

Non-Executive Report of the: Audit Committee Tuesday, 23 rd April 2024	
Report of: Julie Lorraine Corporate Director, Resources	Classification: Open (Unrestricted)
Risk Management – Corporate and Directorate Risk Registers	

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 Health and Social Care 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 22nd January reviewed the Chief Executive's Directorate Risk and a review of the Health and Social Care Directorate Risk Register is now due.

Recommendations:

The Audit Committee is recommended to:

1. Note the updated Corporate Risk Register 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 proposed changes to the Council's risk registers, as set out in paragraphs 3.4 and 3.5.
3. Note the updated Health and Social Care Directorate Risk Register 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 and Risk Officer continue to work with Corporate and Service Directors to maintain and update the Corporate Risk Register. The updated register is attached at Appendix A. This register was last presented to CMT for review and agreement at its meeting on January 9th.
- 3.2 The Audit Committee should review the Corporate Risk Register 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, the following actions have been taken:
- Risk Reports have been presented to all Directorate Leadership Team meetings to facilitate discussion and challenge around key

risks. DLTs were subsequently required to review their risks, make any updates, and complete any outstanding review activities

- Corporate Risks have been reviewed by the Risk Team and where appropriate rearticulated to help create a better common understanding of the nature of the risk and a broader definition of the risk event. For example, in relation to ORG0027(Risk of a Cyber Attack), the risk has been changed from:

“There is an ongoing risk of a cyber-attack and/or major loss of IT.”

to

“There is an ongoing risk of a Cyber Attack and a consequential Data Breach, Financial Loss and Business Interruption.”

- Work is ongoing to ensure that risk registers provide a full and complete picture of the Council’s scope of operations. There are however some business areas which have yet to undertake a risk identification exercise and therefore there are ‘risks’ which have been recorded and captured on JCAD. There are also other cases which are affected by organisational change and some risks need to be reallocated to new teams – for example, work is underway to review and transfer the risks that were previously recorded separately by Tower Hamlets Homes onto the Housing and Regeneration risk registers.

3.4 Following discussions with Corporate Directors, DLTs and CMT the following changes have been agreed:

- A new risk to be added in relation to an emerging risk concerning the collection of Rent and related Rent Arrears. This risk will be ‘owned’ by the Corporate Director of Resources
- *CS0014 Compliance with the Protection of Freedom Act* – it has been agreed that this risk should be relegated to the Directorate Level and will shortly be reassigned to a new risk owner once a new Senior Responsible Officer for compliance has been identified
- The Pension Fund Risk Register is currently held and maintained separately outside of JCAD - it has been agreed that it should be transferred to JCAD and have risk and controls owners assigned in the usual manner.

3.5 It has been further agreed that the following cross-cutting risks be added to the CRR, with ownership assigned to the Chief Executive:

- *Community Cohesion*: A loss of social capital and a fracturing of the community and local networks, negatively impacting social stability, individual well-being and economic productivity as a result

of persistent public anger, distrust, divisiveness, lack of empathy, marginalisation of minorities and political polarisation.

- *People First Transformation*: A failure to fully execute, implement and realise the benefits from the Council's core transformation programme resulting in ineffective governance, cultural disengagement, strategic misalignment, and failing to understand and meet the needs of borough residents.

Health and Social Care Directorate Risk Register

- 3.6 This register was presented to the Health and Social Care DLT during March and reviewed/updated by Directors thereafter. The Audit Committee should review the risks identified for the Health and Social Care 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:
- Communities – June/July 2024
 - Housing and Regeneration – November 2024
 - Resources – January 2025
 - Children's Services – April 2025
 - Chief Executive's - June/July 2025
 - Health and Social Care – November 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.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Appendix A – Corporate Risk Register.
- Appendix B – Health and Social Care 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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