AUDIT BOARD
Date 11th April 2011

RISK MANAGEMENT TRACKER ~ Quarter 3

Relevant Portfolio Holder	Councillor Geoff Denaro Portfolio Holder for Finance
Relevant Head of Service	Jayne Pickering, Executive Director Finance & Corporate Resources
Non-Key Decision	

1. SUMMARY OF PROPOSALS

1.1 To present an overview of the current progress in relation to Actions/Improvements (actions) as detailed in service area risk registers for the period 1st April 2010 to 30th December 2010.

2. RECOMMENDATIONS

2.1 The Audit Board is recommended to note progress to date against all service area risk register actions as at the end of the third quarter 2010/11 for the period April to December 2010.

It should be noted that Regulatory Services are currently not included within the risk management process to allow for the shared service to be fully embedded.

3. BACKGROUND

3.1 During December 2006 a review of the Council's risk management arrangements was undertaken by the Internal Audit section. Following the review a new approach, which included updated documentation, was adopted. The revised Risk Management Strategy was approved by the Executive Cabinet on the 7th March 2007.

3.2 As part of the new approach, each business area is required to collate a risk register that details:

- Key Objectives;
- Risk Score;
- Current controls;
- Actions and improvements;
- Responsible officers and target dates for each action; and
- Progress against each action.

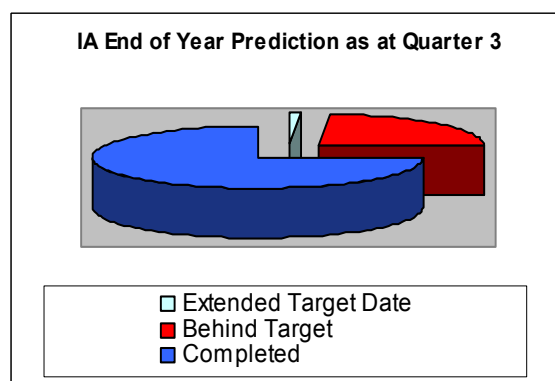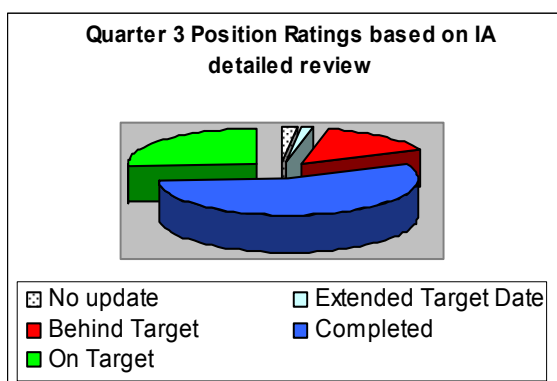# AUDIT BOARD   Date 11th April 2011

3.3   Business areas update their risk registers on a regular basis to ensure that actions are being monitored and implemented. The actions are designed to reduce risks, improve controls and aid individual sections to achieve their objectives.

3.4   The Risk Management Steering Group meets on a monthly basis to review departmental registers, highlight any concerns with the Head of Service and to review progress on actions.

3.5   The departmental registers are reviewed at Corporate Management Team and Audit Board on a quarterly basis.

3.6   In addition to the review of the registers there is a planned programme of risk management training that supports the development of the risk culture through the organisation.

4.   KEY ISSUES

4.1   Service areas have submitted to Internal Audit the quarter 3 position for each action detailed on their risk register.

4.2   We have carried out a detailed review of each action, target date, quarter 3 position rating and commentary. The rationale is that this analysis aids management of actions.

Following our detailed review, and based on the number of actions completed during the period 1st April to 30th December 2010 we have predicted an overall position rating for the end of the financial year.

The above information is illustrated in the charts below.

**Quarter 3 Position Ratings based on IA detailed review**

⊠ No update   □ Extended Target Date
■ Behind Target   ■ Completed
■ On Target

IA End of Year Prediction as at Quarter 3

□ Extended Target Date
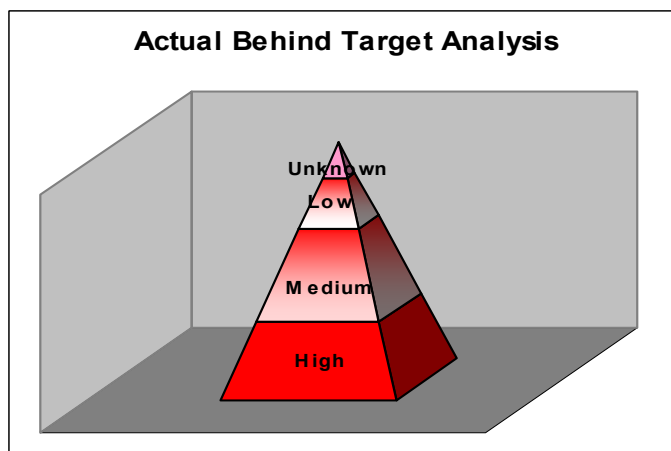■ Behind Target
■ Completed

4.3   As part of the detailed review we have analysed the number of actions due for completion each quarter. The total quarterly breakdown is illustrated in the chart below.

Quarterly breakdown of actions
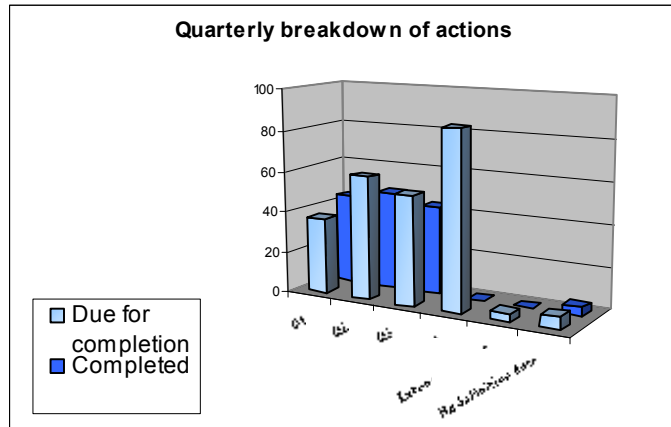
In the first half of the year a third of all actions had been completed. By the end of quarter 3 this has increased to 56.5% and, accordingly, a high percentage of actions are currently due for completion during quarter 4. Additionally, our prediction suggests that 24% (that is, 60 out of a total of 246 actions) may not be completed.

4.4   For 2010/11 the risk register template has been updated and all actions are required to be allocated a High/Medium/Low rating. The rationale for this addition is to categorise actions that are behind target in order to provide an analysis of the potential impact on the control environment.

The chart below illustrates the overall rating allocation of actions that are currently behind target based on Internal Audit's detailed review.

Actual Behind Target Analysis

There are a total of 37 actions that have been allocated a behind target position rating. Of these:

- 35 are actually behind target, with 11 being allocated a 'high' rating; and
- 2 have been 'flagged' as potentially not being achieved by the target date. This action has not been allocated a rating.

Review has verified that these actions are in relation to ongoing projects to ensure improvements are being achieved rather than fundamental problems with processes.

4.5 In order to highlight service area successes, Internal Audit have selected three actions that have been completed during quarter 3.

Relevant Key Obj.	Action/Improvement
Policy, Performance and Partnerships	
Deliver the Council's Community Engagement Strategy [CCPP09]	Budget Jury completed to agreed procedures, in particular, ones that ensure appropriate recruitment. Featured on television.
Environment Services	
Develop and maintain an effective and efficient collection of domestic refuse, recycling, street cleansing service and grounds maintenance service	The investigation and planning of the expansion of the kerbside recycling services to all households in line with the requirements of the Household Waste Recycling Act 2003 has been completed. Roll out is currently underway.
Information Management	
Be proactive in achieving greater compliance for information governance	A data matching statement for the National Fraud Initiative on forms that obtain personal data where there is the potential for a financial advantage to the person for data protection compliance has been provided.

Overall summary

4.6 In order to ascertain an overall perspective of progress, Internal Audit has compared the current position of actions with the quarter 3 positions for 2009/10:

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Position Rating	Quarter 3 2009/10	Quarter 3 2010/11
Behind target	13%	15%
On target	32%	25%
Completed	50%	57%
Extended target	5%	1%
No update	0%	2%
Total	100%	100%

From the above it may be seen that the percentage of actions completed is an improvement on last year's performance. However, with 42% of actions to be completed in the last quarter the risk that a significant number will not be completed increases.

4.7 As at quarter 3 Internal Audit's predictive end of year position rating has identified:

- 4 risk registers with an Excellent rating;
- 4 risk registers with a Good rating
- 2 risk registers with a Fair rating; and
- 1 risk register with a Weak rating.

4.8 As advised in the quarter 2 report, instances have been identified where service areas have changed target dates without RMSG approval. Until changes have been agreed by the RMSG, we have based our review on the original target completion dates.

5.   FINANCIAL IMPLICATIONS

5.1 None outside of existing budgets. The continued development of the risk management culture within the Council will aim to achieve improved assessment under the Use of Resources scoring.

6.   LEGAL IMPLICATIONS

6.1 None except specific legislation associated with any of the risk registers key objectives.

7.   POLICY IMPLICATIONS

7.1 None.

8.   COUNCIL OBJECTIVES

8.1   Council Objective 02: Improvement.

9.   RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS

9.1   Developing and maintaining Service risk registers will assist the Council to achieve its objectives, priorities, vision and values. The development and continual review of the registers will also support the Councils achievement of the Use of Resources framework.

9.2   Improvements and actions are monitored as part of each service risk register.

10. CUSTOMER IMPLICATIONS

10.1 In addressing the risks associated with the delivery of the Councils services the customers will receive a consistent and controlled quality of service provision.

11. EQUALITIES AND DIVERSITY IMPLICATIONS

11.1 The specific issue of improving equality and diversity is included within the Legal, Equalities and Democratic Services departmental register.

12. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT

12.1 Ensuring the Council has adequate arrangements in place for VFM, procurement and asset management and that these areas are addressed in risk registers.

13. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY

13.1 Climate Change has been added as a High Impact Area and, therefore, will be considered for all objectives (Corporate and service area).

14. HUMAN RESOURCES IMPLICATIONS

14.1 The HR implications are addressed as part of the HR risk register.

15. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS

15.1 Effective governance process.

16. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF CRIME AND DISORDER ACT 1998

16.1 None.

17. HEALTH INEQUALITIES IMPLICATIONS

17.1 None.

18. LESSONS LEARNT

18.1 The risk management framework constantly evolves following advice from the Audit Commission and stakeholder.

19. COMMUNITY AND STAKEHOLDER ENGAGEMENT

19.1 None as a direct result of this report.

20. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	No
Chief Executive	No
Executive Director (S151 Officer)	Yes
Executive Director – Leisure, Cultural, Environmental and Community Services	No
Executive Director – Planning & Regeneration, Regulatory and Housing Services	No
Director of Policy, Performance and Partnerships	No
Head of Finance and Resources	No
Head of Legal, Equalities & Democratic Services	No

Corporate Procurement Team	No

21. WARDS AFFECTED

All Wards.

22. APPENDICES

None.

23. BACKGROUND PAPERS

Risk registers – available from Heads of Service.

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