



**Report to: Audit Committee**

**Subject: Corporate Risk Scorecard**

**Date: 13<sup>th</sup> December 2011**

**Author: Manager of Audit & Risk Services**

## **1. PURPOSE OF REPORT**

To update members of the Audit Committee on the current level of assurance that can be provided against each corporate risk.

## **2. BACKGROUND**

The current Risk Management Strategy was considered and approved by Cabinet in February 2007.

A key deliverable of the Strategy was the development of the Risk Management reporting process, with the key aim of streamlining reports to enhance their use in management's decision making. The Strategy introduced the Corporate Risk Scorecard as a key enabler to this objective.

The Corporate Risk Scorecard provides assurance on the key risks identified as Corporate Risks, which were agreed by SMT in July 2007, and are provided in **Appendix B**.

The assurance opinion is based on reviews of the control environment from the following sources:

- a. Internal Audit,
- b. Management Review of Risk Registers and Supporting Controls,
- c. External Audit,
- d. External Assessment / Accreditation Bodies (e.g. IIP / ISO9000),
- e. Other assurance sources (e.g. Health & Safety).

Existing risks identified in the Authority's strategic and operational risk registers have been aligned in a hierarchy to the agreed Corporate Risks. These will be subject to quarterly review by senior management and on an ongoing basis through the work of Internal Audit.

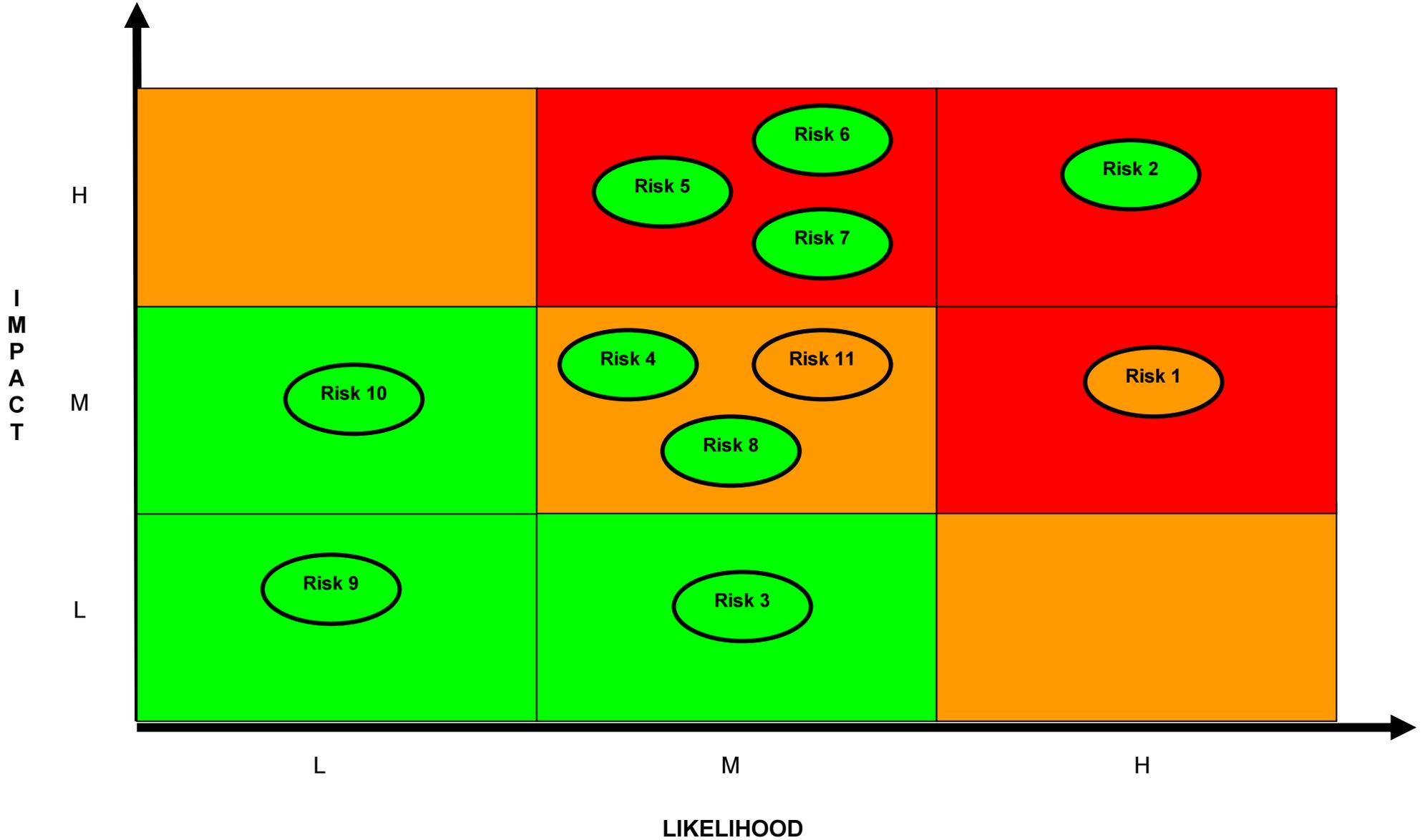
### 3. **CORPORATE RISK SCORECARD**

The Corporate Risk Scorecard and supporting comments, as at December 2011, are provided below.

The methodology and assurance metrics adopted in producing the Corporate Risk Scorecard are provided for reference in **Appendix A**.

A summary of all control gaps currently identified on the Council's Risk register is provided in **Appendix C**.

**GEDLING BOROUGH COUNCIL**  
CORPORATE RISK SCORECARD – December 2011



**Supporting Comments & Explanations**

1

**FAILURE TO MAXIMISE REVENUE**

**Owner:** Mark Kimberley



<b>Inherent Risk</b>	
<b>Residual Risk</b>	

**Residual Risk Direction:**

**Summary of Control Weaknesses:**

There is an overall slight improvement in this risk category.

**Audit Recommendations**

The number of outstanding medium risk audit recommendations has increased slightly from 7 to 8.

This is due to a medium risk recommendation identified in the recent Cash Receipting review (IAR1112-06), relating to the secure storage of card payment receipts.

The remaining medium risk recommendations relate to:

Four medium risk recommendations relate to the review of Car Park Charges (IAR0910-14). The issues highlighted the need to ensure PCN income is affectively monitored. Additional recommendations require car park signage to be accurately reflected, temporary dispensation permits to be more effectively managed and additional reconciliations introduced for car park income. A review of progress of management action against these recommendations is currently underway.

Two medium risk recommendations were made in the Leisure Income review (IAR1011-05). These relate to the requirement to adequately review shift analysis sheets and enhance cheque recording information.

**Risk Register**

Pressure is still prevalent on Leisure Income streams, particularly income levels within Leisure Centre's. Income streams within Planning and Environment, both Building and Development Control, are also still subject to pressure, however, these have stabilised.

The squeeze on income and funding grants has been identified on the strategic risk register and is being addressed as part of the corporate budget process for 2011-12.

Further modelling of the medium term financial plan has been undertaken to

identify best and worse case scenario's relating to the imminent outcome of the Spending Review. Contingent strategies have been developed to respond to the wider spread of scenarios identified.

An emerging risk has been identified with respect to the potential loss of cashiering facilities to Gedling Homes. A review of the competitiveness of the service has been undertaken and revised pricings have been submitted.

**2 FAILURE TO MINIMISE COSTS**

**Owner:** Mark Kimberley

**Residual Risk Direction:** 

<b>Inherent Risk</b>	
<b>Residual Risk</b>	

**Summary of Control Weaknesses:**

There is no overall change to this risk category.

**Audit Recommendations**

The number of outstanding medium risk audit recommendations remains at zero.

**Risk Register**

There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.

Additional funds have been provided for the Council's Risk Management Fund, to address risks relating to costs which may materialise from increased fraud and any decrease in planned maintenance programmes.

3

**HEALTH & SAFETY FAILINGS / PROTECTION OF STAFF**

**Owner:** Mark Kimberley

**Residual Risk Direction:** 

Inherent Risk	
Residual Risk	

**Summary of Control Weaknesses:**

There is no overall change to this risk category.

**Audit Recommendations**

There are no outstanding high/medium risk audit recommendations relating to this corporate risk.

**Risk Register**

An operational risk within Direct Services relating to potential failure to adhere to health & safety requirements has been mitigated. The action, including job specific training, briefings and increased management supervision has reduced the residual risk to zero.

4

**FAILURE TO RECRUIT & RETAIN SUITABLY SKILLED STAFF**

**Owner:** Janet Brothwell

**Residual Risk Direction:** 

Inherent Risk	
Residual Risk	

**Summary of Control Weaknesses:**

There is no overall change to this risk category.

**Audit Recommendations**

There are no outstanding high/medium audit recommendations relating to this corporate risk.

**Risk Register**

There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.

5 **FAILURE TO PROTECT & UTILISE ASSETS (IT/IS)**

**Owner:** Mark Kimberley

<b>Inherent Risk</b>	
<b>Residual Risk</b>	

**Residual Risk Direction:** 

**Summary of Control Weaknesses:**

There is no overall change to this risk category.

**Audit Recommendations**

The number of outstanding medium risk audit recommendations aligned to this corporate risk remains at 4. The key issues relate to findings in the Remote Access review (IAR0809-04), which require a review of policies relating to access control and firewall procedures. Policies have been reviewed and updated in line with the Government Connect requirements, however, still require formal approval.

**Risk Register**

There are two minor control gaps identified on the corporate risk register.

These relate to resource issues identified in the planned roll out of further Resourcelink modules and the need to raise staff awareness within Planning & Environment regarding the need to record "hate Incidents".

6 **FAILURE TO PROTECT & UTILISE ASSETS (PHYSICAL)**

**Owner:** John Robinson

<b>Inherent Risk</b>	
<b>Residual Risk</b>	

**Residual Risk Direction:** 

**Summary of Control Weaknesses:**

There is no overall change to this risk category.

**Audit Recommendations**

There are no outstanding high/medium audit recommendations relating to this corporate risk.

**Risk Register**

There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.

7

**FAILURE TO DEVELOP & DELIVER STRATEGIC PARTNERSHIPS****Owner:** Mark Kimberley

<b>Inherent Risk</b>	
<b>Residual Risk</b>	

**Residual Risk Direction:** **Summary of Control Weaknesses:**

There is no overall change to this risk category.

**Audit Recommendations**

There are no outstanding high/medium risk audit recommendations relating to this corporate risk.

**Risk Register**

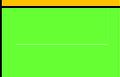
The strategic risk register identifies a minor control gap with respect to failure to deliver efficiencies from the shared services agenda. The Transformational programme has been developed and a project team established along with staff briefings and newsletters. Ongoing time pressures and delivery of targeted benefits remains the key risks.

In addition, the Leisure Services operational risk register identifies two minor control gaps with respect to the need to develop new joint use agreements at Redhill and Wheldon schools, and the need to introduce new booking procedures to include Child Protection requirements.

Both of these risks have a management action plan to address the risks identified.

8

**LEGAL / REGULATORY / CONTRACTUAL BREACH****Owner:** Helen Barrington

<b>Inherent Risk</b>	
<b>Residual Risk</b>	

**Residual Risk Direction:** **Summary of Control Weaknesses:**

There is no overall change to this risk category.

**Audit Recommendations**

There are currently no outstanding medium risk audit recommendations relating to this corporate risk.

**Risk Register**

The Leisure Services operational risk register identifies a potential breach of the

Data Protection Act relating to transfer of personal data held within DNA and GP referral schemes. Advice has been sought from Legal Services and IT. The Department has also completed work with partner agencies to review working practices.

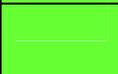
Management are currently monitoring the situation to identify any instances of transfer of personal data. Once identified management will seek DPA advice from Legal Services and the Authority's Data Security Group. Ongoing monitoring will confirm (or otherwise) whether this current approach is sufficient to fully mitigate the risk.

An emerging risk has been identified with respect to the payment of holidays for casual employee's. The use of casual employee's is being minimised and case law being monitored for developments.

**9 ENVIRONMENTAL POLLUTION / DISASTER**

**Owner: Dave Parton**

**Residual Risk Direction:** 

<b>Inherent Risk</b>	
<b>Residual Risk</b>	

**Summary of Control Weaknesses:**

There is no overall change to this risk category.

**Audit Recommendations**

There are no outstanding high/medium audit recommendations relating to this corporate risk.

**Risk Register**

There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.

**10 ADVERSE EVENTS IN THE EXTERNAL ENVIRONMENT**

**Owner: John Robinson**

**Residual Risk Direction:** 

<b>Inherent Risk</b>	
<b>Residual Risk</b>	

**Summary of Control Weaknesses:**

There is no overall change to this risk category.

**Audit Recommendations**

There are no outstanding high/medium audit recommendations relating to this corporate risk.

	<p><u>Risk Register</u></p> <p>There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.</p>				
11	<p><b>DAMAGE TO REPUTATION</b></p> <p><b><u>Owner:</u> John Robinson</b></p> <p><b><u>Residual Risk Direction:</u></b> </p> <table border="1" data-bbox="986 465 1321 616"> <tr> <td><b>Inherent Risk</b></td> <td style="background-color: yellow;"></td> </tr> <tr> <td><b>Residual Risk</b></td> <td style="background-color: yellow;"></td> </tr> </table> <p><b><u>Summary of Control Weaknesses:</u></b></p> <p>There is no overall change to this risk category.</p> <p><u>Audit Recommendations</u></p> <p>There are no outstanding high/medium audit recommendations relating to this corporate risk.</p> <p><u>Risk Register</u></p> <p>A significant risk has been identified on the Direct Services operational risk register. This relates to the potential failure to repair and maintain fencing in recreational areas. The cause of the control gap is identified as inadequate funding. Future budget bids will be submitted.</p> <p>A minor control gap has been identified within the Strategy &amp; Performance operational risk register. These relate to the potential failure to deliver housing numbers, including affordable housing. Identified controls include a review of the current affordable housing policy and progression of local development scheme work with conurbation parties and Registered Social Landlord's. However, despite these efforts, the key factor in the short to medium term is likely to be the external environment and specifically the ongoing economic problems.</p> <p>In addition, a further minor control gap has been identified within Planning &amp; Environment with respect to the potential failure to secure ongoing funding for CCTV and the ASB co-ordinator.</p> <p>A further minor control gap identified includes the need to undertake a review of the Authority's Financial Regulations (Corporate Services).</p>	<b>Inherent Risk</b>		<b>Residual Risk</b>	
<b>Inherent Risk</b>					
<b>Residual Risk</b>					

**4. RECOMMENDATION**

Members are requested to note the report.

## Assurance Metrics

CORPORATE RISKS			
Assurance Level	No. of o/s Audit Recs. (Med/High)	Risk Register – medium control gaps * <sup>1</sup> (number)	Risk Register – high control gaps * <sup>2</sup> (number)
<b>RED</b>	16+	7+	2
<b>AMBER</b>	8-15	3-6	1
<b>GREEN</b>	0-7	1-2	0

\*<sup>1</sup> medium risk control gap = -1 to -3

\*<sup>2</sup> high risk control gap = > -3

The control gaps identified from the strategic and operational risk registers are the net result of the calculation ((Inherent risk – Target risk) – Residual risk)) i.e. the gap in control between the target risk and current risk.

## Risk Assessment December 2011

Number of risk exposures by corporate risk:

Risk No.	Prior Assess.	Audit Assess.	Risk Register		Current Asses.	Direction
			Med.	High		
1	<b>AMBER</b>	8 (7)	5 (5)	0 (0)	<b>AMBER</b>	Deteriorating
2	<b>GREEN</b>	0 (0)	0 (0)	0 (0)	<b>GREEN</b>	No Change
3	<b>GREEN</b>	0 (0)	0 (0)	0 (0)	<b>GREEN</b>	No Change
4	<b>GREEN</b>	0 (0)	0 (0)	0 (0)	<b>GREEN</b>	No Change
5	<b>GREEN</b>	4 (4)	2 (2)	0 (0)	<b>GREEN</b>	No Change
6	<b>GREEN</b>	0 (0)	0 (0)	0 (0)	<b>GREEN</b>	No Change
7	<b>GREEN</b>	0 (0)	3 (3)	0 (0)	<b>GREEN</b>	No Change
8	<b>GREEN</b>	0 (0)	2 (2)	0 (0)	<b>GREEN</b>	No Change
9	<b>GREEN</b>	0 (0)	0 (0)	0 (0)	<b>GREEN</b>	No Change
10	<b>GREEN</b>	0 (0)	0 (0)	0 (0)	<b>GREEN</b>	No Change
11	<b>AMBER</b>	0 (0)	3 (3)	1 (1)	<b>AMBER</b>	No Change

Figures shown in brackets represent the previous quarter.

Corporate Risks

	Risk Category	Corporate Risk	Inherent Risk		Risk Owner
			Impact	L'hood	
<b>C U S T O M E R</b>	FINANCIAL	1. Failure to Maximise Revenue	M	H	M Kimberley
		2. Failure to Minimise Costs	H	H	M Kimberley
	PEOPLE	3. Health & Safety Failings / Protection of Staff	L	M	M Kimberley
		4. Failure to Recruit & Retain Suitably Skilled Staff	M	M	J Brothwell
	ASSETS	5. Failure to Protect & Utilise Assets (IT/IS)	H	M	M Kimberley
		6. Failure to Protect & Utilise Assets (Physical)	H	M	M Kimberley
		7. Failure to Develop & Deliver Strategic Partnerships	H	M	J Robinson
	LEGAL	8. Legal / Regulatory / Contractual Breach	M	M	H Barrington
ENVIRONMENT	9. Environmental Pollution / Disaster	L	L	D Parton	
	10. Adverse Events in the External Environment	M	L	J Robinson	
REPUTATION	11. Damage to Reputation	M	M	J Robinson	

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Risk Register summary of current control gaps:

Risk Ref.	Date Identified	Risk Description	Corp. Risk	Inherent Risk			Target Risk			Controls	Residual Risk			Control Status	Further Action (inc. Timescales)
				I	L	Rating	I	L	Rating		I	L	Rating		
S16	2006-07	Failure to deliver efficiencies from the shared services agenda.	7	2	2	4	1	1	1	Transformational programme developed. Project team established with BPR methodology in place. Staff briefings/newsletters/TU involvement. CE Mtgs driver for shared services supported by Gedling Vision.	1	2	2	-1	Ongoing CG pressure to deliver on shared services agenda.
S19	2008-09	Failure to deliver housing numbers, including affordable housing.	11	2	3	6	2	2	4	Continue to engage with HaCA. Review current affordable housing policy (c/f SP15). Progress local development scheme work with conurbation parties and RSL's. In spite of all these measures, current market conditions mean that in short term, target numbers unlikely to be delivered even with all measures in place. Keep under review. Further uncertainty arising from new government policy, including abolition of RSS. Unlikely to be resolved until Localism Bill published at earliest.	2	3	6	-2	Future housing numbers assessment being commissioned. Considering review of Commuted Sum Policy.
S20	2008-09	Budget pressure resulting from declining income (economy impact) and cost pressures (external costs – fuel/energy).	1	3	3	9	1	1	1	M/T Financial Strategy. Budget planning and monitoring. Strategies being developed (efficiency / income (car parking)). S151 Officer role – preventing unbalanced budget. Car Park Charges introduced.	3	1	3	-2	NB: continue to monitor for emerging issues.
DS4	2004-05	Failure to repair and maintain fencing in recreation areas.	11	3	3	9	2	2	4	Inadequate funds to complete - further budget bids to be made.	3	3	9	-5	Monitor success of future budget bids.
CS64	2007-08	Failure to review Financial Regulations.	11	2	1	2	1	1	1	Financial regulations in place. Periodic review.	2	1	2	-1	Review commenced

LS2	2004-05	Ineffective joint use / management of Academy Schools.	7	1	3	3	1	1	1	Entered into 10 year agreement.Ongoing management review.Included in medium term plan.	1	2	2	-1	New, separate agreements required for Calverton Seely School Governors and with NCC. NB - third party reliance (NCC legal services). Will be subject to 6 monthly review. Joint Use agreement for all sites to be reviewed in accordance with the agreement. Academy Status at Redhill School and Wheldon School require a variation to the existing agreement as the County Council will no longer be a partner, this is being progressed.
LS37	2007-08	Inability to maintain current level of income within Leisure Services.	1	3	3	9	1	2	2	New strategy and procedures developed – marketing promotion / sales / retention.Lowe price strategy implemented.New membership options introduced.Deployed specialist consultants (no win – no fee basis).Retrained staff.	2	2	4	-2	Further improvement dependant upon outcome of new leisure centre proposals.

LS39	2007-08	Potential breach of DPA relating to transfer of personal data held within DNA and GP referral schemes.	8	3	1	3	1	1	1	Advice sought from legal services/IT.Working with partner agencies to review working practices.Corporate Data Security group established.	2	1	2	-1	Continue to identify instances of transfer of personal data and seek DPA advice from legal services / IT security.Corporate Data Security group reviewing procedures.
LS44	2008-09	Introduction of new booking requirements to include Child Protection requirements could affect club development and aims of the authority.	7	2	2	4	1	1	1	Increased sports development and support to clubs to meet terms and conditions	1	2	2	-1	Support to clubs from Sports Development Officer, Sports Forum, governing bodies and NCC by April 2011.
PE57	2008-09	Falling DC Income.	1	2	2	4	1	1	1	Reviewing the introduction of pre-application charges.Income monitored at actual and underlying levels (actual currently holding).Monitoring of fee income by stream (household/commercial).Legislative changes (freeing planning process), not yet as severe as expected. Consultation on Councils being able to set their own planning application fees on a cost recovery basis has been issued. Whilst the legislation required has not yet been issued, if the Council fails draw up, consult upon and then adopt a new scale of fees, no fee can be charged.	1	2	2	-1	Management monitoring and reaction to market forces by income stream.
PE58	2008-09	Falling BC Income	1	2	2	4	1	2	2	Reviewing the introduction of pre-application charges.Income monitored at actual and underlying levels (actual currently holding).Monitoring of fee income by stream (household/commercial).Legislative changes (freeing planning process), not yet as severe as expected.Pursuing BC	2	2	4	-2	Management monitoring and reaction to market forces by income stream.NB – potential emerging risk – Training Partner. Reviewing

										merger (c/f PE44).					delivery of BC service.
PE61	2009-10	Inadequate recording and response to hate incidents against staff.	5	3	2	6	1	1	1	Recording of all incidents. Access to records by all staff who have contact/ enter premises. Staff awareness training.	2	1	2	-1	Regular reviews of accuracy and consistency of recording of incidents. On-going staff training. Quarterly review.
PE62	2009-10	Failure to secure ongoing Home Office funding for CCTV and ASB co-ordinator.	11	2	2	4	2	1	2	Monitoring funding source. Consider alternative funding sources	2	2	4	-2	Monitoring funding sourceConsider alternative funding sources
OD28	2007-08	Failure to effectively implement self service for resourcelink leading to failure to secure efficiencies.	5	1	2	2	1	1	1	Project plan drafted.Resource requirements identified and programmed for implementation.	1	2	2	-1	Resource issues – may need to re-prioritise activities.
OD48	2010-11	Loss of the SLA for cashiering services to Gedling Homes which will cause a financial loss to the Council and make the costs of cashiering for other services more expensive.	1	2	2	4	2	1	2	Information provided to Gedling Homes on competitiveness of service, revised price provided. However this is entirely their service decision and there is little we can do to influence.	2	2	4	-2	N/a

OD49	2010-11	A challenge is made to the non payment of holidays for casual employees (predominantly in Leisure).	8	2	2	4	1	1	1	Monitoring case law to see if there are developments. Ensuring that as far as possible use of casual employees is minimised, and that casual employees are moved onto permanent or temporary contracts.	2	2	4	-3	There are significant cost implications arising from addressing this risk. However the balance is to continue to monitor the situation rather than take action. The costs to be borne are the same whether there is a legal challenge or we take action.
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