INTERNAL AUDIT RISK MANAGEMENT REPORT 2010/11

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Summary

This report summarises the detailed findings identified in the Internal Audit review of Risk Management. The overall control environment for the Risk Management system is assessed as good.

Recommendation

A.   Audit Committee are asked to note the findings from the review of Risk Management by Internal Audit.

REPORT

Background

1.   The Audit Committees Terms of Reference include a requirement to review annually the adequacy of the Council's Risk Management arrangements. In November 2010 Internal Audit completed a review of Risk Management processes as part of the Internal Audit Plan.

Internal Audit Risk Management Report – Executive Summary

2.   Audit findings are evaluated to provide a level of assurance on the effectiveness of the system of internal control. These evaluations are defined as 'Good', 'Reasonable', 'Limited' and 'Unsatisfactory'. On the basis of the audit work undertaken the overall control environment for the system of Risk Management has been assessed as Good.

3.   Evaluation and testing of the controls confirmed that there is a sound system of controls in place which are designed to address relevant risks, with controls being consistently applied. The risk management processes are embedded within the Authority and clearly communicated to all staff.

Control Objective Conclusion and Summary of Findings

4. The following table shows the audit opinion on each of the four control objectives; full or substantial compliance has been achieved on all objectives:

	AUDIT OBJECTIVE	CONCLUSION AND SUMMARY OF FINDINGS
1.	Risks arising from business strategies and activities are identified and prioritised and management have determined the level of risk acceptable to the organisation.	**This control objective is achieved**. There are robust procedures in place for the identification and assessment of current and emerging strategic and operational risks. Risks have named owners and are regularly monitored and reported upon. There is a strategy, framework and appropriate structure in place for Risk Management.
2.	Risk mitigation activities are designed to reduce, or otherwise manage, risk at levels that were determined to be acceptable to management and the board.	**This control objective is achieved**. Risks are considered at Risk Management Group meetings, with action plans in place for all risks. There are currently no identified risks which have inadequate controls, or are not allowed for in the emergency action plans. A minor exception was noted regarding the need to ensure that all risks have a named owner.
3.	Ongoing monitoring activities are conducted to periodically reassess risk and the effectiveness of controls to manage risk.	**This control objective is achieved**. Current insurance and health and safety incidents are reviewed. There is a suitable risk register in place and a working mechanism for the regular review of risks.
4.	The board and management receive periodic reports of the results of the risk management process.	**This control objective is achieved**. The Risk Management Group meets regularly. Quarterly reports are considered by Cabinet, although this was not achieved on one occasion as other priorities took precedence.

5. Of the three recommendations made last year, excellent progress has been made in their implementation and none are outstanding.

6. The three recommendations made at this years audit are:

- Community Services risk owners should be provided with the up to date template for the Risk Control Assurance Plan which includes the column for the recording of 'opportunities'. Risk Control Assurance Plans received in the Risk Management Team should be monitored to ensure that they are based

upon this version, and any that are not should be returned for clarification and updating. **Rating** - Requires attention.

- The Risk Register should be reviewed to identify any risks that do not have a named owner, or where the named owner is no longer in post. Any risks identified should be referred back to the responsible lead manager in order that named officers can be allocated and take ownership of these risks. **Rating** - Requires Attention.

- The minutes of the Risk Management Group meetings should identify any non-staff in attendance by including, after their name, the name of the organisation that they represent. **Rating** - Best Practice.

7. Management have responded positively to these recommendations and have reported that they have all been implemented.

Conclusion

8. On the basis of the audit work undertaken the overall control environment for the system of Risk Management has been assessed as Good.

9. The risk management processes are embedded within the Authority and clearly communicated to all staff.

10. The Risk Management Strategy was updated in March 2010. The Strategy is comprehensive with roles and responsibilities clearly defined and a system for identifying, categorising, recording and reviewing risks is in operation. Risk Management has evolved into a continuous process with the risk register being updated on a quarterly basis as risks are reviewed.

11. Risk Management systems are robust and continue to benefit from further enhancements.

12. Three recommendations have been made in the detailed report; two have been rated "Requires Attention" and one as "Best Practice", all have been accepted and implemented by management. A copy of the detailed audit report is available to Members on request.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

None

Human Rights Act Appraisal

The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.

Environmental Appraisal – N/A

Risk Management Appraisal

Risk Management is part of the overall internal control arrangements

Community / Consultations Appraisal – N/A

Cabinet Member

Keith Barrow, Leader of the Council, (Brian Williams, Chairman of Audit Committee)

Local Member – N/A

Appendices – None