

**REPORT TITLE**  
ANNUAL REVIEW OF RISK MANAGEMENT ARRANGEMENTS

**REPORT OF**  
MANAGING DIRECTOR

<b>FOR SUBMISSION TO</b>	<b>DATE</b>
AUTHORITY MEETING	30 JUNE 2010

**1. SUMMARY OF REPORT**

This report comes to the Authority as the 'relevant body' under the Accounts and Audit Regulations 2003 with responsibility for risk management and governance arrangements.

The report provides an annual review of the arrangements for dealing with matters of risk management within the Authority and highlights further action planned for the remainder of the year.

**2. RECOMMENDATIONS**

The Authority is requested to note the contents of this report and approve the updated risk registers.

Signed by the Managing Director: .....

Date: .....

### **3. Introduction**

- 3.1 At its meeting on 24 June 2009 the Authority considered an annual review of the risk management arrangements within the Authority. As a consequence, Members agreed the revisions that had been made to the risk register and noted the planned activity that would help strengthen the Authority's approach to managing risk particularly in relation to ensuring compliance with the Accounts and Audit Regulations 2003.
- 3.2 Compliance with the Accounts and Audit Regulations 2003 (the Regulations) is an important driver to ensure that the Authority adopts a robust approach to the identification and management of risk. The Regulations require the Authority to ensure that its financial management is adequate and effective and that it has a sound system of internal control that facilitates the effective exercise of its functions. This includes arrangements for the management of risk. The Regulations require the Authority to review at least annually the effectiveness of its systems of internal control and to include an annual Governance Statement within the Authority's published accounts. The Governance Statement is included in the draft 2009/10 Statement of Accounts found elsewhere on this agenda.

### **4. Review of Risk Management**

- 4.1 The structure and content of the Authority's over-arching risk register has been reviewed and revised so that the risks are more appropriately classified and attributed to a register holder. The over-arching risk register therefore deals in the main with organisational, financial and activity risks not covered by either the supporting current service contract risks register or the procurement programme risk register. Each register is owned by a nominated individual who is responsible for ensuring that their particular risk register is regularly reviewed and updated, and where appropriate, new risks added and evaluated. Each register also provides a description of the individual risks, with comments on their potential impact as well as commentary on management actions which have been taken or are to be taken to mitigate and manage the risk areas. The Authority has continued to be proactive in addressing key areas of risk to ensure that the organisation is fit for purpose, is able to meet its statutory obligations and to provide effective and efficient services to its constituent boroughs. The remainder of this section illustrates some of the actions taken by the Authority to mitigate risk over the past year.
- 4.2 The Authority has continued to establish revenue and capital budgets that are intended to be sufficiently robust and flexible to underpin the requirements of the procurement process. This was particularly true for 2009/10 as the budget and levy setting meeting in February agreed a capital programme for the acquisition of sites and additional revenue resources to underpin the procurement process in the coming year. The 2010/11 budget continues to provide the resources needed to ensure that the procurement process and sites acquisition programme can continue. To date this has enabled the Authority to obtain control of the Edmonton Energy-from-Waste facility and the Authority is also currently in the process of completing the purchase of another site in the north London area. These actions have helped secure £258.4m of PFI funding for the procurement project.

- 4.3 Other features of the financial control environment include the production and review of a medium term financial forecasts. The Authority also benefits from the activities of the London Borough of Camden's Internal Audit Service which provides assurances to management that the Council's, and therefore the NLWA's control systems are adequate, effective and operating as intended and investigates all identified or suspected cases of fraud/irregularity throughout. The Internal Audit Service has also embarked on a specific programme of works for the Authority in 2009/10 and this will continue in to 2010/11.
- 4.5 Performance management within the authority is considered through a range of review arrangements including external/internal audit reviews, annual reports and the detailed reporting of national and local performance indicators. This has been strengthened with the appointment of the NLWA Managing Director with responsibility for overseeing the work and direction of the Authority including a review of its support arrangements to ensure that these are fit for purpose. This has included the transfer of Haringey employed staff to the London Borough of Camden on 1<sup>st</sup> April 2010 thereby strengthening reporting lines. Additionally, action has been taken to relocate the Authority's Head of Finance to the NLWA offices in Haringey and to start strengthening the finance function.
- 4.6 The Authority and its constituent councils have continued to work in partnership over the past year with regular meetings of senior officers and members taking place at key stages in the development of the procurement project. A key area of work over the coming months will be the development of an Inter Authority Agreement between the constituent boroughs and the Authority which will provide the framework for managing future waste contracts and an agreed basis for charging for services through the levy rather than the current statutory default basis.
- 4.7 In September 2009 the Audit Commission completed their work on the Authority's 2008/09 Statement of Accounts which obtained an unqualified audit opinion. The Audit Commission's Annual Audit Letter to Members also indicated that the Authority had met the requirements to effectively manage its finances and resources and were satisfied with the arrangements it had in place for risk management and internal control.

## 5. **THE WAY FORWARD**

- 5.1 The intention is to build upon the current systems and controls by ensuring that they remain sufficiently robust to alert officers and Members to issues and problem areas. Integral to this will be the need to ensure that a risk aware culture remains embedded in the Authority's culture.
- 5.2 The attached risk registers identify the actions that will be undertaken in the coming period and these will be continuously monitored.

## 6. **COMMENTS OF THE LEGAL ADVISER**

- 6.1 The Legal Adviser has been consulted in the preparation of this report and has no comments to add.

**Local Government Act 1972 - Section 100 as amended**

Risk Registers

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