



Internal Audit & Risk Management



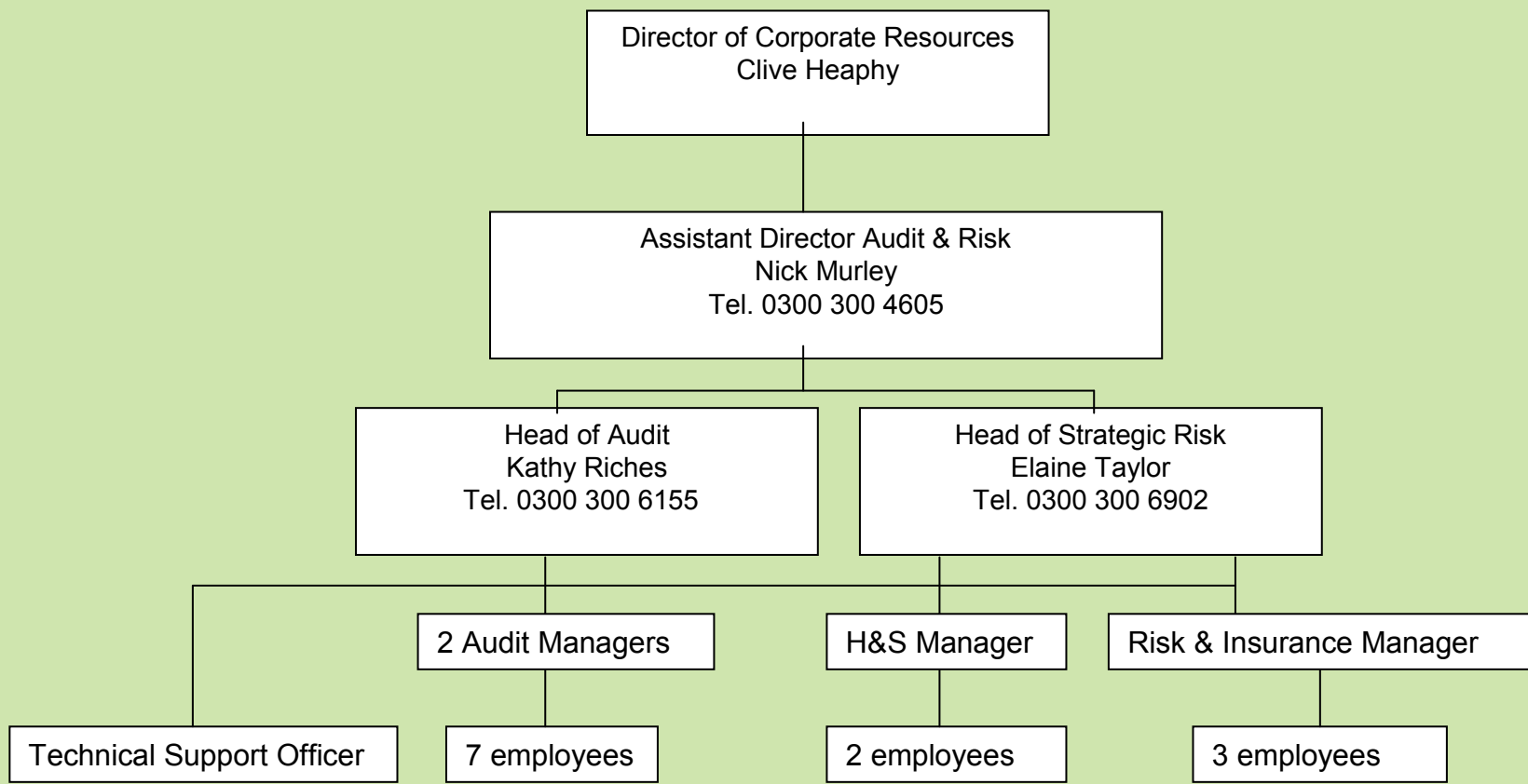
Objectives

- To ensure there is an effective internal control and governance framework that is embedded throughout the organisation
- To deliver an effective Risk Management framework that is embedded throughout the organisation

“striving to add value to our strategic and operational management and processes”



Structure





What is Risk?

“Risk is the threat that an event or action will adversely affect the organisation’s ability to achieve its objectives and successfully execute its strategies”.



What is Risk Management?

“Risk Management is the identification, analysis & control of risks which may threaten an organisation or the services it provides”.



Risk Universe

- **Strategic Risks** – the risk of doing the wrong thing
- **Operational Risks** – doing the right thing the wrong way
- **Financial Risks** – lack of financial integrity, robust internal financial control and/or sound management information
- **Legislative Risks** – laws and regulations
- **Reputational Risks** – high media profile
- **External Risks** – political, economic, social and technological



Risk Matrix and Score

Probability	Very Likely (5)	Low (5)	Medium (10)	Medium (15)	High (20)	High (25)
	Likely (4)	Low (4)	Medium (8)	Medium (12)	High (16)	High (20)
	Possible (3)	Low (3)	Low (6)	Medium (9)	Medium (12)	Medium (15)
	Unlikely (2)	Low (2)	Low (2)	Low (6)	Medium (8)	Medium (10)
	Rare (1)	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
		Low (1)	Reasonable (2)	Major (3)	Severe (4)	Catastrophic (5)
	Impact (Risk score results from the product of the Probability and Impact)					

Progress To date

Risk Management



- Corporate Risk Management Strategy approved by Shadow Executive in February 2009
- Corporate Risk Management working practices approved by the Audit Committee April 2009
- Strategic Risk Register 3rd draft almost complete and will be presented to the Executive in December 2009
- Operational Directorate and Service Risk Registers are well in progress.
- Risk Awareness week 9th – 13th November 2009
- Officer Corporate Risk Management Group established
- Training & Events programme

Issues & Challenges

Risk Management



- Embed the Risk Management Culture
- Ensure consistent approach to Health & Safety
- H&S issues of new projects and opportunities
- Deal with run off insurance claims for legacy authorities
- Cost effective insurance policies for the council
- External Inspection – Use of Resources

Progress to date

Internal Audit



- Internal Audit Charter approved by the Audit Committee in April 2009
 - Anti Fraud and Corruption Strategy and Confidential Reporting Policy approved by the Standards & Audit Committee in June 2009
 - 2009/10 Internal Audit Plan approved by the Audit Committee in September 2009
 - 2009 – 2012 Audit Strategic Plan will be presented to the Audit Committee in January 2010 following detailed Audit Needs Assessment
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Issues & Challenges

Internal Audit



- New team with different approaches, locations and software
- Back to basics – new systems, processes, controls and people
- New financial procedures
- Ensure Core Systems are implemented appropriately
- Financial Management Standard in Schools (FMSiS)
- Relationship with the Audit Commission
- External Inspection - Use of Resources



Aspirations

- Risk Management driving the Audit Plan
- Light touch audit of traditional core systems releasing more audit time to “front line services”
- A schools audit approach that gives us assurance but also adds value at an affordable price
- Demonstrate we are a cost effective service
- Market the service internally/externally

“recognised as adding value to our strategic and operational management and processes”