



Committee and Date  
Audit Committee  
27 March 2014  
10.00 am

Item  
**9**  
Public

## INTERNAL AUDIT RISK MANAGEMENT REPORT 2013/14

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### 1. 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, the highest rating that can be given, no control weaknesses were identified.

### 2. Recommendations

The Committee are asked to consider and endorse, with appropriate comment the findings from the review of Risk Management by Internal Audit.

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

- 3.1 The management of risk is a key process which underpins successful achievement of our objectives and priorities. It forms part of the Annual Governance Statement and an annual audit is undertaken to ensure that the processes and protocols are established and embedded facilitating effective decision making.
- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities or climate change consequences arising from this report.

### 4. Financial Implications

- 4.1 The Internal Audit plan is delivered within approved budgets; the work of Internal Audit contributes to improving the efficiency, effectiveness and economic management of the wider Council and its associated budgets.

### 5. Background

- 5.1 The Audit Committee's Terms of Reference include a requirement to review annually the adequacy of the Council's Risk Management arrangements. In February 2014 Internal Audit completed a review of Risk Management processes as part of the Internal Audit Plan.

## Internal Audit Risk Management Report – Executive Summary

- 5.2 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**, the highest rating that can be given.
- 5.3 Evaluation and testing 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 Council and clearly communicated to all staff.

### Control Objective: Conclusion and Summary of Findings

- 5.4 The following table shows the audit opinion on each of the four control objectives; full 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.	<b>This control objective is achieved.</b> 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. The Opportunity Risk Management Strategy is in place and there is a framework and appropriate structure to embed this within the Council; it has been reviewed to reflect the council’s new delivery model.
2.	Risk mitigation activities are designed to reduce, or otherwise manage, risk at levels that were determined to be acceptable to management and the Cabinet.	<b>This control objective is achieved.</b> During transformation it is expected and accepted that the number of risks and risk exposure will increase. Risks are considered by management and controls are in place for all risks. There is increased focus on managing risks above the accepted tolerance level which are reported monthly to the Senior Management Board and quarterly to Cabinet.
3.	On-going monitoring activities are conducted to periodically reassess risk and the effectiveness of controls to manage risk.	<b>This control objective is achieved.</b> 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. The risk register is being transferred onto a new system which is more interactive and enables officers to update risks which they are responsible for.
4.	The Cabinet and management receive	<b>This control objective is achieved.</b> Monthly reports are considered by Cabinet and

	periodic reports of the results of the risk management process.	the Senior Management Board.
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5.5 The audit did not identify any control weaknesses and no recommendations have been identified.

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

None

**Cabinet Member (Portfolio Holder)**

Keith Barrow, Leader of the Council, Brian Williams, Chairman of Audit Committee and Mike Owen, Risk Management Member Advocate.

**Local Member:** N/A

**Appendices** - None