



AUDIT COMMITTEE

1 December 2015

Report

Subject Heading:

Risk Management Update

CMT Lead:

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Policy context:

To inform the Committee of the results of
the annual review of risk management
arrangements.

Financial summary:

N/A

The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for	<input checked="" type="checkbox"/>
People will be safe, in their homes and in the community	<input checked="" type="checkbox"/>
Residents will be proud to live in Havering	<input checked="" type="checkbox"/>

SUMMARY

This report provides Members with details of the annual review of risk management arrangements.

RECOMMENDATIONS

1. To note the status of the risk management arrangements pending the oneSource Internal Audit restructure.
2. To note that the current Risk Managements Strategy will remain in place and be reviewed post the restructure.

REPORT DETAIL

1. Introduction

1.1 Risk management is defined by the Institute of Risk Management as:

“Risk Management is the process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of their success and reducing the likelihood of failure.”

Risk management will, by adding to the business planning and performance management processes, strengthen the ability of the Council to achieve its objectives. Risks associated with these objectives can be managed and the potential impact limited, providing greater assurance that the Council’s Vision will be achieved.

1.2 The Corporate Risk Register is owned by the Corporate Leadership Team to ensure that links to risks within services and directorates as well as projects are robust. The Head of Internal Audit is responsible for reporting the status quarterly to the Audit Committee. Effective risk management is a fundamental component of a strong internal control environment and good governance.

1.3 Heads of Service are responsible for risk management within their own service area and all projects and programme boards maintain risk logs. Significant risks are escalated to the Corporate Management Team through one to ones and management team meetings. Internal Audit is reliant on risk management to determine where to direct their resources and focus, although the registers are one source of many intelligence streams that inform their work and focus.

1.4 As councils respond to the austerity agenda, risk management resources will reduce, in line with other cuts required to make significant levels of savings. This will require a pragmatic approach to maintain an adequate risk management approach. An assurance focus that draws upon the ‘triangulation’ of several intelligence streams will help identify key risks going forward.

2. Risk Management Activity

2.1 Although there has not been a formal review of risk management arrangements, the work to manage risk and deliver the strategy continues day to day within the business and decision making processes.

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- 2.2 The oneSource Management Team have developed their Strategic Risk Register.
- 2.3 The service planning process for 2015/16 included a review of service risks.
- 2.4 The Corporate Leadership Team participated in a review to inform the recent update of the risk register.
- 2.5 The Corporate Management Team reviews the register and approves it.
- 2.6 The Governance Group is now reviewing the Corporate Risk Register and will identify potential risks or risk levels and forward these to CMT for their consideration as part of underpinning good governance arrangements.

3. Annual Review

- 3.1 The previous update advised that the annual review of risk management had been delayed due to the review of the Audit and Risk Service. The structure of the service going forward has been designed to reflect the resources and structures required within oneSource to support both the London Boroughs of Havering and Newham in continuing to embed risk management and good governance.
- 3.2 As part of the implementation phase of the restructure, the Strategy and Procedures for Risk Management will be updated for approval by the Audit Committee and then re-launched across both organisations. Staff consultation on the restructure is currently scheduled to be formally launched in December 2015. Risk Management will also be considered as part of the current CIPFA/SOLACE consultation on 'Delivering Good Governance in Local Government'. An audit of Risk Management could assist in the review. This will inform the future risk management approach.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no financial implications or risks arising directly from this report which is for information only. An annual review of Risk Management and the Risk Management Strategy are essential to ensure that the Council's approach to Risk Management is concurrent and is subject to examination by the Audit Committee.

Legal implications and risks:

There are no direct implications or risks from consideration of the Report. However, the corporate risk strategy inherently considers the whole gamut of risks affecting the Council including legal risks, and the review of that strategy may have indirect implications for the management of risks.

Human Resources implications and risks:

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None arising directly from this report.

Equalities implications and risks:

None arising directly from this report.

BACKGROUND PAPERS

Risk Management Strategy