



**Audit Committee
20 March 2017**

**Report from the Chief
Finance Officer**

For Information

Wards Affected:
ALL

Risk Management Review

1. Summary

- 1.1 This report updates progress in re-defining the Council's approach to Risk Management and planned next steps.

2. Recommendations

- 2.1 Audit Committee note the progress made and comment on the plans being developed.

3. Detail

- 3.1 At the last meeting, the Committee were advised that the audit of Risk Management planned for 2017/18 had been superseded by a review by the Interim Head of Audit and Investigations which sought to:

- provide assurance to CMT;
- inform the update of the Council's Risk Management Strategy; and also
- form the basis for assurances contained within the 2016/17 Head of Internal Audit Opinion.

- 3.2 The review has assessed through review of risk registers, meetings with Management and the wider role in terms of audit and assurance within the Council, the:

- Interaction between service/directorate risks and the Strategic risk register;
- How embedded risk management is into services/directorates;
- Efficiency and Effectiveness of the Framework – capturing and communicating risk; and
- Maturity of Risk Management Framework – level to which it can be demonstrated that risk is considered within decision making.

- 3.2 The outcome of the review has been to:

- confirm the views of CMT that there is good risk management happening within Brent but the processes to effectively capture, share and maximise the opportunities from the activity require strengthening;

- indicate that there are interrelated risks being managed in different parts of the council without effective links;
- there is opportunity in linking the performance data of the organisation with risk, in terms of indicators that the risk is materialising or in determining that assurances are positive around the control environment;
- Some risks currently included on the Strategic Risk Register should sit at Directorate level until management information escalates them for CMTs attention.

3.3 The decision to recruit a full time Head of Audit will enable an implementation plan to be fulfilled during 2017/18. The resources required for facilitating the new approved processes will be considered as part of a wider review of Audit and Investigation resources that is likely to take place in 2017/18. In addition the role of the Strategic Risk Management Group will be considered in light of the new Strategy and processes that will be developed to ensure it adds value and supports CMT in their role.

3.4 The following seven risks have been proposed and data to help the analyses of raw and net risk is being gathered as well as insight to the control environment including identifying control owners and assurances over the effectiveness of the controls. Similar work has also commenced to challenge the highest Directorate level risks and assess those most likely to be included in the Strategic Risk Register.

1. There are insufficient or inappropriate employment opportunities for residents of the Borough, due to lack of jobs or skills mismatch, to enable the working population into work.
2. Our residents, staff or the visitors to the borough experience harm or injury, either immediate or longer term effect on their health and well-being.
3. The provision of business premises and housing within the Borough does not meet the demands of current and potential residents and business owners.
4. We are unable to contain demand for our services, particularly in the most damaging areas (*1. Domestic Abuse, 2. Drug and alcohol addiction, 3. Mental health*) within the limits of funding available and encourage the community to seek to help themselves whilst tackling the most significant demand pressure areas.
5. We are unable to maximise the opportunities for generating income in future years.
6. The Council does not respond efficiently or effectively to changes in political and legislative environment and / or fails to meet existing statutory responsibilities.
7. The Council does not have the required culture, expertise, technology or skills to meet the future challenges the organisation faces.

3.5 The work to develop and embed the new approach will continue and a further update

will be provided to Members at the next meeting.

4. Legal Implications

- 4.1 The Accounts and Audit Regulations (England) 2011 section 4(1) require the council to “ensure that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk.”
- 4.2 Further section 5 (1) (4) (i) requires that the Chief Finance Officer determines accounting control systems which include adequate measures to ensure that risk is appropriately managed.

5. Financial Implications

- 5.1 None

6. Diversity Implications

- 6.1 None

7. Contact Officer Details

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