

SURREY COUNTY COUNCIL AUDIT REPORT

**Position Statement
regarding
Risk Management Arrangements
2012/2013**

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Glossary:

ASC	Adult Social Care
ALARM	Association of Litigation and Risk Managers
A&GC	Audit & Governance Committee
BS	Business Services
CIPFA	Chartered Institute of Public Finance and Accountancy
CEO	Chief Executive's Office
CSF	Children, Schools and Families
CRG	Corporate Risk Group
CR&RF	Council Risk and Resilience Forum
C&C	Customers and Communities
E&I	Environment and Infrastructure
HR&OD	Human Resources and Organisational Development
IMT	Information Management and Technology
LRR	Leadership Risk Register
PVR	Public Value Review
R&G	Risk and Governance
R&RSG	Risk and Resilience Steering Group
SRF	Strategic Risk Forum
SCC	Surrey County Council
TIS	Technical and Information Service
S:net	Council's Intranet

1. INTRODUCTION

- 1.1 Surrey County Council's (SCC) risk management strategy outlines the arrangements in place to ensure that the council identifies and deals with the key risks it faces. The Council has adopted an integrated approach to risk management to ensure openness, transparency and evidence good governance. It also aims to continuously improve its approach to risk management, prompted by new ideas and best practice. This fits in with the One County One Team vision by the Council Leadership to enable the Council to deliver its services to the residents of Surrey in the most effective and efficient way.
- 1.2 The risk management framework should complement the strategy and provide a consistent approach to risk management across the organisation by detailing the council's approach to risk identification, assessment, control and reporting. It should be reviewed annually by the Risk and Governance (R&G) Manager and revised to reflect the changes that happened during the year.
- 1.3 A review of the Risk Management arrangements was included as part of the 2012/13 Annual Audit Plan and was undertaken following agreement of the Terms of Reference included at Annex A.
- 1.4 This audit focussed on the formal corporate arrangements for risk management and did not look at service specific risk management processes, nor did it assess the culture of risk management in service areas. Given the precise nature of this review, this audit report is issued as a position statement and as such does not provide an overall audit opinion on risk management across the organisation.
- 1.5 During 2013/14, Internal Audit will move to a more risk based approach to internal auditing. This will involve more detailed conversations with services about risk and will provide the Chief Internal Auditor with more substantive evidence on which to base an opinion on the adequacy of risk management arrangements in Surrey County Council.
- 1.6 Although issued as a position statement, this report includes a number of recommendations for improvement and an agreed Management Action Plan is attached at Annex B.

2. WORK UNDERTAKEN

- 2.1 Discussions were held with the R&G Manager to understand the changes since the last audit, and clarify arrangements that were in place during 2012/13.
- 2.2 The information held on the Council's intranet (S:net) on risk management was reviewed on 10 May 2013.
- 2.3 Discussions were held with directorate and service risk representatives responsible for the identification, recording, monitoring and reporting of risks in their respective services and directorates. These included the impact on risk management, of the numerous service re-structures which happened or concluded within the Council following the Public Value Reviews (PVR) during 2012/13, and the adequacy of interim risk management arrangements.
- 2.4 Risk registers are maintained at service, directorate and leadership levels. A sample of risk registers at each level was reviewed for their adequacy and completeness. Feedback from Internal Auditors was obtained to establish the reliance they placed on the registers in the course of their audit work during the year.
- 2.5 Risk management areas reported to the Audit & Governance Committee (A&GC) during 2012/13 were reviewed.

- 2.6 The Auditor followed up on items reported in the previous audit report as work in progress to ensure completion.
- 2.7 The Auditor did not look at service specific risk management processes or assess the culture of risk management in service areas.

3. RECOMMENDATIONS SUMMARY

3.1 Recommendations analysis:

Rating	Definition	No.	Para.Ref.
High	Major control weakness requiring immediate implementation of recommendation	4	5.4, 5.8, 5.17, 5.24
Medium	Existing procedures have a negative impact on internal control or the efficient use of resources	6	5.11, 5.16, 5.23, 5.25, 5.30, 5.42
Low	Recommendation represents good practice but its implementation is not fundamental to internal control		
Total number of audit recommendations		10	

4. MANAGEMENT SUMMARY

- 4.1 The 2011/12 audit review of Risk Management Arrangements focused on an assessment against the 2011 CIPFA Risk Governance Checklist. The resultant audit report included four medium priority audit recommendations for which a Management Action Plan was agreed.
- 4.2 For the purposes of the 2012/13 audit of Risk Management Arrangements, the Auditor has considered progress against these recommendations but has also looked in more detail at the quality and accessibility of service and directorate risk registers as well as the availability of clear and up to date guidance on the risk management process.
- 4.3 The 2011/12 audit recommendation regarding using the S:net as a “one-stop shop” for maintaining risk information has not been progressed and this audit has identified a number of concerns around the risk information on S:net including:
- The Policy Statement approved by the A&GC on 21 May 2012 was not published on S:net or properly communicated;
 - The Risk Management Framework and Strategy had not been updated on S:net despite the above Policy Statement not being implemented;
 - Risk guidance was not up to date and the necessary links on S:net to guide the user were not working; and
 - Directorate/service risk registers on S:net were not up to date in many instances with three service risk registers dated 2011.
- 4.4 While it is recognised that the Leadership Risk Register (LRR) has a high profile and is subject to regular review by key officers and Members alike, the Auditor is concerned at the number of service risk registers on the S:net that are out of date. It was not possible to conclude with certainty whether the most recent risk registers have simply not been provided to the R&G Manager by some services in a timely manner, or whether in fact the services have not maintained up to date registers. The Auditor’s requests to service risk representatives to provide their most recent risk registers were not responded to, by four

services. In addition, Internal Audit work throughout the year has identified issues with obtaining up to date risk registers for areas being reviewed, suggesting a lack of awareness in services of risk management arrangements.

- 4.5 This audit has also identified some concerns around reporting of Risk Management to the Audit and Governance Committee in particular:
- It was not possible to fully report the risks within Environment and Infrastructure (E&I) Directorate because the risk register had not been provided despite repeated requests by the R&G Manager and the Chairman of the A&GC.
 - The 2012/13 Half Year report presented to the A&G Committee in December 2012 made little or no reference to the progress made on the items that were previously reported in the annual report as the "Focus for 2012/13". In addition, the fact that the previously approved Policy Statement had not been implemented was not communicated to Members.
- 4.6 The Risk and Resilience Steering Group (R&RSG) chaired by the Assistant Chief Executive focused on the 2012 Olympics for the first half of 2012/13, and was disbanded in February 2013. In March 2013 it was decided to re-establish the Strategic Risk Forum (SRF). The SRF, chaired by the Chief Finance Officer has so far met twice in 2013/14 and these meetings have been seen by many directorate risk representatives as a welcome move with a sharp focus.
- 4.7 The auditor is aware that the R&G Manager has had a change in line management during the year and is concerned that the outcome of the Finance re-organisation resulting from the Finance PVR may have distracted the focus on risk management.
- 4.8 With the Council facing much change over the coming year, it is more important than ever that robust risk management arrangements are in place which ensure transparency. Section 5 of this report sets out the Auditor's findings in more detail and includes a number of recommendations for improvement. An agreed Management Action Plan is at Annex B and the Auditor suggests the Risk and Governance Manager should report progress on implementation of this Management Action Plan as part of her Half Year Risk Management report to Audit and Governance Committee in December 2013.

5. FINDINGS AND RECOMMENDATIONS

5.1 Risk Management Policy Statement

Finding

- 5.2 A new Policy Statement for risk management (referred to as the One County, One Team Risk Management) was approved by the A&GC on 21 May 2012. The following items were reported to the Committee about the Policy Statement and its contents:
- It replaced the previous Risk Management Strategy which focused on risk registers. The Policy Statement was to act as an umbrella statement to cover every aspect of risk management and match the new arrangements;
 - It was deliberately kept brief so that the risk frameworks for risk registers, business continuity plans and Health & Safety could be aligned with each other;
 - It set out the Council's approach to risk management as being built on the following five principles:
 - Alignment with objectives,
 - Clear guidance,
 - Informs decision making,

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- Achieves measurable value, and
- Facilitates continuous improvement;
- Its vision for risk management is to maximise opportunities and minimise exposure to risks to ensure that the residents of Surrey remain healthy, safe and confident about the future. The focus of good risk management is the identification and treatment of risks and opportunities;
- Celebrating and communicating successful risk management in turn encourages a more bold and calculated approach.

5.3 The Auditor did not find any of the above information on the S:net pages relating to R&G area and the R&G Manager confirmed that this Policy Statement was not used in 2012/13 and that the Committee was not informed of this change. Instead, S:net had the Risk Management Framework dated March 2011 and Risk Management Strategy dated June 2010, both of which required updating. As such, it was unclear to the Auditor if the risk representatives in the directorates and services were aware of, or understood, which policy, framework or strategy was in place.

Recommendation

5.4 The up to date Policy Statement, framework and strategy for risk management should be maintained on the S:net and publicised to enable all staff in the Council to be aware and fulfil their responsibilities and in turn allow the Council to fully meet its objectives. Any changes to the decisions made by the A&GC should be reported to the Committee for their approval before they take place.

5.5 Risk Management Guidance

5.6 Guidance on S:net

Finding

5.7 The S:net guidance section briefly covered areas such as business planning, risk workshops, risk management induction, monthly reporting, reporting to Select Committees and contact information. However, a number of links to risk workshops, risk management induction packs for managers and Corporate Risk Group (CRG), guidance on completing section 4 of the monthly risk reports and the contacts for CRG are not working. It was also noted that the CRG remained on S:net despite being defunct in 2012/13. As a result, the staff may not have had access to up to date guidance to make themselves aware of their risk management responsibilities.

Recommendation

5.8 The risk management guidance on S:net should be comprehensive and up to date with all the links working for staff in services to comply with the Council's requirements for risk management arrangements.

5.9 Guidance from CIPFA's TIS online service

Finding

5.10 It is understood from the R&G Manager that all risk documentation on S:net included information taken from CIPFA's Better Governance Forum, Association of Litigation and Risk Managers (ALARM) and the Institute of Risk Management (IRM) and requires updating. The SCC subscribes to CIPFA's TIS online facility and regular guidance on good practice is received via e mails. Between January 2011 and March 2013, 13 items of good practice guidance were issued. At least three of these items on Risk and Opportunity Policy and Strategy, Integrating Performance and Risk Management, and Counter Fraud and Good Practice Guides contain useful information to incorporate in SCC's guidance.

Despite the readily available comprehensive guidance which is easy to access and could be used to improve SCC's guidance, it has not been fully utilised to facilitate best practice.

Recommendation

- 5.11 The R&G Manager should consider incorporating the additional useful information available from CIPFA's TIS Online facility to enable the Council to follow best practice.

5.12 Risk Management Procedures

Finding

- 5.13 The process for recording and reviewing risks is included in the Risk Framework which requires updating. But the process for compiling of risk registers varied significantly between services and directorates creating inconsistencies in identifying, recording and managing risks suggesting that the process is either unclear or not followed. The need for consistency was particularly important during 2012/13 in light of the assumed operation of the new Policy Statement and the number of directorate and/or service re-organisations in SCC, resulting from implementing the recommendations of the PVRs. These re-organisations resulted in a number of changes to staff, impacting on their roles and responsibilities including risk management.
- 5.14 The Auditor's discussions with directorate and service risk representatives highlighted that the processes followed are neither consistent nor documented as shown in Table 1 below:

Table 1

Ref	Directorate	Arrangements in place
1	Adult Social Care (ASC)	No service risks registers are maintained, but the directorate risk register is updated on a monthly basis following discussions at the Adult Leadership Team. ASC also hold risk registers for various projects, but it is unclear if the risks associated with major projects feature on the directorate risk register or in the corporate risk management arrangements.
2	Children, Schools & Families (CSF)	The directorate risk register is considered monthly by the Directorate Leadership Team. However, the service risk registers have not been updated for more than 12 months.
3	E&I	The directorate risk register has not been updated for more than a year. It is understood that efforts are being made by senior management to update this risk register. The service risk registers which were previously not maintained were updated recently and made available to the Auditor.

- 5.15 There is no evidence to show that the information on the various risk registers flows in a top down (i.e. from Leadership risk register to Strategic Director risk register to service risk registers) and/or bottom up fashion. It appears that the Leadership and Strategic Director risk registers are compiled and agreed monthly with no regard to the service risk registers which remain out dated for long periods. Some service risk representatives are unaware and unclear of the procedures that they need to follow while others do not follow the procedures of which they are aware. Due to these inconsistencies, it has not been possible for the Auditor to determine the sources of specific risks, the links between them or detect any omissions.

Recommendation

- 5.16 The procedures for compiling the various risk registers should be streamlined and documented.
- 5.17 Services and directorates should maintain their risk registers and correctly cross reference them to each other. This should also separately show the risks that have been removed

as part of the review so that the management trail is clear and any omissions of risks can be detected and rectified.

5.18 Risk Registers on S:net

Finding

5.19 Leadership Risk Register

The Leadership Risk Register (LRR) is reviewed regularly, published on S:net and reported to the A&GC. The changes during 2012/13 included the addition of Future Funding risks as a separate item to the Medium Term Financial Plan and the removal of four risks, consisting of two risks for 2012 Olympics Project, one for budget transfer of Learners with Learning Difficulties and Disabilities (LLDD) and one for the Resource Allocation System in Adults Personalisation. It had been difficult for the Auditor to assess the evidence for recording the risks in the LRR since it is at high level with no details. Although financial pressure is faced by a number of services in SCC, their impact on each service can be variable depending on the assumptions made during budget setting. The details of these assumptions are not recorded on the risk registers but the Auditor is advised that they are regularly reported as part of the meetings of the Corporate Board.

5.20 Strategic Director Risk Registers

As previously reported, the absence of the E&I directorate risk register on the S:net is noted. There were discrepancies in the dates of directorate risk registers for C&C and the CEO (dated February 2013 and December 2012 respectively) on the S:net and the most recent risk registers provided by the directorate risk representatives for C&C and CEO directorates (dated May and March 2013 respectively).

5.21 Service Risk Registers

Information relating to service risk registers on S:net are summarised in Table 2 below:

Table 2

Ref	Directorate	Services	Risk register date on S:net
1	ASC	Commissioning, Personal Care & Support, Service Delivery, Transformation and Health & Well Being	N/A. ASC do not maintain service level risk registers
2	CSF	Children's Service	Dec 2011
		Schools & Learning	Jan 2012
		Services for Young People	Nov 2011
3	C&C	Customer Services	Mar 2013
		Cultural Service	Not available
		Community Protection (Trading Standards)	Feb 2013
		Surrey Fire & Rescue Service	Jan 2013
4	E&I	Environment	Feb 2013
		Economy, Transport & Planning	Nov 2012
		Highways	Feb 2013
5	CEO	Communications	Nov 2012
		Legal and Democratic Services	Nov 2012
		Policy and Performance	Oct 2012
6	Business Services (BS)	Finance	Feb 2012
		Human Resource and Organisational Development (HR&OD)	Feb 2013
		Information Management and Technology (IMT)	June 2011
		Procurement	Jan 2013
		Property Services	May 2012
		Shared Service Centre	Feb 2012

5.22 The following observations were made from the service risks registers seen on the S:net and discussions held with service risk representatives:

- ASC do not maintain service risk registers according to the directorate risk representative, due to the overlap of risks between services which makes their administration cumbersome. This is not consistent with the recording of other service risk registers mentioned below. However, they maintain separate risk registers for the projects which are managed within the service but it is unclear if they form part of the directorate risk register or corporate risk management arrangements;
- Although Children's Service updates their risk register quarterly or half yearly after discussions with their senior management team, they are not published on the S:net and the service risk representative was unsure of what happens to them. They were not provided to the Auditor as evidence of the process. The Head of Strategic Risk Management for CSF is also the risk representative for Schools and Learning and Services for Young People. He was of the view that the services manage their risks very well by taking a business as usual approach even though

it is not documented. Following a request from the Auditor, he provided an updated risk register for Schools and Learning but not for Services for Young People;

- C&C directorate provided their most recent risk registers for Cultural Service and Surrey Fire and Rescue Service both of which were dated April 2013 and Trading Standards dated May 2013. None of these appear on the S:net;
- The E&I service risk registers updated recently were provided to the Auditor (see Table 1 in para 5.14);
- The CEO Service risk registers are out of date on the S:net although the updated risk registers were sent to the R&G Manager by the Performance Officer within Policy and Performance service who also co-ordinates the service risk registers for the directorate. The risk registers for the Emergency Management Team which is part of the CEO directorate, are separately managed and updated regularly on their S:net pages along with the corporate business continuity plans;
- In the Business Services directorate, the service risk registers for IMT and Finance had not been updated since June 2011 and February 2012 respectively. While service risk registers on the S:net matched those provided by the service risk representatives for Procurement and HR&OD, the service risk registers on the S:net for Property Services and the Shared Service Centre were out of date.

Recommendation

- 5.23 While clear guidelines on risk management should resolve many of the issues above in the short term, management should consider the purchase of an information technology based system in the medium to long term, for managing risks in an integrated manner.
- 5.24 As in para 5.17 above, the risk registers on S:net should be up to date with correct details, for all staff to rely on and use in their work.
- 5.25 There should be a formal escalation policy to ensure that non-compliance with risk management responsibilities at all levels in the Council are highlighted in a timely manner and dealt with adequately.

5.26 Risk Groups

Finding

- 5.27 The risk groups established in 2011/12 were in operation and met regularly with the exception of the Strategic Risk Forum which did not exist during 2012/13. However, the outcomes and follow up actions of the various groups were not clearly publicised on S:net or reported to the A&GC. Olympics 2012 information was posted on the S:net as a separate item.
- 5.28 The R&RSG continued to be chaired by the Assistant Chief Executive with the main focus in the first half of the year on 2012 Olympics. The focus of this group in the second half of the year was unclear and the group was terminated in February 2013 once it was felt that the goal of managing risk and resilience at a strategic level was achieved. In April 2013, the SRF was re-instated which has also resulted in the shift in responsibility for Strategic Risk Management from the joint arrangement between the Chief Executive Office and the Business Services directorates to solely within the Business Services directorate. The responsibility for resilience however, remains within the Emergency Management Team in the CEO directorate.
- 5.29 The Council Risk and Resilience Forum (CR&RF) continued to meet with the aim of producing the business impact analyses, the business continuity plans and to develop the link between these and the risk registers. However, the audit found that the development

of these links was better demonstrated in some services like HR&OD than in others but the links between these areas on S:net had not been established.

Recommendation

- 5.30 The roles, responsibilities and focus of the various risk groups should be clearly defined with the outcomes and actions by the groups widely reported on a regular basis. The links between the business activities of the groups should be established on S:net to increase awareness and improve understanding.

5.31 Reports to the Audit & Governance Committee

Finding

- 5.32 There were seven meetings of the Audit & Governance Committee during 2012/13 and the items reported broadly fall into the following three categories:

- 1) Leadership Risk Register (see para 5.19 above),
- 2) The Risk Management Annual Report for 2011/12, and
- 3) The Half Yearly Risk Management Report for 2012/13.

The details reported to the Committee on items 2) and 3) above are given below:

5.33 The Risk Management Annual Report for 2011/12

Finding

- 5.34 The Risk Management Annual Report for 2011/12 was presented to the Committee on 21 May 2012 and the key areas identified in this report included the following items:

- (i) Background to 2011/12 activities were provided in detail;
- (ii) Assurance – Internal Audit Review of 2011/12 and Benchmarking;
- (iii) New Risk Management Policy Statement for 2012/13 (see para 5.1 above); &
- (iv) “Focus for 2012/13”;

The details reported to the Committee on items (ii) and (iv) above are given below:

5.35 Assurance – Internal Audit Review of 2011/12 and Benchmarking

- The Internal Audit review of risk management arrangements during 2011/12 gave an ‘Effective’ audit opinion for demonstrating good practice and actively pursuing future development. It had four recommendations for implementation and rated ‘Medium’ priority in its final management action plan signed by the Chief Finance Officer and the Deputy Director for Business Services. The progress update of the management action plan will be reported to the Audit & Governance Committee on 24 June 2013;
- The 2011/12 data was submitted on 11 May 2012 for benchmarking since SCC is a member of the benchmarking club run by CIPFA and ALARM, a public sector risk management association. It was reported that early indications showed that SCC continues to improve within level 4 (out of 5) which means “Embedded and Integrated” and that the final results would be followed up by the R&RSG, CR&RF and the Health & Safety Operations Team for action plans to monitor and improve. The Committee was not updated on this item;

5.36 “Focus for 2012/13”

The following four items were reported as the focus for 2012/13:

- (a) Aligning the risk frameworks led by the Risk and Governance Manager through:

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- The review of risk register, business continuity and health and safety frameworks and aligning them with each other, and
- The review of S:net pages to ensure that all documents are available and links are working to enable easy navigation;

(b) Embedding key decision-making processes by:

- Aligning LRR with the new Corporate Strategy (One County One Team) to ensure key risks to the achievement of the Council's objectives are identified, reviewed and monitored,
- Strengthening links and references between risks, objectives and performance at all levels of the organisation to provide information to support key decisions, and
- The R&G Manager working with Performance and Change Team to bring together the review and reporting of risk and performance information;

(c) Focusing on outcomes by:

- Shifting the focus towards outcomes and learning from reviews as a result of the improvements shown in 2011/12 by services reviewing the risk registers, business continuity plans and the health and safety incidents, and
- A co-ordinated approach to reporting and recording all incidents and events to enable the Virtual Risk Team to improve their analysis and reporting and the R&RSG to focus on specific actions required to ensure resilience across SCC;

(d) Communication and awareness by:

- Clarifying the expectations of officers and members in relation to risk management through a review of roles and responsibilities across all risk areas led by the Virtual Risk Team, and
- Developing induction and awareness sessions to run through the various risk groups to ensure that the risk representatives have a basic understanding and knowledge of risk to fulfil their role.

5.37 The minutes of the above A&GC meeting showed that in previous years, the committee was concerned that services did not take their risk management responsibility seriously but were pleased that these had been overcome but queried if there were remaining difficulties. R&G Manager said that there were still some challenges around continuity of knowledge and understanding due to frequent re-structuring. But the development of the risk network, regular meetings, planned re-design of the S:net pages should help to overcome previous problems and that the risk registers were being updated at all levels.

5.38 Members queried if responsible officers should be named for the five principles in the New Policy Statement along with another officer with overall responsibility. The R&G Manager was to provide a response which did not however, happen due to identification of officers becoming difficult. The Committee wanted to see the Business Continuity report which summarised the Individual incidents and reported to the Council Overview and Scrutiny Committee.

5.39 The Half Yearly Risk Management report 2012/13

Finding

5.40 The half yearly report for 2012/13 was presented to the A&GC on 6 December 2012 but very little or no reference was made to the progress made on the items that were previously reported in the annual report as the "Focus for 2012/13". In addition, Members were not informed that the previously approved Policy Statement had not been implemented.

5.41 The summary of items reported included the following:

- The line manager for the R&G Manager had changed to Transformation and Development Team Manager, following the Corporate Finance re-structure resulting from the Finance PVR, with effect from 1 September 2012.
- The risk activities between 1 April and 31 October 2012 were listed as the number of meetings attended but did not report their outcomes or follow up actions.
- A one page summary for Strategic Director risk registers had been developed but not included in Committee papers due to confidentiality and the minutes of the meeting showed that Members requested to see this summary. This summary was meant to provide (i) an overview of SCC's risk appetite, (ii) the context for R&RSG and Corporate Board when reviewing the LRR each month and (iii) the consistency across directorates in relation to risk areas and residual risk levels.
- CR&RF previously met six times a year but with effect from Jan 2013 this would be changing to two meetings and four workshops to show (i) changes to risk landscapes, (ii) projects delivering resilience benefits & (iii) briefings on current and emerging risks.
- Clear expectations of risk management communicated by the R&G Manager to improve understanding and awareness did not form part of the Committee papers.
- Risk Network event based on a risk challenge and training was held on 27 November 2012 but was attended by 50% (around 15 individuals) of the risk representatives. Again no information on content was presented. The minutes stated that following good feedback from attendees, the R&G Manager has been invited to management teams to assist with risk registers. The R&G Manager subsequently confirmed that she attended a meeting with Property Services . However, Members were concerned of the low turnout and wanted it to be addressed by inviting the Assistant Chief Executive (chair of the R&RSG) to the Committee to talk on risk management arrangements (**Recommendation tracker ref: A57/12**) and to include a more targeted agenda led by the R&RSG .
- R&G Manager confirmed that risk management arrangements were working well with the LRR and six of the seven Strategic Director risk registers being regularly updated.

Recommendation

5.42 The R&G Manager should report fully, all the work undertaken including changes to existing arrangements to obtain agreement from Members. The information should also be widely communicated on S:net so that officers who require the information can access and use it.

6. ACKNOWLEDGEMENT

6.1 The assistance and co-operation of all the staff involved was greatly appreciated.

TERMS OF REFERENCE

1. BACKGROUND

- 1.1 The Council's risk management strategy outlines the arrangements in place to ensure that the council identifies and deals with the key risks it faces. The Council has adopted an integrated approach to risk management to ensure openness, transparency and evidence good governance. It also aims to continuously improve its approach to risk management, prompted by new ideas and best practice. This fits in with the One County One Team vision by the Council Leadership to enable the Council to deliver its services to the residents of Surrey in the most effective and efficient way.
- 1.2 The risk management framework complements the strategy and ensures a consistent approach to risk management across the organisation by detailing the council's approach to risk identification, assessment, control and reporting. It is reviewed annually by the Risk and Governance Team and revised to reflect the changes that happened during the year.

2. PURPOSE OF THE AUDIT

- 2.1 The purpose of the audit is to provide an independent assessment of the adequacy of risk management arrangements currently in place. This will be established by the review of the
- Items reported in the previous audit report as work in progress;
 - New developments in this area during the 2012/13 financial year and;
 - Impact on risk management, of the numerous service re-structures which happened or concluded within the Council following the Public Value Review during 2012/13 and the adequacy of interim risk management arrangements.

3. WORK TO BE UNDERTAKEN

- 3.1 The work during the audit will include the following:
- Discussions with the Risk and Governance Manager and the review of Risk Management Strategy, the processes in place to support the strategy along with any other relevant documentation;
 - Discussions with key officers responsible for the identification, recording, monitoring and reporting of risks in their respective services;
 - Review of a sample of risk registers; and
 - Review of risk areas reported to the Audit & Governance Committee.

4. OUTCOMES

- 4.1 The findings of this review will form a report to Surrey County Council management, with an overall audit opinion on the effectiveness of systems in place and recommendations for improvement if required. Subject to the availability of resources, and the agreement of the auditee, the audit will also seek to obtain an overview of arrangements in place for:
- Data quality and security;

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- Equality and diversity;
- Value for Money;
- Business continuity, and
- Risk management.

4.2 The outcome of any work undertaken will be used to inform our future audit planning processes and also contribute to an overall opinion on the adequacy of arrangements across the Council in these areas.

REPORTING ARRANGEMENTS

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Reporting to: Sheila Little, Chief Finance Officer and Deputy Director of Business Services
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