



# Audit Committee

16 December 2013

<b>Report title</b>	Risk Management and Corporate Risk Register	
<b>Cabinet member with lead responsibility</b>	Councillor Paul Sweet Governance and Performance	
<b>Accountable director</b>	Keith Ireland, Delivery	
<b>Originating service</b>	Audit	
<b>Accountable employee(s)</b>	Peter Farrow Tel Email	Head of Audit 01902 554460 <a href="mailto:peter.farrow@wolverhampton.gov.uk">peter.farrow@wolverhampton.gov.uk</a>
	Narinder Phagura Tel Email	Strategic Risk Manager 01902 554580 <a href="mailto:narinder.phagura@wolverhampton.gov.uk">narinder.phagura@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Delivery Directorate Leadership Team	26 November 2013

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## Recommendations for noting:

The Committee is asked to note:

1. The change in the council's strategic risk management arrangements and an update on the corporate risk register.

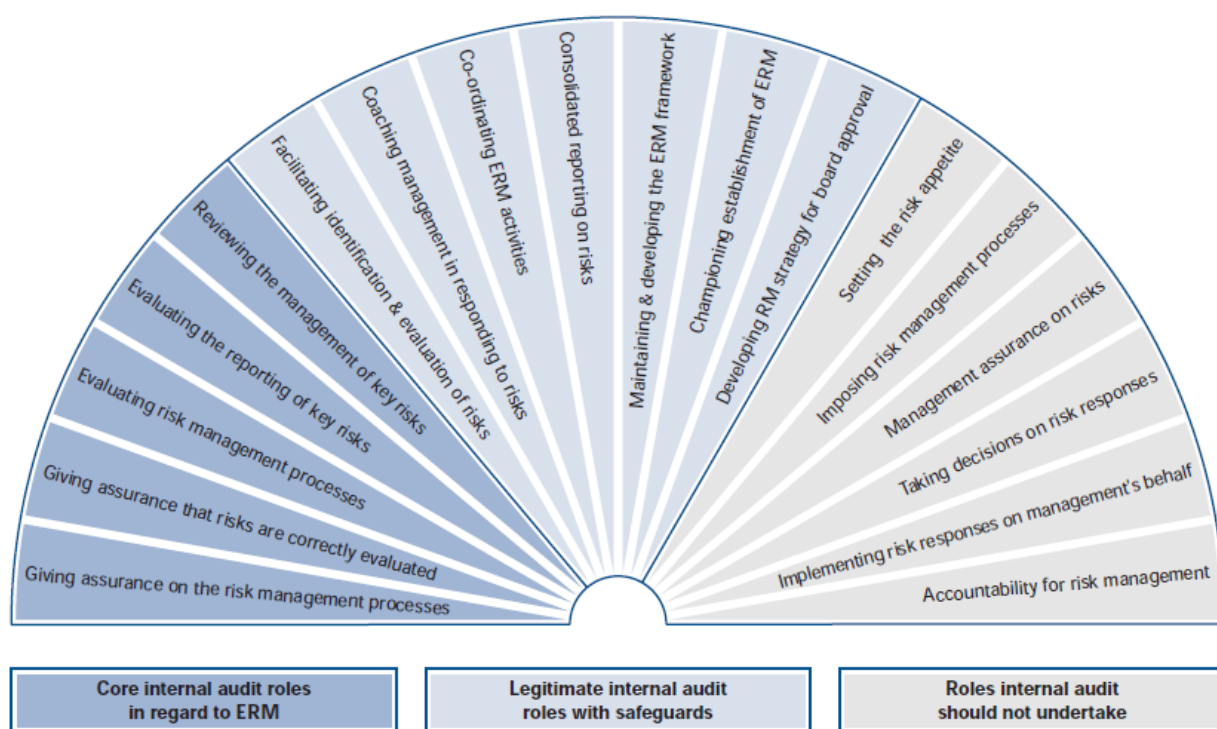
## 1.0 Purpose

- 1.1 To keep members of the Audit Committee informed of the change in the council's strategic risk management arrangements and of the key risks the council faces.

## 2.0 Background

- 2.1 There has been a move across local authorities in recent times, to strengthen the links between strategic risk management and internal audit, and this is becoming widely recognised to bring many benefits, including:
- Strengthening the assurance framework, in particular around the compilation of the annual governance statement.
  - Efficiency savings along with a reduction in potential duplication.
  - Internal auditors already have expertise in considering and commenting upon risks and how they could be controlled/mitigated, along with how this links with good governance.
  - Over time risk management has evolved from insurable and contractual risks, historically looking at hazard based risks and treating risks as an expense item mitigating through insurance. Current risk management is now concerned with making better decisions about uncertainties by establishing a risk framework which should help the achievement of strategic objectives and committee/board risk oversight.
  - Internal audit can champion and help further embed enterprise risk management across an organisation – providing advice, facilitating workshops and coaching on risk and control frameworks.
  - Internal audit can act as a central point for coordinating, monitoring and reporting on risks, and how they are being controlled and will lead in strengthening the assurance framework, including the preparation of the annual governance statement.
  - It allows a more risk focussed and balanced internal audit approach/plan, enabling resources to be more efficiently targeted towards assessing the adequacy of any key risk mitigation activities.
  - Finally, it brings functional reporting through the same reporting channels, including the Audit Committee.
- 2.2 Therefore, the internal audit team have now taken on the responsibility for risk management for Wolverhampton. This is being supported by the introduction of a strategic risk manager from Sandwell MBC, along similar lines to the arrangement entered into for the head of audit role.
- 2.3 It should be noted that management remains responsible for risk management and internal audit will not manage any of the risks on behalf of management. In order to provide guidance on the roles that are permissible and the safeguards needed to protect internal audit's independence and objectivity, the council will adopt the Chartered Institute of Internal Auditors (CIIA) position statement on the role of internal audit in risk management. Based on this position statement, the diagram below presents the range of

risk management activities and indicates which roles internal audit will and, equally importantly, will not undertake:



### The role of internal audit in risk management (including independency safeguards)

Source: The Chartered Institute of Internal Auditors

2.4 As part of these changes the corporate risk register requires a fundamental review by SEB to ensure that the risks last reported to the Audit Committee are still appropriate and reflect the council's risk profile. This includes the emergence of any new key risks and to enable it to incorporate the wider assurance framework. Following this review, the register will be updated, redesigned and presented at the next Committee meeting. In the meantime, the Committee are reminded that the following were the key risks in the corporate risk register as last presented (in summary form), although as noted above, some of these risks may now no longer be relevant and new ones may require inclusion.

Risk @ July 2013	Risk rating
Safeguarding	Red
Welfare reform	Red
Organisational change	Red
Revenue and capital budget	Red
Schools – equal pay arrangements	Red
Life chances for young people	Amber
Increase in unemployment	Amber
Demographic pressures	Amber

Perception of crime	Amber
Regeneration	Amber
Business relationships and economic delivery	Amber
Asset management and planning	Amber
Emergency preparedness/major incident response	Amber
Corporate responsibilities	Amber
Information governance	Amber
FutureWorks – systems to drive change	Amber
FuturePractice – staff	Amber
Payroll system	Amber

### **3.0 Progress, options, discussion, etc.**

3.1 The corporate risk register will be updated as required, and presented at approximately quarterly intervals to the Committee. The Committee will also be given the opportunity to 'call in' individual risks for further review.

### **4.0 Financial implications**

4.1 Sandwell will charge a contribution of £10,000 per annum towards the Strategic Risk Manager role, this will be met through the wider savings being achieved from within the delivery directorate. Other than this cost, internal audit will absorb the strategic risk management role from within its existing resources. (CN/06122013/U)

### **5.0 Legal implications**

5.1 There are no legal implications arising from this report (JH/281113/Q).

### **6.0 Equalities implications**

6.1 There are no equalities implications arising from this report.

### **7.0 Environmental implications**

7.1 There are no environmental implications arising from this report.

### **8.0 Human resources implications**

8.1 There are no human resources implications arising from this report.

### **9.0 Schedule of background papers**

9.1 None