

Non-Executive Report of the:  <b>Audit Committee</b>  Monday, 22 <sup>nd</sup> January 2024	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Julie Lorraine Corporate Director, Resources	<b>Classification:</b> Open (Unrestricted)
<b>Risk Management – Corporate and Directorate Risk Registers</b>	

<b>Originating Officer(s)</b>	David Dobbs – Head of Internal Audit, Anti-Fraud & Risk
<b>Wards affected</b>	(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 Chief Executive’s 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 at all its meetings and each Directorate’s Risk Register on a rolling programme basis. The Audit Committee meeting on 23<sup>rd</sup> November reviewed the Children’s Services Directorate Risk Register and a review of the Chief Executive’s Directorate Risk Register is now due.

### Recommendations:

The Audit Committee is recommended to:

1. Note the corporate risks, 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 at the next Audit Committee meeting (or separately before the meeting, if urgent).
2. Note the Chief Executive’s Directorate risks 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 at the next Audit Committee meeting (or separately before the meeting if urgent).

## **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 23<sup>rd</sup> November 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, a number of changes have been made. The total number of risks on the Corporate Risk Register has risen from 11 to 14. This is owing to the following three risks being added:

### **New Risks**

*ASDASC0018 - Regulatory censure and Safeguarding failure arising from deficient process for new and ongoing employee vetting (including*

*pre-employment checks, ongoing vetting of DBS status, verification of qualifications and other suitability checks)*

*FPA0014 – The inability reclaim VAT from HMRC owing to weaknesses in accounting for VAT and underlying non-compliance with HMRC requirements*

*HRP0009 – There is a risk that historical errors in Pension Scheme member data will lead to materially incorrect calculation of the Pension's liability figure in the Council's annual Statement of Accounts.*

- 3.4 During this period no risks have been withdrawn from the Corporate Risk Register. 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.
- 3.5 During December 2023, JCAD, the risk management software used by the Council, was upgraded to its latest version which provides enhanced user functionality, including customisable reporting. The Council's risk infrastructure capacity and capability has been further strengthened through the appointment to the post of Risk Officer, with the postholder expected to start on 1<sup>st</sup> February.

#### **Chief Executive's Directorate Risk Register**

- 3.6 The Audit Committee should review the risks identified for the Chief Executive's 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**

- 3.7 Going forward the Audit Committee will be presented with the other directorates risk registers on a rolling programme, in the following order:
- Health and Social Care – April 2024
  - Communities – June/July 2024
  - Housing and Regeneration – November 2024
  - Resources – January 2025

## **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.

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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- NONE

#### **Appendices**

- Appendix A – Corporate Risk Register.
- Appendix B – Chief Executive's Directorate Risk Register

#### **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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