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| Non-Executive Report of the: Audit Committee Thursday, 10 th October 2024 |  TOWER HAMLETS |
| Report of: Julie Lorraine Corporate Director, Resources | Classification: Open (Unrestricted) |
| Risk Management – Corporate and Directorate Risk Registers | |

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| Originating Officer(s) | David Dobbs – Head of Internal Audit, Anti-Fraud & Risk |
| Wards affected | (All Wards) |

Executive Summary

The management of risk is a key function for the Council. The Head of Internal Audit, Anti-Fraud and Risk co-ordinates risk management on behalf of the Council but the identification, assessment, justification, and mitigation of individual risks remains the responsibility of management and risk owners.

This report presents the Audit Committee with the opportunity to review the Corporate Risk Register (**Appendix A**) and also the Communities Directorate Risk Register (**Appendix B**). This is in accordance with the Audit Committee’s decision that it will review both the Council’s Corporate Risks and each Directorate’s Risk Register on a rolling programme basis. The Audit Committee meeting on 23rd April reviewed the Health and Social Care Directorate Register and a review of the Communities Directorate Risk Register is now due.

Also included is a report from Zurich Municipal, the Council’s liability insurer, detailing the summary results of a Health-Check on the Council’s Enterprise Risk Management arrangements (**Appendix C**).

Recommendations:

The Audit Committee is recommended to consider and note:

1. The Corporate Risks (refer **Appendix A**), and where applicable request risk owner(s) with risks requiring further scrutiny to provide a detailed update on the treatment and mitigation of those risks including impact on the corporate objectives
2. The Communities Directorate Risks (refer **Appendix B**) and where applicable request risk owner(s) with risks requiring further scrutiny to provide a detailed update on the treatment and mitigation of their risks including impact on the directorate’s objectives.

3. The summary Health-Check report from Zurich Municipal (refer **Appendix C**) and corresponding action plan.

1. REASONS FOR THE DECISIONS

- 1.1 The Audit Committee has responsibility for oversight of the arrangements for governance, risk management and control and this report assists the Audit Committee in discharging its responsibilities.

2. ALTERNATIVE OPTIONS

- 2.1 None.

3. DETAILS OF THE REPORT

Corporate Risk Register

- 3.1 The Head of Internal Audit, Anti-Fraud and Risk continues to work with Corporate and Service Directors to maintain the Corporate Risk Register. The updated register is attached at Appendix A. This register was last presented to CMT on 23rd April for review and agreement.
- 3.2 The Audit Committee should review the Corporate Risks and be satisfied that the risks are appropriate. In doing so the Audit Committee may wish to consider the following questions:
 - a. Are these the key, corporate level risks that might prevent the Council from achieving its objectives?
 - b. Are there any key, corporate levels risks missing, bearing in mind there are many more risks being managed at Directorate and Service level?
 - c. Do you want to request any of the risk owner(s) to provide a more detailed update on the treatment and mitigation of their respective risk(s) including impact on the corporate objectives?
 - d. Do you require any independent assurance from Internal Audit or elsewhere that the corporate risks are being appropriately managed?
- 3.3 Since the last presentation of the Corporate Risk Register to Audit Committee all Risk Owners were asked to review and update their entries. During this period the total number of risks on the Corporate Risk Register has risen from 14 to 15. This is owing to three risks being added and two being relegated to the Directorate level as detailed in the following section.

Risks added to the Corporate Risk Register

LPG0036 – *Community Cohesion: A loss of social capital and a fracturing of the community and local networks.*

LPG0037 – *People First Transformation: A failure to fully execute, implement and realise the benefits from the Council's core transformation programme.*

COM0002 – *Civil Contingencies: Failure to meet the Council's legal duties under the Civil Contingencies Act. This would become evident if a major incident occurred and the council failed to implement an effective response and recovery.*

Risks relegated from the Corporate Risk Register

PLC0023 – *Building Safety Act: This risk has been withdrawn for rearticulation and updating by the Housing and Regeneration Directorate.*

CS0014 – *Protection of Freedoms Act: It was previously agreed with CMT that the nature of this risk no longer warranted it be managed as a corporate risk; consequently, it is now being managed at the Directorate level.*

- 3.4 Other changes have occurred where risk ownership has been reassigned owing to officers exiting the Council, to better reflect officer's operational responsibilities, and to ensure that risks are managed at the appropriate level of seniority.

Communities Directorate Risk Register

- 3.5 The Audit Committee should review the risks identified for the Communities Directorate and be satisfied that the risks are appropriate. In doing so the Audit Committee may wish to consider similar challenge questions as those presented in paragraph 3.2.

Future Directorate Risk Register Reviews

- 3.6 Going forward the Audit Committee will be presented with the other directorates risk registers on a rolling programme, in the following order:
- Housing and Regeneration – January 2025
 - Resources – April 2025
 - Children's Services – October 2025
 - Chief Executive's – to be confirmed
 - Health and Social Care – to be confirmed
 - Communities – to be confirmed

Risk Management Health-Check

- 3.7 During June and July, Zurich Municipal, the Council's liability insurer completed a review of the Council's Risk Management framework and related arrangements. A summary report, including the Council's action plan is attached at **Appendix C**.

Risk Management Awards

- 3.8 During August, the Council's Risk Management team was shortlisted in the Public Sector category at the annual Continuity, Insurance & Risk Management awards. The awards ceremony will be held in London on 27th November.

4. EQUALITIES IMPLICATIONS

- 4.1 There are no specific statutory implications.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 The Accounts and Audit Regulations 2015 require authorities to ensure they have a sound system of internal control which:
- facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - ensures that the financial and operational management of the authority is effective; and
 - includes effective arrangements for the management of risk.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 There are no specific financial implications arising from the content of this report. General comments with regards the importance of effective risk management and the consequences of failure to monitor and manage organisational risks are contained within the body of the report and the appendices.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The management of risk has a direct impact on the Council's ability to deliver its functions in a manner which promotes economy efficiency and effectiveness. Therefore, the consideration of this report demonstrates the Council's compliance with its Best Value Duty.
- 7.2 The Council is also legally required to ensure that it has a sound system of internal control facilitating the effective exercise of the

Council's functions. This includes arrangements for the management of risk and an effective system of internal audit to evaluate the effectiveness of its risks management, control, and governance processes, taking into account the public sector internal auditing standards and guidance. This report also demonstrates compliance with these legal duties.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

A: Corporate Risk Register

B: Communities Directorate Risk Register

C: Risk Management Health-Check Report and Action Plan.

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

List of "Background Papers" used in the preparation of this report

- NONE

Officer contact details for documents:

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