



Meeting: Harbour Committee

Date: 21st December 2015

Wards Affected: All wards in Torbay

Report Title: Internal Audit Report – Risk Management

Executive Lead Contact Details: Non-Executive Function

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1. Purpose

- 1.1 This report provides Members with an overview of the results of the Internal Audit Report undertaken for Tor Bay Harbour Authority on Risk Management, which was concluded in June 2015.
- 1.2 It is entirely appropriate that the Harbour Committee also receives and notes the main findings of the Internal Audit of the Harbour Authority's approach to Risk Management as shown in the Executive Summary - Appendix 1.

2. Summary

- 2.1 A 5-year rolling audit plan was taken to the Harbour Committee and approved in June 2011 separating the various operation and strategic elements of the harbour operation into distinct audit areas; this particular audit is from the rolling plan and focuses on risk management.
- 2.2 The audit scope had previously been agreed for 2015/16, as taken to Harbour Committee in June 2014; hence, this audit focussed on risk management and its associated controls. The audit was undertaken based on the following key risks areas bulleted below, following discussions with Harbour staff and Internal Audit's view on risk within the function :-
 - Risks not identified and managed;
 - H&S risks not identified and managed;
 - Failure to respond in an emergency;
 - Failure in Business Continuity and Service Delivery.

- 2.3 The opinions and recommendations contained within the Internal Audit report are based on an examination of restricted samples of transactions / records and discussions with officers responsible for the processes reviewed.
- 2.4 It is the Audit Report's opinion that a good standard has been achieved. The opinion states that the systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.
- 2.5 The findings and recommendations in relation to each of the areas are discussed in the "Detailed Audit Observations and Action Plan" which forms an Appendix to the full report. This Appendix records the action plan agreed by the Executive Head of Business Services to enhance the internal control framework and mitigate identified risks where agreed. The Tor Bay Harbour Authority service has already agreed the action plan with the Devon Audit Partnership.
- 2.6 The "Detailed Audit Observations and Action Plan" referred to in 2.5 above has been marked RESTRICTED and therefore does not form part of this report because it contains information or data or documents that should only be shared between a specific group of work staff who have to demonstrate a need to know, because of the sensitive content.

Supporting Information

3. Position

- 3.1 The following table summarises the assurance opinions given on each of the risks covered during the audit.

Risks Covered		Level of Assurance
1	Risks not identified and managed	Good Standard
2	H&S risks not identified and managed	Improvements Required
3	Failure to respond in an emergency	Good Standard
4	Failure in Business Continuity and Service Delivery	Improvements Required

3.2 Assurance opinion levels are defined as follows :-

Assurance	Definition
High Standard.	The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. We have made only minor recommendations aimed at further enhancing already sound procedures.
Good Standard.	The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.
Improvements required.	In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk.
Fundamental Weaknesses Identified.	The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and / or resources of the Council may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority.

3.3 The recommendations are categorised as follows :-

High	A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met.
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Medium	Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important recommendations made to improve internal control arrangements and manage identified risks.
Low	Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.

3.4 The full report contains 23 recommendations of which 5 are 'High', 10 are 'Medium' and 8 are 'Low'. Some of the agreed actions identified within the Report's Action Plan have already been implemented or are in the process of being implemented. All of the 'High' priority actions will have been taken by the end of December 2015.

Appendices

Appendix 1 Devon Audit Partnership Internal Audit Report – Tor Bay Harbour Authority ~ Risk Management (June 2015) – Executive Summary

Additional Information

The following documents/files were used to compile this report :

Devon Audit Partnership Internal Audit Report – Tor Bay Harbour Authority ~ Risk Management (June 2015) RESTRICTED