidence for decision making, enhancing performance review and monitoring mechanisms, and ensuring regular formal Member oversight of the strategy.
- (i) **Financial Sustainability – (20)** In light of Central Government funding being withdrawn the Council continues to find innovative ways to fund services and create new revenue streams in order to minimise the budget gap. Effective systems will need to be put in place to record and recover ongoing rental income due from recent asset acquisitions, as

well as ensuring that the authority's interests are protected through robust contract agreements with relevant parties.

- (j) **Brexit - (22)** – Management team to consider potential Brexit uncertainties for Spelthorne and assess preparedness with a plan in place.
- (k) **Debt Recovery (23 & 15)** – It may be timely for the Deputy Chief Executive (Terry Collier) to reconvene the Corporate Debt Group meetings in order to coordinate and progress the outstanding actions raised, with a view to strengthening debt recovery procedures and monitoring processes.
- (l) **Serious and Organised Crime (24)** - An audit to be carried out led by the Internal Audit Manager in accordance with the official Police framework. This is intended to identify areas where Spelthorne is most vulnerable/ at risk of being targeted. Group Heads and Managers will also need to provide input in assessing governance arrangements currently in place within their remit to help combat the risk of serious and organised crime.

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 layout of the Corporate Risk Register has been revised and approved by Audit Committee members in January (at the extraordinary meeting of 26th January 2017). The register now incorporates a direction of travel for progress on addressing risk mitigating actions.
- 4.2 The Corporate Risk Register covers a wide range of risks and associated consequences including failure to deliver corporate objectives, failure in

service delivery, financial losses, poor value for money, health and safety incidents, legal challenges and reputational damage. The three most significant risks identified as part of this review include Performance Management, potential failure in Service Delivery and Procurement/Contract Management. Management Team may therefore need to assess if these areas 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 Audit Services.

Background papers: There are none.

Appendices: Appendix 1 – Corporate Risk Register