

# Audit Committee

25 July 2019



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

## 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. In some areas new risk mitigating actions have been highlighted, which require monitoring. Overall 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 There are some risk categories where accountable officers have not responded in terms of providing updates on progress in implementing risk mitigating actions (reminders have been issued). These have been highlighted in the progress column. Where the Internal Audit Manager is aware of developments these have been recorded, however this is not ideal as it is the responsibility of accountable officers to advise on the status of all actions, as this encourages ownership for perusal of actions. The Chief Executive may wish to reiterate to all Managers the importance of providing

responses, given that the Council's Corporate Risk Register represents the Council's most significant risks and is regularly reported to MAT, Audit Committee and Cabinet.

1.4 The most significant risks to be highlighted at this review for consideration by Management Team , Audit Committee are set out at 1.4 (a) to 1.4 (d) below:

- (a) **Project Governance (4)** - Management are addressing the improvement actions from the recent internal audit review of Project Governance arrangements (May 2019) to enhance control processes and governance arrangements. A revised document template has been circulated incorporating several control stages such as Project Initiation, key considerations, and a business case. This will be a requirement for every project going forward and the Project Steering Group will continue to have visibility, providing oversight and support to Project Managers as appropriate.
- (b) **Procurement (11a)** - The interim Procurement Manager is leading on establishing and implementing revised Procurement processes. Linkages between project governance and procurement continue to be integrated into corporate processes to ensure alignment. The Head of Corporate Governance attended Audit Committee in March to provide an update on proposed changes and actions being taken. In addition it would be timely to consider the recent internal audit recommendations so that they can be incorporated into the current change programme/implementation plans.
- (c) **Acquisitions and Investments (15)** - Governance processes continue to be enhanced in this area. The Council approved the Capital Strategy in February 2019 and the first internal officer quarterly review of the Capital Strategy and associated action plan has been undertaken to reflect new development proposals coming forward and progress on the Asset Management Action Plan. The next review will consider further development of performance indicators. Continued strengthening of procurement and project management (see 1.3 a and b above) will also ensure that the Council can effectively deliver the projects and developments set out in the Capital Strategy. The Development and Improvement Group (DIG) receives timely updates on rental income collected on the Council's commercial investment assets which have been very positive. The procurement of a new Property Management System that enables the Property Manager to effectively manage Spelthorne's complete property portfolio (investment, community, commercial and residential properties) has been completed. The 'go live' implementation is anticipated for December 2019 and a project has been set up to support implementation of the new software system.
- (d) **Environmental risk (20)** A new risk category has been included on the Corporate Risk Register relating to Environmental risk giving reference to climate change implications and setting out the sustainability measures Spelthorne are taking to demonstrate social responsibility in response to this significant global threat.

1.5 Several new risk mitigating actions underway or for perusal have been recorded on the risk register, relating to:

- Health and Safety – risk category 1 (Corporate Risk Management Group and additional resource)
- Strategic Planning & Performance – risk category 3 (A new Corporate Plan)
- Information Governance - Technological measures – risk category 5b - (Annual ICT Disaster recovery test)
- ICT Security – risk category 6 – (Actions arising from annual health check and penetration test)
- Procurement – risk category 11a – (Recommendations arising from recent internal audit review)
- Housing – risk category 12 – (Continued liaison with public bodies and agencies regarding the HRA ‘duty to refer’ and review of Housing/Homelessness strategies)
- Treasury Management – risk category 18 - (Recommendations arising from recent internal audit review)

## **2. Options analysis and proposal**

2.1 To note and accept the contents of the Corporate Risk Register including any new risk categories and new risk mitigating actions underway or for perusal. 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:**

2.2 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 four most significant risks identified as part of this review include project management, procurement, asset acquisitions/investments and environmental risk. 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, coordinated and reported by the Internal Audit Manager.

**Background papers:** There are none

**Appendices:** Corporate Risk Register