Hinckley and Bosworth Borough Council

Risk Management Internal Audit

November 2019

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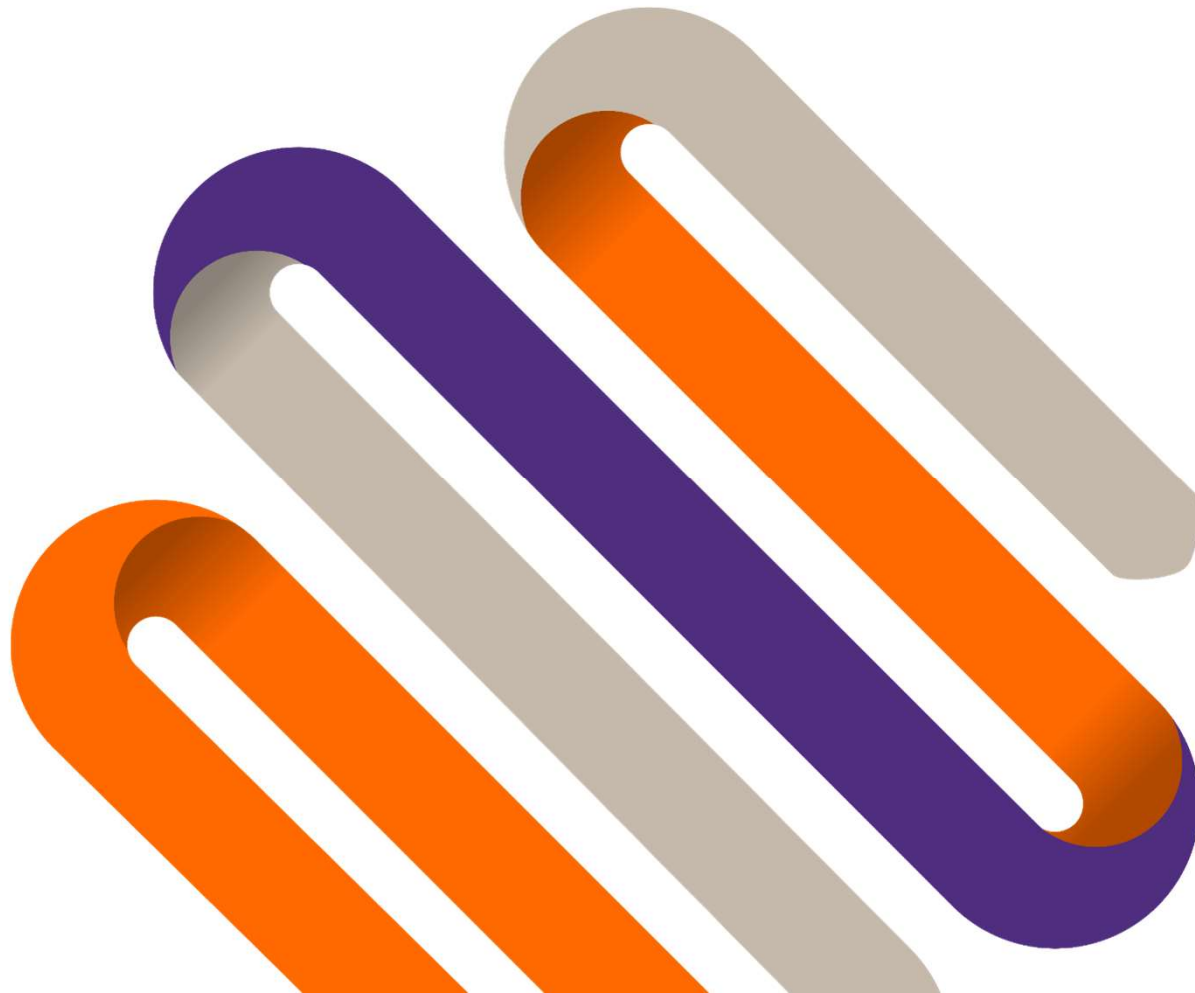Internal Auditor
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Report distribution:

For action:

- Section 151 Officer
- Consultation and Improvement Officer

Responsible Executives:

- Director (Corporate Services)

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Executive Summary

Background

An audit of the risk management processes was undertaken as part of the approved internal audit plan for 2019/20.

The Council has a duty to provide a wide range of services that are delivered to the community as part of their ongoing objectives; the delivery of which includes an inherent number of risks. The Council recognises it has a duty to manage these risks in a structured way to ensure delivery of its objectives whilst also providing value for money.

The Council have a Risk Management Policy statement in place which was last updated in March 2017. This overarching policy includes sections on the Council's objectives, how they identify and assess risks and documents the need to identify any mitigating actions. Risks are assessed using a standard scoring matrix where both the gross risk level is decided, then a final net risk score is decided after consideration of any mitigating actions which could minimise the impact or the likelihood of the risk arising.

Once risks have been assessed, they are recorded on the TEN performance management system, which enables them to be monitored by the Consultation and Improvement Officer.

In addition to this, the Council have a 'Finance and Performance Scrutiny' meeting which takes place on a quarterly basis. These meetings provide a platform for escalation of any high rated risks to the board and also include discussion on whether risks have changed status.

Objectives

Our review considered the following process risks:

- Risks are not identified or assessed correctly;
- Risks registers are not reviewed or kept up-to-date, i.e. risk data is not timely, accurate and complete;
- Staff are unable to fulfil their role and responsibilities due to inadequate training;
- Mitigating actions are not completed or are ineffective;
- Risks are not escalated to the appropriate level.

Further details on responsibilities, approach and scope are included the Audit Planning Brief dated October 2019.

Limitations in scope

Please note that our conclusion is limited by scope. It is limited to the risks outlined above. Other risks exist in this process which our review and therefore our conclusion has not considered. Where sample testing has been undertaken, our findings and conclusions are limited to the items selected for testing. In addition, our assurance on the completeness of the declarations recorded in the register of interest is limited to the findings from our sample testing.

This report does not constitute an assurance engagement as set out under ISAE 3000.

Executive Summary

Conclusion

Significant assurance with some improvement required

We have reviewed the Council's risk management processes and controls. The controls tested are set out in our Audit Planning Brief.

We have concluded that the processes provide **SIGNIFICANT ASSURANCE WITH SOME IMPROVEMENT REQUIRED** to the Council. There are some weaknesses in the controls designed to mitigate the risk management process risks examined during this audit.

Good practice

1. The Council have a 'Finance and Performance Scrutiny' meeting which takes place on a quarterly basis. These meetings provide a platform for escalation of any high rated risks to the board and also include discussion on whether risks have changed status.

2. The Council have a standard scoring matrix in place which is included within the Risk Management policy. This means a consistent approach is taken to the initial assessment of risks and thereafter means that any risks which require escalation can be quickly identified and reported.

3. High level risks are regularly reviewed and appropriately reported

4. The consultation and improvement officer is proactive in his role and in combination with SLT ensures high level risks are updated quarterly and in line with the risk management policy.

Areas for development

We have not identified any significant issues (i.e. high or medium risk rated recommendations) during our review.

Reporting to members has been updated in line with our prior year recommendations. Further refinement to meet the needs of members would be beneficial.

The revised format of the risk registers does not provide a clear trail to demonstrate the gross risk and the mitigating actions, but only reports the net risk. This reduces the clarity of the risk register.

There is some evidence that medium and low risk items in service risk registers are not being reviewed regularly and this may be contributing to a growth in the total number of risks contained on that register. This could hamper the effectiveness of the risk register as an effective management tool.

Recommendations

We have raised 4 recommendations and 1 improvement points to address the minor control weaknesses identified.

	High	Med	Low	Imp
Detailed findings	-	-	4	1

Acknowledgement

We would like to take this opportunity to thank your staff for their co-operation during this internal audit.

Summary of Work, Key Findings & Recommendations

Process risk	Description	Action plan
Risks are not identified or assessed correctly.	The Council has a Risk Management policy statement in place which was last updated in March 2017. This outlines the commitment to managing their business risks in a structured way to ensure delivery of its objectives whilst also providing value-for-money. The Council is in the process of updating this document as at November 2019 and a draft has been shared. This overarching policy includes sections on the Council's objectives, how they identify and assess risks and documents the need to identify any mitigating actions. The policy states that there are a number of different types of risks that the Authority must consider in its process of identifying risks; for example financial loss, physical risks to staff and damage to the organisations reputation. The policy also includes a useful checklist of categories of risks which can be used as a prompt for staff to ensure they consider all areas and in turn helps to ensure completeness. The checklist includes categories of risk such as regulatory, economic, reputation and financial for consideration by staff. Our discussions with the Director of Corporate Services, risks are identified on an ad hoc basis whenever the Council are proposing a new project or change in service delivery or as part of the annual planning process . These changes then feed into Service Improvement Plans and the relevant risks resulting from these can be identified and discussed at the same time. In accordance with the Risk Management policy, risks are initially assessed on a gross risk level, which is a consideration of the risk on the assumption that there is no action being taken to mitigate this risk. Risks are assessed using a 3 x 3 matrix with a consideration of the likelihood of occurrence and the impact the risk could have in the event it were to occur. Both likelihood and impact are assessed on a scale of low to high (1-3), the highest score identified for each is then used to plot the risk level on the risk matrix documented in the policy. Secondly, risks are assessed on a net risk level, which considers the effectiveness of any existing mitigating actions in place which could minimise the likelihood of occurrence or the severity of the impact of it were to occur. As per the policy it is the risk owner's responsibility to ensure that the agreed risk level is an accurate reflection of the likelihood and impact after consideration of any mitigating actions in place. There is a standard scoring system in place at the Council; any risks which score 1-3 are low risk and are seen as being managed effectively already. A score of 4-6 means a medium risk, which are usually accepted but may require some additional mitigating if this can be done cost effectively. Any which score 7-9 are significant and require immediate action to be taken to reduce the level of risk.	

Summary of Work, Key Findings & Recommendations

Process risk	Description	Action plan
Risks are not identified or assessed correctly.	As at November 2019, the Council has 117 risks across the registers they keep. The registers are separated into corporate risks which are kept on a different register per each risk owner. There is a separate register for each service area, for example environmental health, finance and planning. These ratings for these risks are as follows: ▪ 47 low ▪ 57 medium ▪ 12 high ▪ 1 opportunity. We have selected a sample of 12 risks to test from across the different registers, 4 high risk, 5 medium risk and 3 low risk. Our review of these risks shows that all 12 risks have been correctly assigned a score in line with the standard matrix, a description of the mitigating actions in place has been included and all but one has an assigned owner who is then responsible for managing the risk and ensuring the documented risk and the actions to mitigate it remain current. The Risk Management policy (Section 6) includes a statement on risk appetite however in the prior year we deemed that this was too generalised and should be updated to clearly distinguish the amount of risk that the Council is willing to take for the different categories of risk that they face. In 18/19 we recommended that the council implement a risk appetite statement or update its risk management policy to include further explanation of their risk appetite. We also recommended they consider adding to their risk register what the strategy for each risk is, whether it is accept, transfer, avoid or reduce. A new risk management framework was issued at the end of November 2019 and is subject to approval by the Council - this includes a more detailed risk appetite and tolerance statement (Section 4) . We would recommend that the seek, accept, tolerate strategy element of this new statement should be incorporated into the risk register to show that it has been assessed in line with policy and to add context to each risk.	

Summary of Work, Key Findings & Recommendations

Process risk	Description	Action plan
Risks are not identified or assessed correctly.	**Issue identified:** Risk appetite may not be clearly understood and applied by officers. **Root cause:** A lack of clarity around risk appetite can result in risks being recorded or resources expended to reduce risk when they have been mitigated to an acceptable level. Clarity on risk appetite is an important part of an effective risk management framework. **Recommendations:** The Council should consider adding to their risk register what the acceptable level for each risk is and whether the strategy is to accept, transfer, avoid or reduce the risk. **Overall conclusion:** we are satisfied that the risk management process is appropriate and is subject to regular review. Therefore, we consider this to be an **improvement** suggestion.	Actions: SLT will consider this suggestion when the next performance / risk report is due Responsible Officer: Julie Kenny Due date: March 2020.

Summary of Work, Key Findings & Recommendations

Issue	Findings and Recommendation	Action Plan
Risks are not identified or assessed correctly.	The risk management policy sets out the steps which should be followed for their risk management approach as outlined above. However the risk registers themselves provide no reference to Step 3: Assess Gross Risk Level. The consequence of this is that there is no trail showing that the process has been followed correctly and what the gross risk, and the mitigations resulting in the net risk which is reported to SLT and members. The gross risk is important as it sets context against the net risk - a risk with a high gross level that has been mitigated to a lower level should be distinguished from a risk with a low level with less need for mitigation. These stages should be clear in the risk registers and an important element of demonstrating how risk is being managed and is usually a helpful element of management reporting. On the service risk registers, we noted that on the first column the risk column contains 'topics' rather than clearly setting out what the risk actually is (the corporate risk register generally does this effectively). The risk process (per the strategy) is that the risk should be identified – i.e. .what the consequences would be if the risk materialised – and what mitigations there are in place to that risk materialising. This detail was in place during our review last year and should be added back in to the risk register in order to evidence that each risk has been properly assessed and to avoid any ambiguity around what the potential impact is to the Council and how it should be mitigated.	Actions: Will be built into the planning cycle for next year. Responsible Officer: Julie Kenny Due date: May 2020
	Issue identified: The Council's risk register is not clearly aligned with the process outlined in the risk management strategy. Gross risks are not evident in the service risk register and some of the risks are 'topics' rather than 'risks'. **Root cause:** discussion with officers indicates that the process outlined in the strategy is followed, however the trail is not clear in the risk register. Use of a topic rather than a risk makes the process of defining mitigation more difficult and could suggest a lack of understanding by managers of the risk management process and what should be included in registers. **Risk:** Risks may not be identified or recorded correctly. **Recommendations:** The strategy of dealing with each risk should be incorporated into the risk register in alignment with the updated risk appetite statement in the risk management policy. Reference should be made in the risk register to gross risk in order to distinguish between inherently high risk areas which have been mitigated to a lower level and inherently lower risk areas which may not be monitored with the same priority. Risk descriptions should explicitly state what they relate to and the impact on the Council if they materialise rather than just being listed as broad topics/categories. **Overall conclusion;** We are satisfied that the council has appropriate arrangements in place overall to identify and assess risks and therefore, we consider this to be a **low risk recommendation.**	

Summary of Work, Key Findings & Recommendations

Process risk	Description	Action plan
Risks registers are not reviewed or kept up-to-date, i.e. risk data is not timely, accurate and complete.	We obtained and reviewed the risk registers as at November 2019. The registers are separated into corporate risks which are kept on a different register per each risk owner. They also have a separate register for each service line, for example environmental health, finance and planning. Our review of the registers confirmed that a consistent form of risk register is used across the organisation. ▪ Each register consists of a description of the risk, a description of any mitigating actions that are in place, the net risk score of 1-9, the latest review commentary, the date reviewed and the risk owner. ▪ The policy clearly identifies staff groups and their roles and responsibilities in respect of risk management, documenting the key individuals involved in managing the risk registers to be as follows: ▪ The Service Managers, alongside the appropriate risk owner, maintain the relevant service area risk register and are responsible for ensuring that all key risks are identified and managed appropriately. ▪ Project Managers are responsible for identifying, assessing and appropriately documenting significant risks. ▪ The Consultation and Improvement Officer is in place to provide expertise, support and guidance on the risk management process, alongside preparing relevant reports as necessary whilst maintaining the Council's risk management software, 'TEN'. Consultation and Improvement Officer contacts all risk owners (low, medium and high) to encourage them to update the latest commentary on at least a quarterly basis. We have viewed email correspondence that demonstrates this practice is in place and that the Consultation and Improvement Officer contacts the relevant risk owners on a timely basis. ▪ From our sample of 12 risks sampled, 3 of the 4 rated as high risk had not been reviewed in line with the quarterly approach. From the remaining 8 risks chosen (5 medium and 3 low), only 3 of these had been reviewed and updated in line with the quarterly approach. The remaining 5 had not been recently reviewed in line with the quarterly approach, and had update dates ranging from 21 January 2018 to 29 July 2019. ▪ In practise risks should be reviewed in line with the quarterly SLT meetings (6th November 2019) and subsequent Finance and Performance Scrutiny members meeting (9th December 2019). The unreviewed red risks from our initial assessment (4/11/19) had been raised in the SLT meeting and subsequently were updated. The medium and low risks were not raised and only one medium risk was updated. Medium and low risks are generally only chased for review ahead of 6 monthly and end of year performance reporting, some of the green risks raised were seen as unnecessary, either because they were more suitably defined as performance indicators or no longer deemed relevant. Following SLT meeting on 6th November (following our initial review) the high level risks were raised as an action and were subsequently reviewed ahead of the members meeting on 9th December. One medium risk had also been reviewed during that period but had not been raised to SLT. ▪ Therefore, the SLT play an important role in the review of high level risks although low priority is given to the timely review of medium and low tier risks. In multiple cases, risks that are rated as medium and low have not been reviewed on a timely basis and as such the mitigating actions may no longer be appropriate or timely. Our review of the risk register highlighted that in the current format a risk with high gross risk may be presented as a medium or low risk due to mitigating actions is place - if these actions are not monitored/reviewed then the potential impact on the Council may be high.	

Summary of Work, Key Findings & Recommendations

Issue	Findings and Recommendation	Action Plan
Risks registers are not reviewed or kept up-to-date, i.e. risk data is not timely, accurate and complete.	▪ Therefore in some cases, risks that are rated as medium or low are not being reviewed on a timely basis and as such the risk may no longer be relevant and mitigating actions may no longer be appropriate or timely. ▪ Mitigating actions, and commentary on future actions do not have a 'due date' or 'target date' included which means it is hard to monitor whether actions are overdue or have already been implemented. This was a matter raised by audit in the prior year. **Issue identified:** Not all medium or low risks are reviewed on a quarterly basis and mitigating actions do not have a due date included **Root cause risk:** Risk registers may not be kept up to date in line with the Council's policy framework. A lack of due date and review of low level risks may result in risks being 'rolled forward' on the risk register which reduces the effectiveness of the register as a management tool **Recommendations:** The Council should ensure there is consistency in priority in reviewing all areas and levels of risk meaning they are reviewed on at least a quarterly basis and that updates are included; green risks which are redundant or seen as performance indicators rather than risks should be removed from the register in order to increase focus and usability of the register. Commentary on future actions should include timelines/implementation dates to ensure accountability and relevance within the risk management process **O**verall conclusion The Council has appropriate arrangements in place to manage and accurately report its high level risks although the introduction of dates for implementation of actions would further enhance reporting. e consider this to be a **low risk recommendation**.	Actions: SLT will continue to remind managers to update risks appropriately Responsible Officer: Julie Kenny Due date: NA

Summary of Work, Key Findings & Recommendations

Process risk	Description	Action plan
Mitigating actions are not completed or are ineffective.	As per the Risk Management policy, risks are assessed on a net risk level, which considers the effectiveness of any existing mitigating actions in place which could minimise the likelihood of occurrence or the severity of the impact of it were to occur. As per the policy it is the risk owner's responsibility to ensure that the agreed risk level is an accurate reflection of the likelihood and impact after consideration of any mitigating actions in place. As at November 2019, the Council has 117 risks across the registers they keep. Our review of these registers shows that each of the risks had a mitigating action and all but one has a responsible owner. We have reviewed the mitigating actions for each of the 12 risks we selected for our sample. The mitigating actions included against each risk are deemed to be appropriate in mitigating the risks, however each of these focuses on an ongoing risk faced by the Council and as such, do not require a due date for the actions to be completed. ▪ From our sample of 12 risks chosen, only 1 of the 4 rated as high risk had all been reviewed. ▪ From the remaining 8 risks chosen (5 medium and 3 low), 3 of these had been reviewed and updated in line with the quarterly approach and therefore the mitigating actions have been confirmed as the most appropriate to address the risk still. ▪ The remaining 5 had not been recently reviewed in line with the quarterly approach, and had update dates ranging from 21 January 2018 to 29 July 2019. . Therefore there is a possibility that the mitigating actions documented as in place may not be appropriate to address the risk. We recommend that the mitigating actions for each risk are reviewed and the risk updated on a quarterly basis to ensure these remain current and appropriate to address the risk, also confirming that these actions can be implemented in time should the risk arise. The commentary on future mitigating actions do not have a 'due date' or 'target date' included which means it is hard to monitor whether actions are overdue or have already been implemented. Due dates' or reference to a suitable timeframe should be included on mitigating actions where relevant which will aid effective monitoring and allow any which are overdue to be quickly identified. **Recommendations covered in the risk above 'risk registers are kept up to date'. No new recommendations**.	

Summary of Work, Key Findings & Recommendations

Issue	Findings and Recommendation	Action Plan
Staff are unable to fulfil their role and responsibilities due to inadequate training.	**Key findings** The Risk Management policy highlights that all Council members and officers should have a level of understanding of the risk management approach and complete any training as appropriate. Staff are required to complete a 'Managing Risk' e-learning course. The module outlines the different types of risk and the importance of managing risks, enabling staff to work through scenarios to test their understanding. The completion of this e-learning course is a mandatory requirement for all middle managers, however it is not deemed necessary for all staff to complete the training. The Council was not able to provide an overall record to demonstrate that all appropriate managers have undertaken the online training. In the prior year we made an improvement suggestion that risk management training should be extended to a wider audience and that relevant managers who have responsibilities in this area should undertake the training every 2 years so that their knowledge remains up to date. We also recommended that completion is monitored. The view of senior management was that it was appropriate to be aimed at managers but senior management will refresh and distribute again as part of the Service Planning for 2020/21" Our review of the service risk register indicates that the information in relation to the risks and the mitigating actions is not adequate in all cases see page 11 and this might indicate a need for further training. Members, in particular those on the finance and performance committee should receive training on risk management as part of their induction to the committee. The 2019 induction training to members focussed on finance, which is a key part of members inductions to the committee. However this did not specifically cover performance management or risk management. We understand that new members had detailed explanations over the first quarter risk report to support their understanding. **Issue identified:** There are currently no records to demonstrate that middle managers have undertaken on-line training which is a requirement for staff. members of the finance and performance committee have not received any specific training on the risk management process **Root cause risk:** If officers and members do not receive appropriate training then this undermined the risk management process and could result in it not being an effective management tool. **Recommendations:** Records should be kept by HR/ Senior management and reviewed to ensure that all staff undertake appropriate risk management training. Management should consider whether this training should be further supplemented by update training, or team events so that the importance and effective input to the risk management process is reinforced to relevant staff. Induction training for members should involve risk management training. **O**verall conclusion: our review of risk registers indicates that managers would benefit from refresher risk management training and the e-learning course should be repeated every 2 years as a refresher or it could form part of other team updates. Completion should be monitored and recorded. This is a **low risk recommendation** as there are adequate overall arrangements in place to ensure appropriate staff receive training.	Actions: We do have records that show 17 staff have completed the training. However, we agree this is not a sufficient number. Training will be rolled out again next year. Responsible Officer: Julie Kenny Due date Dec 2020

Summary of Work, Key Findings & Recommendations

Process risk	Key Findings and Recommendations	Action Plan
Risks are not escalated to the appropriate level	**Key Findings** The Council have a Risk Management policy statement in place which was last updated in March 2017. This sets out the framework for monitoring and management of risks; as per the policy, the most significant risks are discussed at corporate, directorate, middle managers and staff team meetings. As at November 2019 the Council is in the process of updating the risk policy, however this will not change the escalation process. Service risks are considered at SLT routinely before being reported to finance and performance committee quarterly. Officers have pulled key summarised information into the report to enable members to focus on key matters. Members have a role in the risk management process and therefore it is important that they understand their role and have sufficient information to fulfil their responsibilities. We have obtained and reviewed the report presented at the 19th August 2019 'Finance and Performance Scrutiny' meeting which was based on the data from Q1 2019/20. information is provided around both corporate and service risks. We note that the reporting has been refined to include more commentary on movements in risks since our last review. There is a new section on the report for risks that have changed in status with a column for explanation of the changes. This is good practice. For corporate risks there is commentary on which risks have changed in the quarter and why. As at August 2019, there were no risks on the corporate risk register rated as red. The total number of corporate risks was 24 which is broadly consistent with the prior year. For service risks there are 94 service risks on the register compared to 78 at the same time in 2018, and 77 in 2017. There were 12 risks rated as the most significant (red) on the individual service area registers which were appropriately escalated in the meeting for discussion, allowing members to focus on key risk areas. Commentary on these was included which is good practice. The report indicates that there has been a change in risk status for 3 areas and 1 additional risk added this quarter. We have seen that service risks are being reviewed quarterly with commentary being updated. We have also seen that they are considered at SLT before going to committee. However the general growth in risks on the service risk register and limited movement between quarters suggests that risks are not being removed from the risk register. It is possible that this reflect the current challenge climate that councils are operating in but it could also indicate some element of risk 'creep' i.e. a reluctance by managers to remove risks from the risk register. It is reasonable to expect that if there is active management of these service risks then there would be some movement on but also off the register and changes in risk rating, and this would demonstrate that it is being used as an effective management tool.	

Summary of Work, Key Findings & Recommendations

Process risk	Key Findings and Recommendations	Action Plan
Risks are not escalated to the appropriate level	The minutes of the August 2019 committee shows that there is a level of discussion around the risk reports by members of the committee. Members have asked that reports should outline the actual risk and the likelihood and impact of it. There are good practise examples of risk reporting at other bodies which could be drawn upon to improve the information and the impact of current reporting.	Management Response SLT will continue to work with managers to ensure risk registers are updated accordingly. Responsible Officer: Julie Kenny Due date: May 2020 (Annual review)
	Issue identified: The growth in risks recorded on service registers may indicate that service mangers are not using the risk register as an active management tool. Regular review and challenge of the risk register should include challenge of 'risks' in addition to updating commentary. Members are keen that reporting to committee should include more commentary on the risks and how the risk is being managed and mitigated. **Root cause risk:** Corporate and service risk registers should be used as a management tool to provide assurance to management and members on risks and how they are being managed. General risk 'creep' could lead to a lack of focus in in the management of risks. **Recommendations:** SLT should have a robust check and challenge session on risks contained in service and corporate risk registers as part of the annual review. The format of reporting to members should be further refined to ensure members have sufficient information to undertake their role. For the risks reported the repots should outline the nature of the risk, the mitigations currently in place and actions being taken to further reduce risk to an acceptable level, with details of by whom and by when the actions are being undertaken and also whether the risk has changed since the last date of reporting. **Overall conclusion:** The Council keeps service and corporate risk registers under regular review and there is appropriate reporting to members to ensure that risks are escalated to the appropriate level. We therefore consider that the control objective has been met however we have made recommendations where the process could be further improved. We consider this to be a **low risk recommendation.**	

Follow Up of Prior Year Recommendations

Recommendation reference	Description
Risk Management and Mitigating Actions Review	**2018/19 recommended action** ▪ Council should ensure there is consistency across all areas to ensure risks of all levels are reviewed on at least a quarterly basis and that updates are included; even if to confirm no change. ▪ Council should also include 'due dates' on mitigating actions where relevant which will aid effective monitoring and allow any which are overdue to be quickly identified. **2019/20 follow up on action** ▪ There are still cases at all risk levels where reviews have not taken place on a quarterly basis. ▪ Most risks contain mitigating actions which are ongoing, meaning a due date/target date has not been included.
Performance reporting to SLT	**2018/19 recommended action** ▪ Any overdue risk reviews should be escalated to an appropriate officer ▪ Council should include documentation of the reason why risks have changed rating so members have greater clarity on the risks facing them and the circumstances surrounding these **2019/20 follow up on action** ▪ All risks to be reviewed are now downloaded and sent to owners (by word doc) to update every quarter at a minimum. Any that do not get updated now appear on the report so in essence all SLT members have the info on risks not reviewed. ▪ There is a new section on the report for risks that have changed in status with a column for explanation as to the changes.
Risk Appetite	**2018/19 recommended action** • Council implement a risk appetite statement or update its risk management policy to include further explanation of their risk appetite, • Council should also consider adding to their risk register what the strategy for each risk is, whether it is accept, transfer, avoid or reduce. **2019/20 follow up on action** • Risk Management Policy updated November 2019 subject to approval, including a more detailed statement on risk appetite • The risk strategy has not been incorporated into the risk register and remains a recommendation for 2019/20.

Follow Up of Prior Year Recommendations

Recommendation reference	Description
Mandatory risk management training	**2018/19 recommended action (for monitoring only)** • Completion of e-learning should be monitored to ensure relevant staff members are up to date with their training. **2019/20 follow up on action** • We have seen no evidence which shows that e-learning has been undertaken by all staff.

Appendices

Appendix 1 – Staff involved and documents reviewed

Staff involved

- Cal Bellavia - Consultation and Improvement Officer

- Julie Kenny - Director (Corporate Services)

Documents reviewed

- Risk Management Policy Statement (March 2017)

- Corporate risk registers (as at 4th November 2019)

- Service area risk registers (as at 4th November 2018)

- Finance & Performance Scrutiny report (19th August 2019)

Appendix 2 - Our assurance levels

The table below shows the levels of assurance we provide and guidelines for how these are arrived at. We always exercise professional judgement in determining assignment assurance levels, reflective of the circumstances of each individual assignment.

Rating	Description
Significant assurance	Overall, we have concluded that, in the areas examined, the risk management activities and controls are suitably designed to achieve the risk management objectives required by management.
	These activities and controls were operating with sufficient effectiveness to provide significant assurance that the related risk management objectives were achieved during the period under review.
	Might be indicated by no weaknesses in design or operation of controls and only IMPROVEMENT recommendations.
Significant assurance with some improvement required	Overall, we have concluded that in the areas examined, there are only minor weaknesses in the risk management activities and controls designed to achieve the risk management objectives required by management.
	Those activities and controls that we examined were operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review.
	Might be indicated by minor weaknesses in design or operation of controls and only LOW rated recommendations.
Partial assurance with improvement required	Overall, we have concluded that, in the areas examined, there are some moderate weaknesses in the risk management activities and controls designed to achieve the risk management objectives required by management.
	Those activities and controls that we examined were operating with sufficient effectiveness to provide partial assurance that the related risk management objectives were achieved during the period under review.
	Might be indicated by moderate weaknesses in design or operation of controls and one or more MEDIUM or HIGH rated recommendations.
No assurance	Overall, we have concluded that, in the areas examined, the risk management activities and controls are not suitably designed to achieve the risk management objectives required by management.
	Those activities and controls that we examined were not operating with sufficient effectiveness to provide reasonable assurance that the related risk management objectives were achieved during the period under review
	Might be indicated by significant weaknesses in design or operation of controls and several HIGH rated recommendations.

Appendix 2 - Our assurance levels *(cont'd)*

The table below describes how we grade our audit recommendations.

Rating	Description	Possible features
High	Findings that are fundamental to the management of risk in the business area, representing a weakness in the design or application of activities or control that requires the immediate attention of management	▪ Key activity or control not designed or operating effectively ▪ Potential for fraud identified ▪ Non-compliance with key procedures / standards ▪ Non-compliance with regulation
Medium	Findings that are important to the management of risk in the business area, representing a moderate weakness in the design or application of activities or control that requires the immediate attention of management	▪ Important activity or control not designed or operating effectively ▪ Impact is contained within the department and compensating controls would detect errors ▪ Possibility for fraud exists ▪ Control failures identified but not in key controls ▪ Non-compliance with procedures / standards (but not resulting in key control failure)
Low	Findings that identify non-compliance with established procedures, or which identify changes that could improve the efficiency and/or effectiveness of the activity or control but which are not vital to the management of risk in the business area.	▪ Minor control design or operational weakness ▪ Minor non-compliance with procedures / standards
Improvement	Items requiring no action but which may be of interest to management or which represent best practice advice	▪ Information for management ▪ Control operating but not necessarily in accordance with best practice

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