

Non-Executive Report of the: Audit Committee 24 th September 2015	 TOWER HAMLETS
Report of: Zena Cooke - Corporate Director Resources	Classification: [Unrestricted or Exempt]
Annual Risk Management Report 2015/16	

Originating Officer(s)	Minesh Jani
Wards affected	All wards

1. Summary

1.1 The purpose of this report is to provide the Audit Committee with:

- a) An oversight of the authority's processes to facilitate the identification and management of its significant business risks.
- b) Summary of the Q1 2015/16 Corporate Risk Register
- c) Risk Management Team activity over the last 12 months

The report enables the Audit Committee fulfil part of its functions as set out in the Committee's terms of reference item no.8 - to review the Risk Management arrangements of the authority.

2. Recommendations

2.1 The Committee is asked to: -

- note the contents of this report;
- agree the actions highlighted at section 9;
- consider the corporate risks (table 2 on pages 7 and 8 of the attached paper) that the committee want to scrutinise; and
- request the risk owner(s) requiring further scrutiny provide a detailed update on the treatment and mitigation of the risk including impact on the corporate objectives at its December meeting.

3. Background

3.1 Risk management is an integral part of good corporate governance. There are many definitions of corporate governance but the one used by CIPFA is

“.....the procedures associated with the decision making, performance and control of organisations, with providing structures to give overall direction to the organisation and to satisfy expectations of accountability to those outside it”.

- 3.2 All organisations face risks in everything that they do but by the proper management of its risks, organisations can benefit by reducing their significance; either by reducing the level of impact, or making the risk less likely to happen. Over the last few years, the use of risk management as a tool in the public sector has gained strength as the appreciation of how risk management can be used as a technique for delivering an efficient and effective service to all its stakeholders. This is demonstrated in guidance issued by CIPFA / SOLACE, “Delivering Good Governance in Local Government”, which makes reference to the need for effective management of risks and suggest how authorities can use audit committees to support a framework for effective systems of internal control.

The council has developed a formal Risk Management framework and processes which is supported by the Risk Management and Audit team. This is part of the council’s corporate governance process and contributes to its compliance with Financial Regulations and Procedures as well as the Accounts and Audit Regulations 2011 (as amended). It is also a key part of the council’s Annual Governance Statement which is approved by the Audit Committee in June each year.

The council recognises that it has a responsibility to manage business risks and opportunities in a structured manner in order to achieve its corporate objectives and enhance the value of services it provides to the community.

4. Annual Risk Management Report 2014/5

- 4.1 The attached report sets out in some detail the following:

- a) The corporate risk process; and
- b) The current corporate risks.

5. Reasons for the Decisions

- 5.1 The report is brought annually to provide the Committee with an oversight of the authority’s processes to facilitate the identification and management of its significant business risks.

6. Details of Report

- 6.1 The Audit Committee requires the Head of Audit and Risk Management to provide an annual report on the effectiveness of the process deployed to identify, assess, prioritise and mitigate the key risks which could affect the overall achievement of service objectives.

7. Comments of the Chief Finance Officer

- 7.1 There are no specific comments arising from the recommendations in this report.

8. Legal Comments

- 8.1 There are no specific legal implications arising from the recommendations in this report.

9. One Tower Hamlets Considerations

- 9.1 There are no specific one Tower Hamlets considerations arising from the recommendations in this report.

10. Best Value (BV) Implications

- 10.1 The Council operates a risk management framework governed by a risk management policy to allow risk to be considered using a consistent model. The risk management cycle consists of the key steps for effective risk management which enables the Council to meet its best value duty to secure continuous improvement with regard to economy, efficiency and effectiveness.

11. Sustainable Action for a Greener Environment

- 11.1 There are no specific proposals in the report contributing to a sustainable environmental action for a greener environment.

12. Risk Management Implications

- 12.1 The report sets out arrangements for mitigating risks to the Council and actions taken to treat and eliminate identified risks.

13. Crime and Disorder Reduction Implications

- 13.1 There are no specific crime and disorder reduction implications arising from this report.
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Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Appendix 1 Corporate Risk Management Policy Statement
- Appendix 2 Corporate risk register
- Appendix 3 Risk Management scoring matrix

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- None

Officer contact details for documents:

- N/A