

AGENDA ITEM

**REPORT TO AUDIT COMMITTEE
28 JUNE 2021**

**REPORT OF DIRECTOR OF
FINANCE, DEVELOPMENT &
BUSINESS SERVICES**

CORPORATE RISK REGISTER UPDATE REPORT AND INTERNAL AUDIT ACTIVITY REPORT

SUMMARY

The Committee is reminded that quarterly reports on the Corporate Risk Register are presented for the purpose of reviewing the key risks that have been identified as having the potential to deflect services from achieving their objectives over the next 12 months and beyond. They also set out the actions being taken to ensure that the risks, and possible adverse outcomes, are minimised.

As a reminder, risks are scored on a scale of one to five for both 'impact' and 'likelihood'.

To inform members of the progress of audit testing to date and present a forward plan of testing and the resources available to meet the plan to support the assessment of risk.

RECOMMENDATIONS

It is recommended that:-

1. The current risk position as identified in the attached update report is noted.
2. The audit activity is noted and the proposed areas of work approved.

DETAIL

1. Appendix A provides details of the high level strategic risk register and a current risk score. As this is the strategic risk register it is aligned to the outcomes identified in the Council Plan and may be subject to minor amendment.
2. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. To support this, audit work is aligned to the strategic risk register and activity is structured around the strategic risks of the organisation.
3. The overall summary shows a high level overview of risk scores and a summary of audit results against each risk area. The audit assurance is an indicator of how

well controls to manage risks are operating, however this is an indicator of internal controls and there may be external factors that remain outside of the council's control which may need to be reflected in a higher risk score. We are still in the first year of reporting audit results in this manner therefore not every control has been reviewed, as more controls are reviewed the relationship between assurance levels and the level of risk will become more reliable. There has been some movement on 3 risks: Education & Skills Development, Cohesive & Safe Communities and People are supported and protected from harm, all have been revised down based on current levels of assurance and all three are now at either their desired score or lower.

4. The detailed commentary provides information on some of the causes and implications of the risk, controls are put in place to manage these and the audit results provide some feedback on how well these are operating. Details of the reasons for the changes identified above can be found here.
5. Audit testing results breaks down work undertaken in the previous period to provide members with an update on where audit resources have been employed and the results of that work. This will highlight any concerns raised in the period.
6. Planned work identifies the areas to be examined in the next period as required by the Public Sector Internal Audit Standards. We are planning work on a quarterly basis rather than the previous annual basis to enable the service to be more responsive to changing risk.
7. Quality Assurance and Improvement shows a balanced scorecard for the delivery of the audit service. The majority of indicators will be reported annually but the ones shown provide an update on progress against agreed work to date.
8. The final section of the report is a full list of controls to be examined in the period in priority order.

FINANCIAL AND LEGAL IMPLICATIONS

None directly

RISK ASSESSMENT

This is a summary of the Council's risk environment.

COMMUNITY STRATEGY IMPLICATIONS

None

CONSULTATION

N/A

Name of Contact Officer: Andrew Barber, Audit & Risk Manager

Telephone No: 01642 526176

Email Address: a.barber@stockton.gov.uk