



**Business Efficiency Board**

**Wednesday, 29 February 2012 at 6.30  
p.m.  
Civic Suite, Town Hall, Runcorn**



**Chief Executive**

**BOARD MEMBERSHIP**

<b>Councillor Dave Leadbetter (Chairman)</b>	<b>Labour</b>
<b>Councillor Martha Lloyd Jones (Vice-Chairman)</b>	<b>Labour</b>
<b>Councillor Philip Balmer</b>	<b>Independent</b>
<b>Councillor Peter Browne</b>	<b>Conservative</b>
<b>Councillor Harry Howard</b>	<b>Labour</b>
<b>Councillor Alan Lowe</b>	<b>Labour</b>
<b>Councillor Tony McDermott</b>	<b>Labour</b>
<b>Councillor Andrew MacManus</b>	<b>Labour</b>
<b>Councillor Ged Philbin</b>	<b>Labour</b>
<b>Councillor Joe Roberts</b>	<b>Labour</b>
<b>Councillor Christopher Rowe</b>	<b>Liberal Democrat</b>

*Please contact Michelle Simpson on 0151 471 7394 or e-mail [michelle.simpson@halton.gov.uk](mailto:michelle.simpson@halton.gov.uk) for further information.*

*The next meeting of the Board is on Date Not Specified*

**ITEMS TO BE DEALT WITH  
IN THE PRESENCE OF THE PRESS AND PUBLIC**

**Part I**

<b>Item No.</b>	<b>Page No.</b>
<b>1. MINUTES</b>	
<b>2. DECLARATION OF INTEREST</b>	
<p>Members are reminded of their responsibility to declare any personal or personal and prejudicial interest which they have in any item of business on the agenda, no later than when that item is reached and, with personal and prejudicial interests (subject to certain exceptions in the Code of Conduct for Members), to leave the meeting prior to discussion and voting on the item.</p>	
<b>3. ANNUAL REPORT ON GRANTS</b>	<b>1 - 5</b>
<b>4. INTERNAL AUDIT PLAN FOR 2012/13</b>	<b>6 - 32</b>
<b>5. RISK MANAGEMENT</b>	<b>33 - 52</b>
<b>PART II</b>	
<p><i>SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985</i></p> <p><i>In this case the Board has a discretion to exclude the press and public and, in view of the nature of the business to be transacted, it is RECOMMENDED that under Section 100A(4) of the Local Government Act 1972, having been satisfied that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act.</i></p>	
<b>6. INTERNAL AUDIT PROGRESS REPORT - QUARTER 3 (2011/12)</b>	<b>53 - 86</b>

***In accordance with the Health and Safety at Work Act the Council is required to notify those attending meetings of the fire evacuation procedures. A copy has previously been circulated to Members and instructions are located in all rooms within the Civic block.***

**REPORT TO:** Business Efficiency Board  
**DATE:** 29 February 2012  
**REPORTING OFFICER:** Operational Director – Finance  
**PORTFOLIO:** Resources  
**SUBJECT:** 2010/11 Annual Claims and Returns Report  
**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

1.1 To consider the Audit Commission's report following the audit of 2010/11 grant claims.

**2.0 RECOMMENDED: That the Audit Commission's report presented at Appendix 1 be received.**

### **3.0 BACKGROUND**

3.1 Members will be presented with the Audit Commission's findings following the audit of 2010/11 grant claims, the report of which is shown in Appendix 1.

### **4.0 POLICY AND OTHER IMPLICATIONS**

4.1 None.

### **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

5.1 There are no direct implications.

### **6.0 RISK ANALYSIS**

6.1 There are no direct risks involved with this report, however, the Audit Commission's work assists the Council in ensuring that a sound control environment is operated which minimises financial risks.

### **7.0 EQUALITY AND DIVERSITY ISSUES**

7.1 None.

### **8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1072**

8.1 There are no background papers under the meaning of the Act.

**Our reference** HA003

The Members  
Halton Borough Council  
Kingsway  
Widnes  
WA8 7QF

**Direct line** 0844-798-7043  
**Email** m-thomas@audit-  
commission.gov.uk

Dear Ladies and Gentlemen

## — **2010-11 Annual Claims and Returns report**

Halton Borough Council receives a significant amount of funding from various grant-paying departments. The grant-paying departments attach conditions to these grants and the Council must show that it has met these conditions. If the Council cannot evidence this, the funding can be at risk. It is therefore important that the Council manages certification work properly. In particular this means that Council needs to demonstrate to us, as auditors, that:

- an adequate control environment exists for each claim and return; and
- the relevant grant conditions have been met.

For 2010/11 my audit team certified seven grant claim returns with a total value of £125 million. Appendix 1 sets out a full summary of the claims reviewed. We carried out a limited review on three claims and a full review on four claims. The difference between limited and full reviews is set out at Appendix 2 together with a brief explanation of the audit certification regime.

I am pleased to report that:

- we were able to fully certify all seven of the Council's claims and returns; and
- we identified no issues in relation to the control environment for claims and returns which required reporting to grant paying departments.

We amended three claims. Two were due to changed requirements of the relevant grant-paying departments and one was due to a very minor arithmetic error.

These results reflect well on the Council. My audit team did not identify any areas of concern with the Council's preparation process. In particular, the Housing and Council Tax Benefit claim has continued to reflect high standards of preparation and accuracy with only one very minor amendment required as a result of my audit team's testing. Across all claims, we received excellent support and co-operation from officers.

Audit Commission, 3<sup>rd</sup> Floor, Millennium House, 60 Victoria Street, Liverpool, Merseyside  
L1 6LD  
T 0151 233 4276 F 0151 236 3668 [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

As at the end of November 2011 my audit fee for the certification of the Council's grant claims totalled £28,140 (estimate).

Yours sincerely

Michael Thomas  
*District Auditor*

## Appendix 1: Summary of 2010/11 certified claims

Claim	Value of claim or return presented for certification £000	Reliance placed on control environment?	Value of amendments made	Qualification letter issued?
Housing & Council Tax Benefit (BEN01)	61,338	Yes	£2 – due to arithmetic error	No
General Sure Start (EYC02)	9,485	Yes	None	No
National non-domestic rates return (NNDR3)	45,250	Yes	No effect on entitlement	No
Teachers Pension Fund (PEN05)	8,116	Yes	None	No
NWDA Single Programme – Bayer Crop Science (RG34 – final claim)	111*	Yes	£6k - due to changed requirements	No
NWDA Single Programme – EDZ Widnes Waterfront (RG34 – final claim)	163	Yes	None	No
Disabled Facilities (HOU21)	1,350	Yes	£618k - due to changed requirements	No

\* Claim spanned more than one year with a total lifetime contribution of £500k

## Appendix 2: Background

Local Authorities claim large sums of public money in grants and subsidies from central government and other grant paying bodies and are required to complete returns providing financial information to government departments. My certification work provides assurance to the grant-paying bodies that claims for grants and subsidies are made properly or that information in financial returns is reliable.

I am required by section 28 of the Audit Commission Act 1998 to certify some claims and returns for grants and subsidies paid by the government departments and public bodies to Halton Borough Council. I charge a fee to cover the full cost of certifying claims. The fee depends on the amount of work required to certify each claim or return.

The Council is responsible for compiling grant claims and returns in accordance with the requirements and timescale set by the grant-paying departments.

The key features of the 2010/11 arrangements are as follows:

- In all cases the financial limits are by reference to the total amount claimed, rather than the grant allocation, total eligible expenditure, or total amount reported. For projects spanning over more than one year, the financial limit is by reference to the total amount claimable over the lifetime of the project. Each certification instruction provides guidance on the form entries that determine the value of a claim or return. This approach impacts on the amount of grants work we carry out, placing more emphasis on high value claims.
- For claims and returns below £125,000 the Commission does not make certification arrangements.
- For claims and returns between £125,000 and £500,000, auditors undertake limited tests to agree form entries to underlying records, but do not undertake any testing of eligibility of expenditure or data.
- For claims and returns over £500,000 auditors plan and perform work in accordance with the certification instruction to assess the control environment for the preparation of the claim or return to decide whether or not to place reliance on it. Depending on the outcome of that assessment appropriate testing is undertaken to agree form entries to underlying records and test the eligibility of expenditure data.

The work that we undertake to certify the Housing Benefits claim for the Department for Work and Pensions is slightly different. Because of the high value and high risk nature of the claim, the auditor has to test the entries on a Council's claim form. In doing this we:

- confirm that the subsidy claim has been completed using the recognised software for claim completion;
- undertake an analytical review for a year by year comparison and comparisons to other Councils; and
- carry out detailed testing of individual claims for benefit to ensure the Council is calculating benefit entitlement correctly and reporting accurate performance information to the Department for Work and Pensions.



<b>REPORT TO:</b>	Business Efficiency Board
<b>DATE:</b>	29 February 2012
<b>REPORTING OFFICER:</b>	Operational Director – Finance
<b>PORTFOLIO:</b>	Resources
<b>SUBJECT:</b>	Internal Audit Plan for 2012/13
<b>WARDS:</b>	Borough-wide

## **1.0 PURPOSE OF THE REPORT**

- 1.1 This report provides details of the proposed Internal Audit Plan for 2012/13. The Audit Plan outlines the likely programme of work to be completed by Internal Audit during the year.
- 1.2 The Code of Practice for Internal Audit in Local Government requires that the annual Audit Plan is considered and approved by the Council's Audit Committee.

## **2.0 RECOMMENDATION:**

**The Business Efficiency Board is recommended to approve the proposed Internal Audit Plan for 2012/13.**

## **3.0 SUPPORTING INFORMATION**

- 3.1 In order to comply with best professional practice, Internal Audit is required to produce a programme of work (the Audit Plan) which outlines the likely areas of activity for the coming year.
- 3.2 The Audit Plan should be designed to provide sufficient coverage across the organisation to enable Internal Audit to deliver an overall opinion on the Council's risk management, control and governance arrangements. The work of Internal Audit therefore assists the Operational Director – Finance in discharging his statutory responsibilities as s151 officer in terms of ensuring the proper administration of the Council's financial affairs.
- 3.3 The work undertaken by Internal Audit also provides one of the key sources of assurance to the Chief Executive and Leader of the Council who are jointly required to sign the Annual Governance Statement (AGS). The purpose of the AGS is to declare the extent to which the Council complies with the principles of good governance.

- 3.4 The draft 2012/13 Internal Audit Plan is attached as an appendix to this report. The document provides a summary of how the Council's internal audit resources are to be utilised during the year. The plan is based on a resource input of 6.52 FTE auditors and comprises 1,239 planned audit days.
- 3.5 As audit resources are not sufficient to provide assurance over all areas of Council activity, a risk-based approach is adopted to prioritise coverage. In compiling the programme of work for 2012/13, account has therefore been taken of:
- The need to provide a robust annual opinion on the Council's risk management, control and governance arrangements;
  - The wider assurance framework (which includes risk and performance management, corporate support and monitoring functions, and other sources of independent assurance, such as external audit) and the need to ensure coverage of key risks without duplication of effort;
  - The results of consultation with Strategic Directors and the s151 officer;
  - Changes in the operating environment of the Council; in particular, the changes arising from the funding constraints the Council faces;
  - Internal Audit's cumulative knowledge of the Council; and
  - The results of previous internal audit work.
- 3.6 The Audit Plan will be kept under review throughout the year and quarterly progress reports will be provided to the Business Efficiency Board. Changes to planned work may be necessary to reflect any changes to risks, priorities, and available resources. Minor amendments to planned work will be agreed with the Operational Director – Finance. Any significant matters that jeopardise completion of the plan or require substantial changes to it will be reported to members.

#### **4.0 POLICY IMPLICATIONS**

One of the responsibilities of internal audit is to provide assurance that policies and procedures established by management are complied with, are appropriate in the current circumstances, and are not wasteful.

#### **5.0 OTHER IMPLICATIONS**

5.1 Internal Audit is a statutory function as detailed in:

- Audit and Accounts Regulations 2006 (England).
- Section 151 of the Local Government Act 1972.

5.2 There are no additional resource implications arising from this report.

#### **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

- 6.1 CIPFA defines Internal Audit as being 'an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives'.
- 6.2 Internal audit work therefore supports the Council in achieving all the aims and objectives set out in the Sustainable Community Strategy and the Corporate Plan.

## **7.0 RISK ANALYSIS**

The work of Internal Audit forms a key element of the Council's overall system of internal control. An effective internal audit service also helps to promote and implement best practice and process improvements in the management of risks.

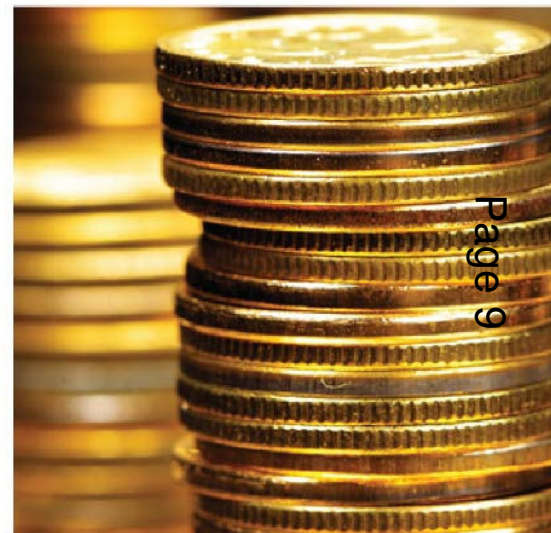
## **8.0 EQUALITY AND DIVERSITY ISSUES**

None identified.

## **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

CIPFA Code of Practice for Internal Audit in Local Government in the UK  
- 2006

# Halton Borough Council Internal Audit Plan - 2012/13



# 1. Purpose of the Audit Plan

1.1 This plan summarises the results of Internal Audit's planning work. It sets out details of:

- The responsibilities and scope of internal audit;
- Internal Audit's reporting arrangements;
- The proposed programme of work for 2012/13 (the Audit Plan)

# 2. Internal Audit – Responsibilities & Scope

## 2.1 Responsibilities

Internal audit is an appraisal function within an organisation. The internal audit function is responsible for:

a) Providing assurance to management that:

- Internal control systems (including risk management and governance arrangements) are adequate and functioning efficiently and effectively;
- The policies and procedures established by management are complied with, are appropriate in current circumstances, and are not wasteful;
- The accounting records and associated financial systems form a reliable basis for the production of the financial statements.

b) Drawing the attention of management to, and recommending remedial action to address:

- Deficiencies in the systems of internal control; and
- Instances of duplicated functions, wastage and inefficiency.

- c) Providing advice on audit related matters, including suspected fraud or corruption.
- d) Providing advice on risk and control issues in regard to systems development.
- e) Providing assurance to the Council's s151 officer on the Council's system of internal control. This forms one of the sources of assurance in support of the Council's Annual Governance Statement.

## 2.2 Scope

The scope of the internal audit function includes:

- The whole internal control system of the Council including all its operations, resources, services and responsibilities for other bodies; and
- Reviewing controls that protect the interests of the Council in its dealings with partnerships in which the Council has an interest.

The establishment and maintenance of adequate control systems is the responsibility of management. Recommendations made by internal audit can reduce risk and lead to systems of control being considered adequate. However, the implementation of audit recommendations cannot eliminate risk altogether.

Whilst it is not the role or responsibility of internal audit to detect fraud, the risk of fraud will be considered in each audit assignment.

### 3. Reporting Arrangements

3.1 At the conclusion of each audit assignment, a draft report is issued to the appropriate manager within the Council. Once the report has been agreed, a final report is then issued to:

- The Chief Executive;
- The Strategic Director – Policy & Resources;
- The Operational Director – Finance (s151 officer);
- The Strategic Director responsible for the area reviewed;
- The Operational Director responsible for the area reviewed;
- Audit Commission.

3.2 In each audit report, an overall opinion is provided on the area audited. The opinion is based on an assessment of the effectiveness of the control environment in the area audited and the likelihood of objectives being met. The scale of opinions is set out in the following table:

Assurance Rating	Explanation
● Limited	The control environment is in need of improvement. Weaknesses in the control systems may put the service or system's business objectives at risk.
● Adequate	There is basically a sound system of controls. However, opportunities exist to enhance the control environment further.
● Substantial	There is a sound system of control designed to ensure the achievement of the service or system's business objectives.

- 3.3 On a quarterly basis, Internal Audit produces a progress report for the Business Efficiency Board detailing the key issues arising from audit work and progress made against the Audit Plan.
- 3.4 An annual report is presented to the Business Efficiency Board to provide assurance or otherwise on the effectiveness of the internal control framework of the Council. This report is based upon the findings from the work completed during the year.



## 4. Internal Audit Plan – 2012/13

- 4.1 The Audit Plan is stated in terms of the number of days input, which is calculated based on existing staff numbers. However, the resources available and the exact time required for each piece of work cannot be forecast precisely. The plan therefore represents the best estimate of the audit resources available and the ways in which those resources will be deployed.
- 4.2 The analysis below summarises the planned coverage for 2012/13:

<u>Area</u>	<u>Days</u>
Governance arrangements	60
Anti-fraud and corruption	50
Financial systems	205
Directorate systems & services – Children & Enterprise	145
Directorate systems & services – Communities	180
Directorate systems & services – Policy & Resources	80
Information systems and management	110
Procurement	80
Schools	80
Advice and support	30
Follow up work	25
External work	3
Provision - completion of 2011/12 audits	71
Contingency	120
<b>Total Planned Audit Days</b>	<b>1239</b>

- 4.3 The appendix overleaf shows, for each audit area, the rationale behind its inclusion in the Audit Plan. We have attempted to identify where other sources of assurance, both external and internal, are available. This information has been used to inform the likely scope of planned work.

## Appendix 1 – Planned Work

Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
<b>Governance Arrangements</b>					
Review of authorisation processes (Efficiency Programme workstream)	Existing authorisation processes are considered to be in need of streamlining	None identified	Electronic authorisation rules are maintained within a number of key systems	Provide advice on control issues for new arrangements	Implementation of more efficient authorisation processes
Knowledge Management	Key systems may fail due to loss of key staff and experience	Work of External Audit on main financial systems	Employee Development Review process Business Continuity Plans VER / VR processes	Review of corporate arrangements to ensure continued operation of key systems at a time when the organisation is downsizing	Audit report
Constitution Review	Need to ensure that the Council Constitution reflects changes in the legislation and other changes to Council policies and procedures	None identified	Constitution Review Working Party	Internal Audit contributes to a working party that meets each year to review and propose changes to the Council's Constitution	Updated Council Constitution
Annual Governance Statement	Statutory requirement for the Council to produce an Annual Governance Statement	Review of Annual Governance Statement by External Audit	Corporate Governance Group	Internal Audit input to the Corporate Governance Group Preparation of the Annual Governance Statement	Annual Governance Statement

Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
Internal Disciplinary process	Cost and impact of employees being suspended for lengthy periods	None identified	None identified	Full review of the internal disciplinary process and how it is managed	Audit report
Reporting to Business Efficiency Board	The Council Constitution requires Internal Audit to report to the Business Efficiency Board	Not applicable	Not applicable	Preparation of reports for the Business Efficiency Board on internal audit related matters	Audit Plan Quarterly progress reports Internal Audit Annual Report Fraud & Corruption updates
<b>Anti-Fraud &amp; Corruption</b>					
Creditor payments	Potential duplicate payments, supplier fraud, employee fraud	Work of External Audit National Fraud Initiative data matching	Duplicate payments checks using specialist software are carried out prior to each creditor payment runs  Manual review of all payments > £500 prior to publication on the Council's website	Substantive testing of invoice payments	Audit report
Fraud Awareness	One of the key defences against fraud is to ensure that employees understand the risk of fraud and how to respond if they suspect fraud	None identified	Previous campaigns to raise fraud awareness  Whistleblowing procedures	Development and roll out of a fraud awareness e-learning application developed in-house	Implementation of an e-learning module

Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
Development of continuous monitoring procedures to highlight potential instances of fraud	Data matching and interrogation techniques can analyse large volumes of information and be used to identify unusual transactions that may be indicative of fraud	Will vary according to the areas examined	Will vary according to the areas examined	Work will focus on emerging risk areas, e.g. amendments to bank details of suppliers	Audit report
<b>Financial systems</b>					
Payroll Cash & Bank Council Tax Housing Benefit Accounting Journals Creditors Fixed Assets Loans & Investments Supporting People	Material misstatements in the Council's accounts if systems are not robust  Potential for fraud  Financial transactions of a material value are processed through these systems	Work of External Audit	Budget management  Performance management reporting	Testing of key controls to provide assurance that the disclosures in the financial statements derived from these systems are not materially misstated	Audit reports
NNDR	Planned changes to the way that NNDR is redistributed will increase the importance of the Council maximising its NNDR collection	Annual external audit of the Collection Fund	Performance management reporting	Review of NNDR collection and recovery procedures	Audit report

Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
Sundry Debtors	Increased risk of bad debt due to the economic downturn  System changes following the Agresso upgrade	Work of External Audit	Regular Debt Recovery meetings	Full system review including coverage of the process once debts are transferred to legal	Audit report
Creditors	System changes following the Agresso upgrade	Work of External Audit	Duplicate payments checks using specialist software are carried out prior to each creditor payment run	Full system review	Audit Report
Budgetary Control	Increased risk of overspend due to the severe budget reductions	Work of External Audit	Budget management  Performance management reporting  Outturn statement	Review of budgetary control procedures focusing on areas where spend is more difficult to control, e.g. adult social care	Audit report
Agresso application controls	Agresso underwent a major upgrade in January 2012	None identified	Internal project management and change control procedures	Review of access permissions within the new system	Audit report
Internal charging	Potentially inefficient processes in operation	None identified	None identified	Review of the systems and processes relating to the internal charging of services	Audit report

Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
<b>Directorate systems &amp; services – Children &amp; Enterprise</b>					
MyPlace	New facility that opened in 2011 Originally included in 2011/12 Audit Plan	None identified	None identified	Review of key business processes	Audit report
Early Years Grants	Material system used to pay grants Not previously audited	DfE returns	None identified	Full system review	Audit report
YPLA Bursary	New scheme for vulnerable children. Payments made based on eligibility criteria.	YPLA returns	None identified	Review of key controls as specified by the YPLA	Audit report
Halton People Into Jobs	Service has just been awarded two major contracts and income is dependent on meeting pre- agreed targets  Service is important given the current economic climate	Grant claims Performance targets	Budget management Performance monitoring reports	Review of key business processes	Audit report

Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
Special Educational Needs	<p>The Council has a range of specialist provision for children and young people with additional needs</p> <p>Out of borough Placements in particular can be costly</p> <p>Budget of £1.8M</p>	OFSTED inspections	None identified	Out of borough placements	Audit report
School Improvement Service 0-11	<p>New structure and service – partnership working with Serco and Warrington BC</p> <p>Service delivery and cost risks</p>	None identified	School Improvement Group	Partnership review with Warrington BC and Serco looking at delivery, costs and service risks	Audit report
Out of School Clubs	<p>Financial sustainability issues</p> <p>Potential liabilities falling on the school if clubs fail</p> <p>Potential safeguarding issues</p> <p>H&amp;S / insurance risks</p>	OFSTED inspections	None identified	<p>Review of financial positions at a sample of clubs in the borough</p> <p>Review of contractual arrangements between the schools and the Out of Schools Clubs and how key risks, such as H&amp;S, safeguarding and insurance arrangements, are managed</p>	Audit report

Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
Think Family Team (Early Help Support)	Early intervention and collaboration with multi agencies to support and advise families with specific needs and requirements  Early intervention grant received used to support service  £1.01M budget  Not previously audited	None identified	Performance monitoring by Children’s Trust	Review of key business processes	Audit report
Building Cleaning	Traded service  Originally included in 2011/12 Audit Plan	None identified	Service users  Contract monitoring procedures	Review of contractual arrangements in terms of performance and cost	Audit report
<b>Directorate systems &amp; services – Communities</b>					
Libraries & Bibliographical services	Financial pressures on the Council but still required to meet statutory responsibilities  Originally included in 2011/12 Audit Plan	External performance reporting  Customer feedback	Budget management  Performance monitoring reports	Review of key business processes  Utilisation / VFM issues	Audit report



Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
Oakmeadow – Older People’s provision	<p>Requested by management</p> <p>Reconfiguration of service provision (from 32 bed unit to 19 intermediate care beds. Some joint provision with the Voluntary Sector (Age Concern) who are renting offices and the development of the canteen provision</p> <p>Originally included in 2011/12 Audit Plan</p>	Care Quality Commission inspections	Budget management Performance monitoring reports	Review of key business processes Charging mechanism for joint provision VFM	Audit report
Homelessness Service	<p>Requested by management</p> <p>Economic downturn creates additional demands on the service</p> <p>Originally included in 2011/12 Audit Plan</p> <p>Not previously audited</p>	None identified	Budget management Performance monitoring reports Internal Scrutiny work – Members of Healthy Halton PPB (results were due November 2011)	Service review Compliance with strategy and relevant legislation	Audit report
Respite Services (Bredon & External Provision)	Value for Money – In-house and external provision	Care Quality Commission inspections	Budget management Performance monitoring reports Benchmarking	Service review Procurement practices	Audit report

Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
Public Health Transition Joint Strategic Needs Assessment	The Council is to take on a new role for public health from 2013/14  Health & well-being forms the basis of a duty for the PCT and Local Authorities to co-operate in order to develop a whole health and social care response to the health, care and well-being needs of local populations and the strategic direction of service delivery to meet those needs	Healthwatch organisations and the Healthwatch England Committee within the Care Quality Commission	None identified	Transitional arrangements Governance Business needs Data security	Audit report
Carer's breaks and vouchers	Working in partnership with external agencies  Not previously audited	External performance reporting	Budget monitoring reports Performance management framework	Systems for making claims Payment systems	Audit report
Parks, sports grounds and nature reserves	Business Plan Objective to continue to improve Parks, Sports Grounds, Open Spaces and Local Nature Reserves  Risk of public liability claims if not properly maintained	External performance reporting  Customer feedback	Budget monitoring reports Performance management framework	Service management and delivery, integration with other Council services  Income streams	Audit report

Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
Community Centres	Discretionary service Funding pressures	Customer feedback	Budget management Performance management framework	Review of key systems in operation VFM / Sustainability	Audit report
Trade waste service	Discretionary service Income stream Cost effectiveness / sustainability of service provision	Customer feedback	Budget monitoring Performance management framework	Income collection systems Charging and cost recovery	Audit report
Bulk waste collections and bin deliveries	Income stream Not previously audited	Customer feedback	Budget management	Charging and cost recovery Income collection Service delivery options	Audit report
<b>Directorate systems &amp; services – Policy &amp; Resources</b>					
Highways	Poor maintenance leading to injury and public liability claims against the Council £1.7M budget for highways maintenance Originally included in 2011/12 Audit Plan	Review of highways inspection arrangements by the Council's insurers	Highways inspection regime	Arrangements to defend trip and slip claims Prioritisation of works Contract monitoring procedures	Audit report

Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
Car Allowances, Mileage Claims & Expenses	New online claims system introduced in 2011/12  Inherent risk of fraud in regard to expense claims	None identified	Claim authorisation procedures	Compliance with car mileage scheme, terms and conditions	Audit report
Sickness Management (inc Occupational Health)	Sickness absence is a significant cost to the Council  Occupational health services should play a key role in helping the Council manage and minimise sickness absence	None identified	None identified	Review of effectiveness and VFM of existing arrangements	Audit report
Administration Shared Service	New Shared Service providing a support service centrally  Not previously audited	None identified	None identified	Review deployment of admin resources to assess if business needs are being met  Charging mechanisms	Audit report
<b>Information Systems &amp; Management</b>					
SIMS	SIMS is a comprehensive and integrated Management Information System (MIS) for managing school business processes and whole school improvement	Schools buy-in for support services	None identified	Review utilisation/security of systems	Audit report

Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
Centralised Storage	Secure and effective storage of data will minimise the Council's exposure to data loss and security breaches	Code of Connection Compliance - GCSx connection  Deloitte ISO 27000 audit	None identified	Compliance with Information security standards  Review of cost effectiveness of existing arrangements	Audit report
Carefirst 6 (CF6)	<p>Carefirst 6 is a Social Care Database used by the Council. It is a database that stores case recording details for Adult and Children's services</p> <p>CF6 implemented has recently been implemented in the following areas:</p> <p><u>Communities</u> Community Bridge Builders ALD/PSD (Duty Function only) Positive Behaviour team Care Arrangers</p> <p><u>Children &amp; Enterprise</u> Children in Need – Widnes/Runcorn Safeguarding Unit</p>	Care Quality Commission	CF6 User feedback	<p>Post implementation review</p> <p>Compliance with care management guidelines / service procedures</p>	Audit report

Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
Management of in-house developments (and end user computing)	<p>In house development may not necessarily provide VFM and meet the needs of end users</p> <p>Need to ensure ongoing resilience, security and support for in house applications</p>	None identified	<p>Change management guidelines</p> <p>System development documentation</p>	Sample testing of recent in-house developments to assess if they have met the original objectives and have delivered VFM	Audit report
Freedom of Information Act requests	<p>New system introduced to record details of how requests have been managed</p> <p>Significant increase in the volume of FOI requests received by the Council</p>	None identified	Management review of responses to FOI requests	Review of new system including effectiveness and completeness of the Council's Publication Scheme	Audit report
Public Health Integration with local authorities – Information Sharing and Systems integration	<p>Confidential data is being shared</p> <p>Access to systems needs to be available at both Health and LA locations</p>	Care Quality Commission	None identified	<p>Project plan</p> <p>Review of key business processes</p>	Audit report

Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
Synergy CYP (Children and Young People's Database)	<p>A single integrated database for practitioners across the Council and other external services to record their information against the child / young person and access relevant information on these children / young people.</p> <p>The Synergy Software Suite is considered to be an absolutely essential requirement for the Council.</p>	None identified	None identified	<p>Data security</p> <p>Data sharing protocols</p>	Audit report
<b>Procurement</b>					
Mersey Gateway	<p>Flagship project for the Council</p> <p>Potential for significant reputation damage if project is not delivered successfully</p>	<p>Dept for Transport (DfT) - Gateway Reviews</p> <p>OJEU regulations</p>	<p>MG Executive Board</p> <p>MG Officer Project Board</p>	<p>Procurement process - Dialogue (and Draft Final Tenders)</p>	Audit report
Control of agency / casual staff	<p>Savings from reduction in headcount may not be realised if there is excessive use of agency/casual staff</p>	None identified	Budget management	<p>Spend analysis</p> <p>Examination of the business cases supporting the use of agency / casual staff</p>	Audit report

Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
Building Schools for the Future	Major capital scheme affecting two high schools	Local Education Partnership	Contract monitoring procedures	Review of work to date on the two contracts including review of contract payments	Audit report
Lunts Heath Primary School refurbishment	£750K project procured through the Local Education Partnership (LEP)	None identified	Contract monitoring procedures	Current contract audit approach undertaking audit work through the lifecycle of the project	Audit report
<b>Schools</b>					
Individual audits at school level (20 schools)	<p>The Council has 60+ schools that are responsible for setting their own budgets and managing their finances.</p> <p>Collectively, schools' expenditure is of a material nature.</p>	<p>Maintained schools are required to complete the Schools Financial Value Standard (SFVS) once a year. Those schools which never attained FMSiS will be expected to complete and submit the SFVS to their local authority by 31 March 2012. For all other maintained schools, the first run through is required by March 2013. An annual review is required thereafter.</p>	Budget management	A standard audit programme has been developed for school audits	Audit report for each school audited



Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
<b>Advice &amp; Support</b>					
Information Governance	<p>Information governance refers to the structures, policies, procedures, processes and controls implemented to manage information at an organisational level.</p> <p>Penalties of up to £500,000 can be imposed for breaching the Data Protection Act.</p>	None identified	<p>Information Governance Group</p> <p>Restrictions in data transfers via firewall configuration</p>	Contribution to the work of the Information Governance Group	Further development of the Council's arrangements to manage information securely
General Advice to Schools	Schools regularly contact Internal Audit for advice and assistance on a range of issues	Not applicable	Not applicable	Responding to requests for assistance from schools	Unknown at this stage

Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
Local Council Tax Benefit Scheme	<p>Included within the Comprehensive Spending Review 2010 the Government announced that it would localise support for Council Tax from 2013-14, reducing expenditure by 10 per cent.</p> <p>Each local authority is required to draw up its own scheme subject to certain restrictions which the Government is not leaving to local discretion.</p>	None identified	None identified	To be agreed with the Divisional Manager - HDL & Revenues & Benefits	To be agreed with the Divisional Manager - HDL & Revenues & Benefits
<b>Follow up work</b>					
Follow up audit reviews	To provide assurance that agreed audit recommendations are implemented	None	None	Follow up of all agreed internal audit recommendations to determine whether or not they have been implemented	Follow up audit reports
<b>External work</b>					
Manchester Port Health Authority	The audit of Manchester Port Health Authority provides a source of external income	Not applicable	Not applicable	Annual internal audit focusing on key controls	Audit report to Manchester Port Health Authority

Audit Area	Risk Context / Rationale	Existing External Assurance	Existing Internal Assurance	Planned Internal Audit Coverage	Output
<b>Provision for completion of 2011/12 Audits</b>					
<p>Not all planned work for the year will be completed by year-end. A provision is therefore made to allow time for the completion of audit reviews carried over from 2011/12:</p> <ul style="list-style-type: none"> <li>• Use of Consultants</li> <li>• Risk Management</li> <li>• Grants to Voluntary Organisations</li> <li>• Halton Day Services</li> <li>• Overtime</li> <li>• Management of IT Third Party Services</li> <li>• Personalisation</li> </ul>	<p>Completion of 2011/12 work in progress</p>	<p>Not applicable</p>	<p>Not applicable</p>	<p>Completion of work planned as part of 2011/12 Audit Plan</p>	<p>Audit reports</p>
<b>Contingency</b>					
<p>Contingency provision</p>	<p>The contingency provision is built into the Audit Plan to accommodate any unplanned work that may arise during the year.</p>	<p>Not applicable</p>	<p>Not applicable</p>	<p>Unknown at this stage</p>	<p>Unknown at this stage</p>

**REPORT TO:** Business Efficiency Board

**DATE:** 29 February 2012

**REPORTING OFFICER:** Strategic Director Policy and Resources

**PORTFOLIO:** Resources

**SUBJECT:** Risk Management

**WARDS:** Borough Wide

### **1.0 PURPOSE OF THE REPORT**

1.1 The purpose of the report is to seek the Board's views on the effectiveness of the Council's Risk Management Policy and its Strategic Risk Register, which has been the subject of a review.

### **2.0 RECOMMENDATION: That the Board**

- (1) reviews the robustness of the Risk Management Policy and Corporate Risk Register and the adequacy of the associated risk management arrangements;**
- (2) makes such recommendations to the Executive Board as is necessary and appropriate; and**
- (3) notes the Policy and the Register.**

### **3.0 SUPPORTING INFORMATION**

3.1 The purpose of the Risk Management Policy and Strategic Risk Register is to ensure that the Council maximises its opportunities whilst minimising and controlling the associated risks in delivering its priorities. The Policy outlines the framework under which the Council operates, in order to minimise its risks. .

3.2 The attached Risk Management Policy and Strategic Risk Register have been reviewed and updated, as required by the Council's Management Team. The process has been undertaken in accordance with the corporate Risk Management Policy.

3.3 The risks have been grouped in order of priority of risks under the following headings:

- Budget Reductions;
- Partnerships;
- Funding and Income Generation;
- Mersey Gateway;
- Safeguarding Adults and Children;
- Capacity and Resilience;

- Architectural Landscape; and
- Fraud.

3.4 On 26 January 2012 the Executive Board approved the Policy and Corporate Risk Register and asked, in accordance with the Council's Constitution, that this Board review the robustness of those arrangements.

#### **4.0 POLICY IMPLICATIONS**

4.1 There are a number of policy implications arising from the policy document, the register and the control measures. These are identified in the register itself.

4.2 It is also important to ensure that the Strategic Risk Register and the Directorate Risk Registers are reviewed regularly by Directorates as part of the Council's performance management strategy and overall governance arrangements.

#### **OTHER IMPLICATIONS**

5.1 Nil.

#### **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 Having effective risk management arrangements is a key component in delivering the Council's Priorities.

#### **7.0 RISK ANALYSIS**

7.1 Failure to review and monitor the performance of the Corporate Risk Register could result in service development opportunities being lost and existing service delivery being compromised.

#### **8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 Within the risk register there are a number of implications for Equality and Diversity issues, e.g. Budget Reductions and Capacity and Resilience. The completion of Impact Assessments are important in mitigating risks to the Council.

#### **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

9.1 There are no relevant background documents.

# Corporate Risk Register

<b>Strategic Director:</b>	Ian Leivesley	<b>Completion Date:</b>	November 2011
<b>Risk Management Coordinator:</b>	Tony Dean	<b>Review Date:</b>	November 2012

<b>Assessment of current risk(s)</b>				
<b>Item</b>	<b>Identified risk</b>	<b>Impact (Severity)</b>	<b>Likelihood (Probability)</b>	<b>Score (I x L)</b>
1	<p><b>Budget Reductions</b> Failure to effectively align resources to corporate objectives and strategic requirements leads to a lack of focus on priorities resulting in failure to deliver objectives and the possibility of varying degrees of challenge Council Priorities: Corporate effectiveness and business efficiency</p>	4	4	16
2	<p><b>Partnerships</b> Ineffective and poorly controlled partnerships with statutory and non statutory organisations will lead to a lack of accountability and ineffective use of resources resulting in a failure to meet the needs of and improve outcomes for local communities Council Priorities: A Healthy Halton Employment learning and skills in Halton Children and young people in Halton A Safer Halton</p>	3	4	12
3	<p><b>Funding and Income Generation</b> Failure to maximise and identify funding opportunities in light of government cuts resulting in a potential challenge of the Councils capacity to delivery its priorities Council Priorities: A Healthy Halton Employment learning and skills in Halton Children and young people in Halton A Safer Halton</p>	3	4	12

4	<p><b>Mersey Gateway</b> Lack of effective project management leads to uncontrolled costs, delays and lack of credibility resulting in cancellation/delay of the project. Potential abortive development cost Council Priorities: Halton's Urban Renewal</p>	4	3	12
5	<p><b>Safeguarding Children and Adults</b> Inability to support and protect children and adults to ensure that they are healthy, safe and have the opportunity to reach their potential. Council Priorities: A Healthy Halton Employment learning and skills in Halton Children and young people in Halton A Safer Halton</p>	4	3	12
6	<p><b>Capacity and Resilience</b> Inability of the Council to sustain the delivery of services in line with Council Priorities as a result of the impact of budget cuts Council Priorities: Corporate effectiveness and business efficiency</p>	3	4	12
7	<p><b>Architectural Landscape</b> Changes to the Architectural Landscape of other public sector organisations that could potentially lead to the deterioration of services, in particular for the most vulnerable groups Council Priorities: A Healthy Halton Employment learning and skills in Halton Children and young people in Halton A Safer Halton Corporate effectiveness and business efficiency</p>	3	4	12
8	<p><b>Fraud</b> Inadequate control systems lead to an increase in fraud and financial loss Council Priorities: Corporate effectiveness and business efficiency</p>	3	3	9



<b>Assessment of residual risk(s)</b>						
<b>Item</b>	<b>Risk control measure(s)</b>	<b>RRS<sup>1</sup> (I x L)</b>	<b>Timescale / review frequency</b>	<b>Lead Officer/s</b>	<b>Progress Commentary</b>	<b>Date</b>
1	<p><b>Budget Reductions</b></p> <ul style="list-style-type: none"> <li>• Link the budget process to Service Planning</li> <li>• Service Planning and maintain a robust overview of statutory obligations and prioritise accordingly</li> <li>• Review of Corporate Priorities/Community Plan</li> <li>• Communication of Priorities to Staff/Members/Managers to achieve buy-in</li> <li>• Medium Term Financial Strategy</li> <li>• Budget Risk Register</li> <li>• Smarter procurement to generate savings</li> <li>• Efficiency Programme service delivery</li> <li>• Explore the potential for collaboration with neighbouring Local Authorities</li> <li>• Internal - Equality Impact Assessment process established</li> </ul>	2x3=6	6 monthly	Ian Leivesley		
2	<p><b>Partnerships</b></p> <ul style="list-style-type: none"> <li>• Strategic Policy Board (HSPB) facilitates interagency collaboration and cooperation to maximise available resources in the pursuit of agreed strategic goals</li> <li>• Halton Safeguarding Boards fully operational (see 5 below)</li> <li>• Establish a performance framework through which progress in addressing key strategic outcomes can regularly and routinely monitored and provides flexibility for other issues to be considered</li> <li>• Service efficiency by sharing resources</li> </ul>	2x2 = 4	6 months	David Parr		

<sup>1</sup> RRS – Residual Risk Score after control measures implemented

3	<p><b>Funding and Income Generation</b></p> <ul style="list-style-type: none"> <li>• Develop and seek alternative untapped funding opportunities</li> <li>• Horizon scanning for external funding sources and signpost as appropriate</li> <li>• Work in partnership with 3<sup>rd</sup> sector to share funding streams</li> <li>• Current funding programmes - managers to ensure that they are aware of when funding comes to an end and, where necessary, explore other opportunities for new funding streams</li> <li>• Become commercially focussed to protect current funds and effectively use them</li> <li>• Establish trading and income generation possibilities</li> </ul>	2x2 = 4	6 months	Strategic Directors		
4	<p><b>Mersey Gateway</b></p> <ul style="list-style-type: none"> <li>• Project Structure based on PRINCE2 control procedure under the governance of the Procurement Group involving key members, officers, and professional advisors</li> <li>• Project management arrangements have satisfied HM Treasury scrutiny</li> <li>• Gateway 2 project review undertaken and action plan dealing with recommendations agreed with Mersey Gateway Officer Project Board</li> <li>• Project Plan and regular monitoring of plan and periodic independent gateway reviews</li> <li>• Delivery within the Funding framework agreed with Government reviewed at regular intervals Mersey Gateway Risk Register</li> </ul>	4x2=8	6 monthly	David Parr		
5	<p><b>Safeguarding Children and Adults</b></p> <ul style="list-style-type: none"> <li>• Halton's Children's and Adult's Safeguarding Boards are fully operational, they operate with statutory guidance and its resources provided as agreed</li> </ul>	4x2=8	6 monthly	Dwayne Johnson/Gerald Meehan		

6	<b>Capacity and Resilience</b> <ul style="list-style-type: none"> <li>• Service reviews around more efficient ways of working including the greater use of technology</li> <li>• Focus the delivery of services on priorities and legal responsibilities through effective Service Planning</li> <li>• Delivery of training courses in Stress Management and Managing Resilience to Change</li> <li>• Risk assessing, monitoring and support mechanisms for work related stress</li> <li>• Agile Working policy</li> <li>• Business Continuity Planning</li> </ul>	2x2 = 4	6 months	Strategic Directors		
7	<b>Architectural Landscape</b> <ul style="list-style-type: none"> <li>• Maintain an overview of external influences involving political, economic, social, technological, legislative and environmental factors</li> <li>• Review services in line with Council Priorities, whilst protecting the most vulnerable</li> <li>• Protect interests by being part of the processes leading to the delivery of new arrangements</li> </ul>	3x2 = 6	6 months	Strategic Directors		
8	<b>Fraud</b> <ul style="list-style-type: none"> <li>• Rigorous pre-employment checks of new employees</li> <li>• Dedicated Housing Benefit / Council Tax Benefit anti-fraud section</li> <li>• A continuous internal audit of the Council's systems and services</li> <li>• Participation in the National Fraud Initiative</li> <li>• Whistleblowing arrangements</li> <li>• Development of HBMS and HBMS scans allow better matching and checking with other national databases</li> <li>• Annual reporting of counter fraud measures and activity to the Business Efficiency Board</li> </ul>	3x2=6	6 monthly	Ian Leivesley		

### Version control Record

Version	Date Created	Date of Amendment:	Nature of Amendment	Date of Next Review:
1.0	13.10.11			

# Corporate Risk Management Policy

<b>Date Created:</b> 27 <sup>th</sup> May 2009	<b>Date of Amendment:</b> 27 <sup>th</sup> January 2012	<b>Date of Next Review:</b>
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<b>Custodian title &amp; e-mail address</b>	tony.dean@halton.gov.uk
<b>Author</b>	Tony Dean, Principal Health and Safety Advisor
<b>Responsible Directorate/Division</b>	Policy and Resources Risk and Emergency Planning Division
<b>Supporting documents, procedures &amp; forms of this policy</b>	
<b>References &amp; Legislation</b>	
<b>Audience</b>	All Halton Council staff
<b>Consultation</b>	<ul style="list-style-type: none"> <li>- Strategic Director, Policy and Resources</li> <li>- Audit –Mervyn Murphy [Divisional Manager - Audit &amp; Operational Finance] &amp; John Pearsall [Principal Auditor]</li> <li>- Policy – Hazel Coen [Divisional Manager – Performance &amp; Improvement] &amp; Mike Foy [Principal Performance &amp; Improvement officer]</li> </ul>
<b>Managers checklist</b>	<ol style="list-style-type: none"> <li>1. Departments to identify and assess risks as part of the Corporate Performance Management Framework</li> <li>2. Directors to complete Directorate Risk Register and highlight high risks</li> <li>3. Strategic Director (Policy &amp; Resources) to develop Corporate Risk Register through identification and assessment of corporate risks</li> </ol>

## 1.0 Introduction

- 1.1 Everything that we do as an organisation involves a degree of risk whether it be managing a project, determining priorities, purchasing new systems and equipment, taking decisions about the future or deciding not to take any action at all. It is therefore an essential part of good governance that we manage these risks effectively.
- 1.2 This policy provides a framework within which risks will be managed within the Council. By adopting a formal approach to risk management we will achieve better outcomes as a result of systematically identifying and analysing the wide range of issues that affect decision-making.

## 2.0 Aims and Objectives

- 2.1 **Risk** is defined as being the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. **Risk Management** is defined as the process by which risks are identified, evaluated and controlled.

The aim of this Risk Management Policy is to provide a framework through which effectively manages the actual and potential opportunities and threats that may affect the achievement of the Council's strategic priorities and operational objectives.

- 2.2 In achieving this aim the implementation of this policy will
- Enable the Council to anticipate and respond to changing social, environmental and legislative conditions;
  - Minimise the risk of injury, damage, loss and inconvenience to residents, staff, service users, assets etc arising from or connected with the delivery of Council services;
  - Introduce a robust framework and associated procedures for the identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice; and
  - Minimise the potential financial and reputational risk to the authority through effective risk recognition and active management intervention practices.
- 2.3 Effective policy implementation will require;
- A review of existing practice in light of organisational restructuring to establish clear accountabilities, roles and reporting lines across all services and departments;

- The further acquisition and development the necessary risk management skills and expertise at a broader organisational base to ensure arrangements to manage risk remain robust;
- Providing for risk assessment in all decision-making processes of the Council;
- Ensuring appropriate consideration of risk within all reviews of service performance and subsequent improvement plans; and
- To raise awareness amongst all partners, providers and delivery agents of the Council's expectations on risk, both generally as set out in its Risk Management policy, and where necessary in particular areas of service delivery.

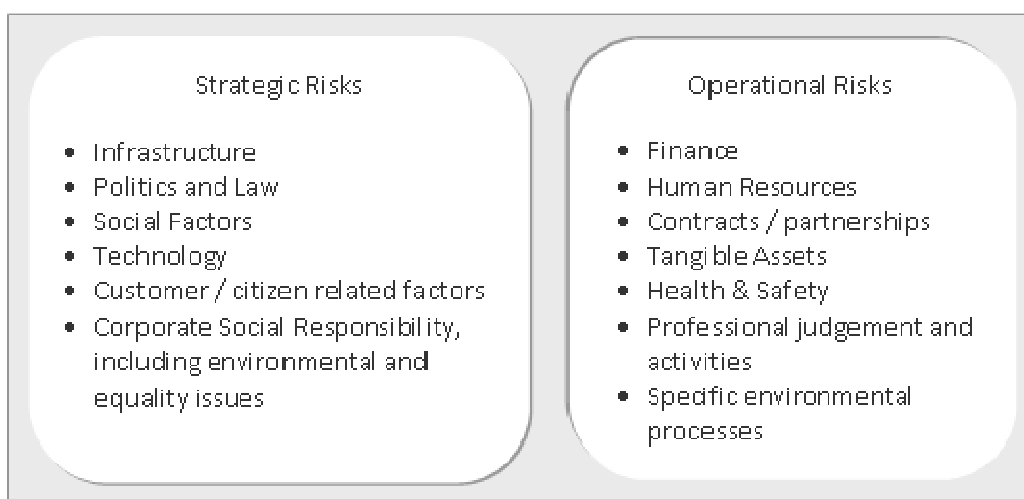
### 3.0 Types of Risks

3.1 Generally speaking there are two types of risk that the Council needs to consider in undertaking its functions i.e. strategic and operational risks.

3.2 Strategic risk relates to high level, high impact longer term risks that need to be considered at a corporate level and in relation to the delivery of the Council's strategic priorities.

3.3 Operational risks are those that occur at the service level of the organisation and need to be considered by those with functional responsibility for the provision of specific services and initiatives.

3.4 Broadly speaking these risks tend to fall within the following categories;

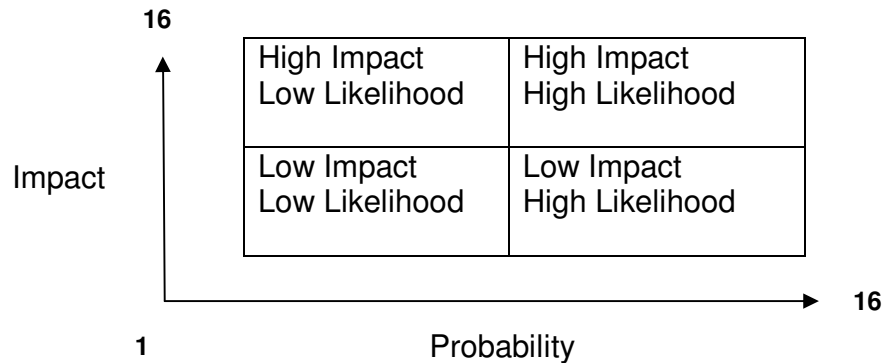


3.5 It is part of the role of individual Directorate and Departmental Management Teams to identify, analyse, control and review operational



risks. These are risks that need to be taken into account in judgements about current and future service delivery.

To review these risks Directorate and Departmental Management teams will assess the impact and likelihood of occurrence of risks as shown below:



The best course of action will then be considered for this risk and agreed i.e. to avoid, eliminate/ reduce, transfer, insure or accept risk in the light of resource priorities or a combination of these options. The risks identified and the responsibility for managing and actioning will be detailed in Departmental risk registers.

Once actions have been determined, nominated managers will take actions to minimise likelihood of risk occurring and or/ reducing the severity of the consequences should they occur. High risk actions will be built into Departmental service plans.

- 3.6 In order to enhance the linkages between operational and strategic risk, each Strategic Director will submit their Risk Registers to the Risk Management Co-ordinator who with the Strategic Director, (Policy and Resources), will develop a Corporate Risk Register. This will be subject to ongoing monitoring and periodic review.

#### 4.0 Roles and Responsibilities

**It is everyone's responsibility to manage risk effectively in their job and report hazards/risks to their Service Managers.** Also, employees are to undertake their job within Risk Management guidelines.

There is a need for a "driving force" within the Council and the identification of Corporate, Departmental and Divisional roles and

accountabilities will provide a framework for the governance of corporate risk management (see appendix 'A').

Such primary roles and responsibilities have been identified as follows,

#### 4.1 Elected Members

Elected Members have a key contribution to make to the assessment of risks to the objectives of corporate strategies and should be included in assessment exercises through:-

#### 4.2 The Business Efficiency Board

(See appendix 'A' - Reporting *Biannually*)

- To review the adequacy of arrangements for identifying and managing business risks, including the Corporate Risk Management Policy and its implementation;
- To review the robustness of the Corporate Risk Register and the adequacy of the associated risk management arrangements;
- To make such recommendations to the Executive Board as may from time to time be necessary and appropriate; and
- To receive and consider regular reports on the risk environment and associated management action.

#### 4.3 Policy and Performance Boards

- Challenge and review risk management arrangements and activities within their areas of responsibility through corporate performance monitoring arrangements.

#### 4.4 Management Team

(See appendix 'A' - Reporting *Annually* to Business Efficiency Board)

- Should ensure that the Council manages risk effectively through the development of an all-encompassing corporate policy. Also it should identify and consider strategic risks that may threaten the delivery of strategic priorities;
- Approve the Corporate Risk Management Policy and ensure that the Council manages risk effectively through Policy implementation;
- Ensure that the Corporate Risk Management policy is coordinated with other corporate policies;

- Manage the strategic risks affecting the Council as agreed by the Strategic Director (Policy and Resources) within the Corporate Risk Register and the appetite and tolerance to those risks;
- Review and update risks depending on their nature when required, and at least annually and ensure that risks deemed no longer appropriate fall out of the review process;
- Provide the necessary leadership to implement the arrangements for managing risk;
- Approve the Annual Governance Statement;
- Approve the Corporate Business Continuity Plan;
- Promote and monitor the effectiveness of risk management activities;
- Agree any resources required to support the work corporately; and
- Strategic Directors to give personal declarations on Risk Management Assurance to the Executive Board regarding risk management compliance.

#### 4.5 Directorate Level

It should ensure that the Directorates manage risk effectively in line with their Directorate Plan and objectives. This will provide the foundations for the Corporate Risk Register.

(See appendix 'A' - Reporting *Biannually* to Management Team)

- Analyse information from Departmental Monitoring Reports in order to assess & prioritise risks according to Departmental Service activity and corporate objectives;
- Enter high risks onto Directorate Risk Register and submit to the Risk Management Co-ordinator. These will be considered when composing the Corporate Risk Register;
- Depending on the nature of the risks review and update when required, at least annually and ensure that risks deemed no longer appropriate fall out of the review process;
- Biannually monitor and record progress of any implemented measures that control the risks;
- Agree any resources required to support the work within Directorate;
- Communicate and involve Departmental employees, who should manage risks in relation to their service areas and report back to DMT's; and
- Maintain appropriate Directorate Business Continuity plans

#### 4.6 Departmental Level

(Reporting *Quarterly* on Departmental Quarterly Monitoring Report)

- Identify and analyse risks from Departmental Service Plans and objectives including emerging hazards to new projects/changes to service delivery and enter onto Departmental Quarterly Monitoring Reports;
- Depending on the nature of the risks review and update when required, at least annually and that risks deemed no longer appropriate should fall out of the review process;
- Biannually monitor and record progress of any implemented measures that control the risks; and
- Maintain appropriate Business Continuity plans.

#### 4.7 Risk Management Co-ordinator

Provides a co-ordinating role to ensure that risks are being identified both corporately and at Directorate level.

(Reporting *Annually* to Management Team)

- Receive and publicise on the Intranet the Corporate and Directorate Risk Registers;
- Biannually assists the Strategic Director, Policy and Resources, to review and update the Corporate Risk Register;
- Liaise with Internal Audit to identify the effectiveness of the Council's Risk Management arrangements;
- Provide advice to SMT's and DMT's, where required; and
- Provide training where required and publicise the Risk Management Tool Kit.

#### 4.8 Internal Audit

(Reporting *Biannually* to Business Efficiency Board)

Internal Audit provides an independent and objective assurance function for the authority. Its core role with regard to risk management is to provide objective assurance to senior management that major business risks are being managed appropriately.

- The strategic and departmental risk registers, and the significant risks contained therein, will be taken account when developing the Internal audit annual programme of work; and
- Delivery of the audit programme will provide an independent assurance of how key business risks are being managed.

## **5.0 Skills and Expertise**

5.1 Having established roles and accountabilities for risk management, the Council must ensure that it has the skills and expertise necessary at a sufficient organisational breadth and depth. It will achieve this by a programme of risk management training and learning opportunities that address the individual needs of managers by;

- Providing an understanding of the risk management processes,
- Providing an understanding of the responsibilities, and
- Providing necessary skills to understand the risks

5.2 In order to support the training a Risk Management "toolkit" will be available to all Departments through the Council's intranet. This will provide guidance on all aspects of risk management and will introduce a consistent methodology to be followed throughout the Council.

## **6.0 Risks and the Decision Making Processes**

6.1 Risk needs to be addressed at the point at which decisions are being taken. The Council needs to be able to demonstrate that it has taken all reasonable steps in considering the risks involved in a decision. A balance needs to be struck between the efficiency of the decision making process and the need to address risk. Risk assessment is seen to be particularly valuable in options appraisal. All matters in relation to which a Key Decision is requested should have been the subject of a risk assessment which should be listed as a background paper to the report requesting the decision.

6.2 In demonstrating a risk assessment process this can be achieved by;

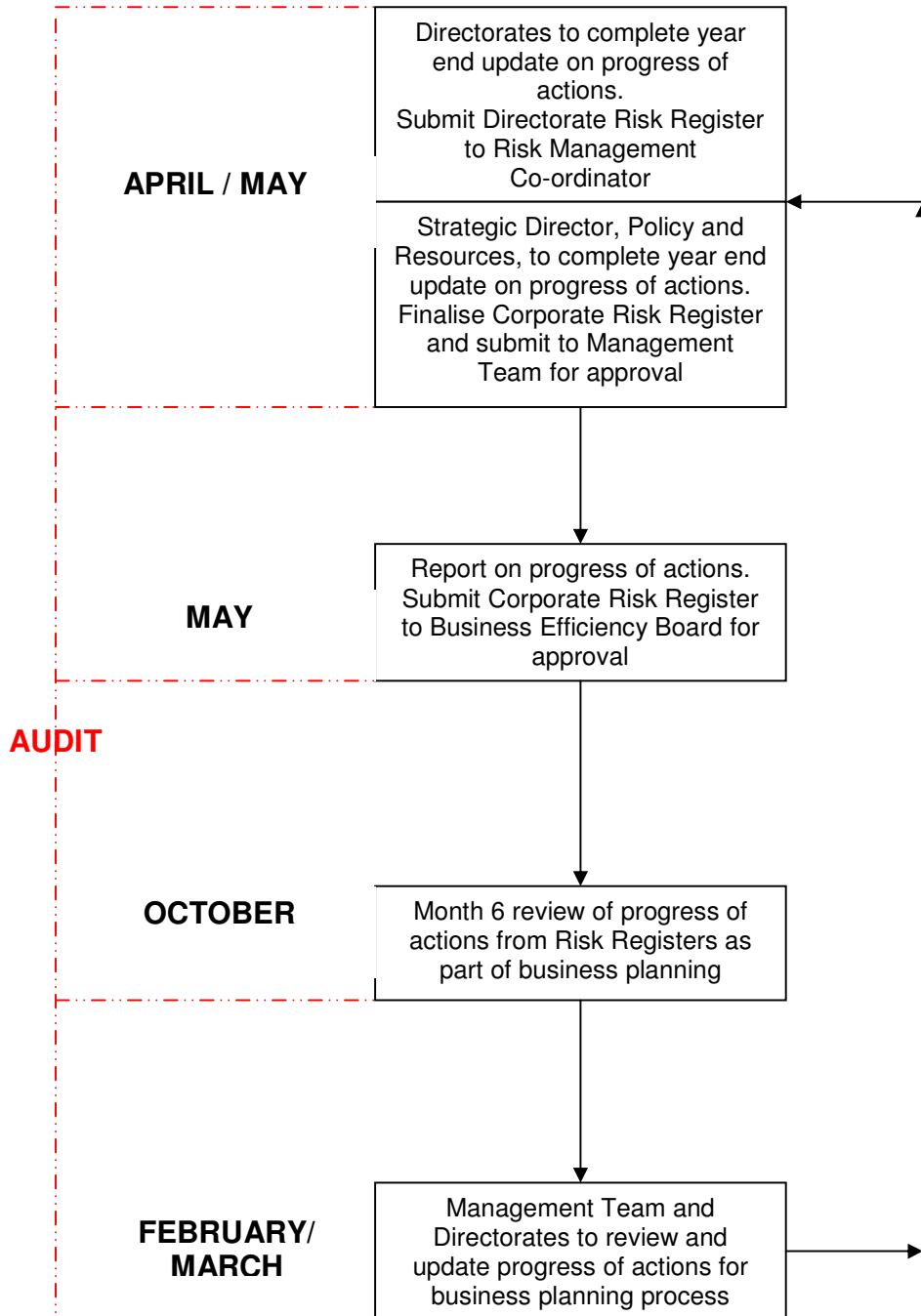
- a) Directorates completing their own Risk Registers and submitting them for the completion of the Corporate Risk Register.
- b) Incorporating Risk Management processes within the business planning process of all Departments. This will include a risk assessment of all business aims and their plans for achieving the

Departments' key milestones, and the identification of any relevant and appropriate risk control measures.

- c) Identifying, assessing and controlling risk in the Council's project management systems. This will be used in all major Council projects; including the development of Council Strategies Risk assessments for major corporate projects will be presented to Management Team and included in the Strategic Risk Register. Other projects which are significant from a departmental point of view will also need risk assessments and will need to be included in the relevant Departmental Risk Register.
- d) Continuing to Integrate Risk Management into the existing and future performance management arrangements of the Council.

### Version Control and Change History

Version Control	Date Released	Date Effective	Amendment
1	2001	2001	Document Created.
2	May 2011		Document updated to reflect current processes and requirements.
3	Jan 2013		In view of the recommendations from the Executive Board, scoring changed on page 5



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