
Meeting: **Audit Committee**
Date: **24 September 2012**
Subject: **Risk Update Report**
Report of: **Chief Finance Officer**
Summary: The purpose of this report is to give an overview of the Council's risk position as at August 2012.

Contact Officer: Kathy Riches, Head of Internal Audit and Risk
Public/Exempt: Public
Wards Affected: All
Function of: Audit Committee

CORPORATE IMPLICATIONS

Council Priorities:

Good risk management enables delivery of the Council's aims and objectives. Good risk management ensures that we adopt a planned and systematic approach to the identification and control of the risks that threaten the delivery of objectives, protection of assets, or the financial wellbeing of the Council.

Financial:

1. None directly from this report.

Legal:

2. There are no direct legal implications.

Risk Management:

3. The specific strategic risks are as set out in the report below. The Audit Committee has, in its terms of reference, the responsibility to monitor the operation of risk management within the Council and to provide independent assurance on the adequacy of the risk management framework.

Staffing (including Trades Unions):

4. There are no direct staffing issues.

Equalities/Human Rights:

5. None directly from this report.

Public Health

6. None directly from this report.

Community Safety:

7. None directly from this report.

Sustainability:

8. None directly from this report.

Procurement:

9. None directly from this report.

RECOMMENDATION:

The Committee is asked to consider and comment on the contents of the report.

Background

10. The Audit Committee in its terms of reference has the responsibility to approve the Risk Management Policy Statement, and monitor the operation thereof. At its meeting in April 2012 the Audit Committee agreed and endorsed the Council's 2012/13 Risk Management Strategy. In order to meet the responsibility of monitoring the operation of the Risk Management Policy Statement the Committee requested a regular report.
11. The purpose of this report is to give an overview of the Council's risk position as at August 2012.

Strategic Risks

12. The Strategic Risk register has been reviewed and updated in consultation with the Directorate Risk Co-ordinators.
13. The August risk report is contained at Appendix A. The report contains 16 strategic risks.
14. There are 12 strategic risks with a residual risk score of 9 or more. A score of 9 or more generally represents an unacceptable risk exposure, with further mitigation required.
15. The risks have been reconsidered. In most cases the risk scores have not changed and most of the revisions relate to either the description of the risk, or updating the mitigating actions. The key revisions are set out below.

16. The Adult Social Care risk (STR0002) has been reconsidered in the light of the recent positive review by the Towards Excellence Board. The residual impact score has been reassessed as 4 and the residual likelihood revised to 2, giving a total residual score of 8. The previous residual score was 15.
17. The wording of the Growth Strategic risk (STR0003) has been updated to reflect the end of the public consultation on the draft Development Strategy for Central Bedfordshire and the plans for the Executive to consider the Development Strategy in November 2012 prior to consideration by Council and publication and subsequent Submission to the Secretary of State.
18. The Waste Strategic risk (STR0005) has been updated to reflect the current position with regard to the BEaR Project procurement process and also the waste contracts that are currently out to tender. The impact on householders has been identified as an additional consequence of delivering the Waste agenda.
19. The description of the Health and Safety Strategic risk (STR0006) has been revised and the mitigating actions updated.
20. The Procurement risk (STR0007) has been reconsidered and reworded to highlight the risk of failing to establish contracts where required and the subsequent risk of failing to adequately manage contracts. The consequences and current mitigating actions have also been reviewed. Further planned action has also been identified.
21. The Partnership risk (STR0009) has been updated by the Head of Partnerships and Community Engagement to reflect the fact that a robust performance management framework is now in place and that a comprehensive partnership mapping exercise is being undertaken.
22. The mitigating actions for the Protecting Children risk (STR0010) have been updated to reflect the development of a multi agency short, medium and long term action plan for continued improvement. The risk has also been revised to reflect the Munro Review, Adoption Reforms, and the Special Education Needs (SEN) review.
23. The Community Right to Challenge could have a significant impact on the Council's procurement processes and the description of the Localism Strategic risk (STR0015) has been updated to reflect this. The mitigating actions now reflect the current work that is being undertaken to update the contracts register and the list of services provided, and also the publishing of the Council's procurement processes.
24. The Project Management Strategic risk (STR0018) has been updated to reflect CMT's agreement to the scope of the work to be undertaken in this area.

25. The CMT discussion on 6th June identified that health and wellbeing beyond the Public Health Transition should be added to the risk registers. The wording of this risk has been developed following discussions with the Director of Social Care, Health and Housing and the Health and Special Projects Coordinator (Children's Services), and the risk to the Health and Social Care System and local residents brought about by significant changes in the National Health System has now been added to the register (STR0019). The inherent risk has been assessed as 20 and the residual risk score is 15.
26. There are no revisions to the remaining strategic risks.
27. The risk with the highest residual exposure remains as STR0016 – ICT – SAN Replication Environment Disconnects. The residual score is 16.
28. A new strategic risk on Protecting Vulnerable Adults is to be developed in line with the next CMT/Audit Committee reporting cycle.

OPERATIONAL RISKS:

29. The risk report also highlights the key operational risks facing the Council. These have been drawn directly from Directorate risk registers as uploaded onto the JCAD risk management system.
30. The dashboard has listed the 11 operational risks with a risk score of 15 or above.
31. The highest rated operational risk continues to relate to the potential loss of revenue/income generation within the Assets Disposals Programme. (RES060008). One risk appears in the Top Operational Risk tracker for the first time. This relates to the risk of the failure of key suppliers. RES020009). The residual risk has been assessed as 15.
32. Work is planned to further develop the People and Organisation operational risk registers.

Conclusion and Next Steps

33. Internal Audit and Risk will continue to coordinate and update the Strategic Risk register and an update will be presented to the next Audit Committee.

Appendices:

Appendix A –August Risk Summary Dashboard

Background Papers: (open to public inspection)

None

Location of papers: N/A