

<p><b>REPORT TITLE</b></p> <p>ANNUAL REVIEW OF RISK MANAGEMENT ARRANGEMENTS</p>	
<p><b>REPORT OF</b></p> <p>FINANCIAL ADVISER</p>	
<p><b>FOR SUBMISSION TO</b></p> <p>AUTHORITY MEETING</p>	<p><b>DATE</b></p> <p>27 JUNE 2007</p>
<p><b>1. SUMMARY OF REPORT</b></p> <p>This report comes to the Authority as the ‘relevant body’ under the Accounts and Audit Regulations 2003 with responsibility for risk management arrangements.</p> <p>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.</p>	
<p><b>2. RECOMMENDATIONS</b></p> <p>The Authority is requested to note the contents of this report and agree the updated risk register.</p>	
<p>Signed by the Financial Adviser: .....</p> <p style="text-align: center;">Date: .....</p>	

### **3. INTRODUCTION**

- 3.1 At its meeting on 28 June 2006 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. The Authority received a six-month review at its February meeting, noted the progress that had been made and agreed an updated risk register.
- 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 Statement on Internal Control within the Authority's published accounts. The latter is incorporated in the draft 2006/07 Statement of Accounts which can be found elsewhere on this agenda.

### **4. REVIEW OF RISK MANAGEMENT**

- 4.1 The risk register has been formally reviewed and updated to reflect developments and actions taken since January 2007 (Appendix A). Although there have been a number of developments which will all contribute towards the management of risk they do not materially alter the risk factor scores reported in January 2007. With the exception of risk no. 14 – London Mayor's aspirations for a London-wide waste disposal authority - no changes have been made to the risk factor scores. In the case of the London Mayor's aspirations, however, the Government has announced that it is not satisfied that there is a need for a London-wide waste disposal authority, and despite continuing representations to the contrary by the Mayor during the passage of the GLA Bill, it would now appear less likely that a London-wide authority will be established. The risk factor score has therefore been reduced.
- 4.2 Members will be aware from the risk register that there are number of inter-linked key risk areas dealing with the implementation of the North London Joint Waste Strategy (NLJWS), meeting the requirements of the Landfill Directive, the procurement process and support arrangements to the Authority. Work undertaken by the Authority's appointed consultants, in consultation with the Authority's officers, enabled the Authority at its meeting on 20 December 2006 to approve a procurement approach that will enable the Authority to begin the procurement process. This is an important first step. The Authority has, and continues to communicate the findings of this procurement work with its partner authorities both at officer and member level. This will continue as the project evolves over the procurement project

process to ensure that the NLJWS can be delivered in good time to meet the Government's statutory requirements.

- 4.3 Consultants have been appointed under a framework agreement to assist the Authority prepare for and progress the procurement of its next waste management contract(s). The next six to nine months will be a critical period for the Authority as there are wide-ranging issues (see procurement update report) that must be resolved before the Authority can commence the formality of the procurement process.
- 4.4 Members will recall that at its April meeting the Authority considered and approved the arrangements for strengthening the in-house project team to work with the external consultants. The meeting approved the appointment of a Procurement Director, and additional financial and legal support. Although the recruitment process for these posts is now underway it will be important to ensure adequate suitable staff resources are available to support the procurement project team as and when necessary. The April meeting also considered and agreed a governance model that would help provide the framework for the Authority and its constituent councils to manage the wide-ranging stakeholder interests. The Financial Adviser has also taken on the role of Procurement Project Sponsor.
- 4.5 Also during the year work by the constituent councils, in their separate capacity as planning authorities to prepare a Joint Waste Development Plan Document for the NLWA area, is now gathering momentum. All constituent councils have approved a joint Memorandum of Understanding, and the appointment of a Programme Manager and external consultants. Although the Planners must operate independently of stakeholders (such as the Authority) this is also an important development which may assist the Authority in identifying and securing sites for its new waste facilities.
- 4.6 During the year the External Auditors completed their work on the Authority's 2005/06 Statement of Accounts and the 2006 Best Value Performance Plan both of which obtained unqualified audit opinions. This work included a review of the Authority's systems of internal control and risk management arrangements and to this end the Auditors were satisfied with the systems and checks and balances that the Authority has in place. In March 2007 Camden's Internal Audit Division also undertook a probity review of the NLWA finance function operating within the Camden system. This too resulted in a satisfactory report, with only one item requiring attention which was immediately dealt with.
- 4.7 Also during the year the Finance Officer compiled a set of finance related procedure notes and the Strategy and Contracts Team have compiled various technical procedure notes to assist with business continuity in the event of personnel change or sickness.

4.8 The Authority also held its first Members' Risk Management Seminar on 20<sup>th</sup> September that enabled attendees to consider aspects of the Authority's activities from a risk assessment point of view. An officer seminar is also to be arranged in the near future.

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 is embedded in the Authority's culture. The Authority is about to embark on a major procurement exercise and therefore understanding and managing risk will be of paramount importance.

5.2 The risk register identifies 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 on this report and has no comments to add.

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

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