

Report to: Audit Committee

Subject: Corporate Risk Scorecard

Date: 26th March 2013

Author: Service Manager - Audit & Risk Management

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 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. 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 are subject to bi-annual review by senior management and on an ongoing basis through the work of Internal Audit.

3. **CORPORATE RISK SCORECARD**

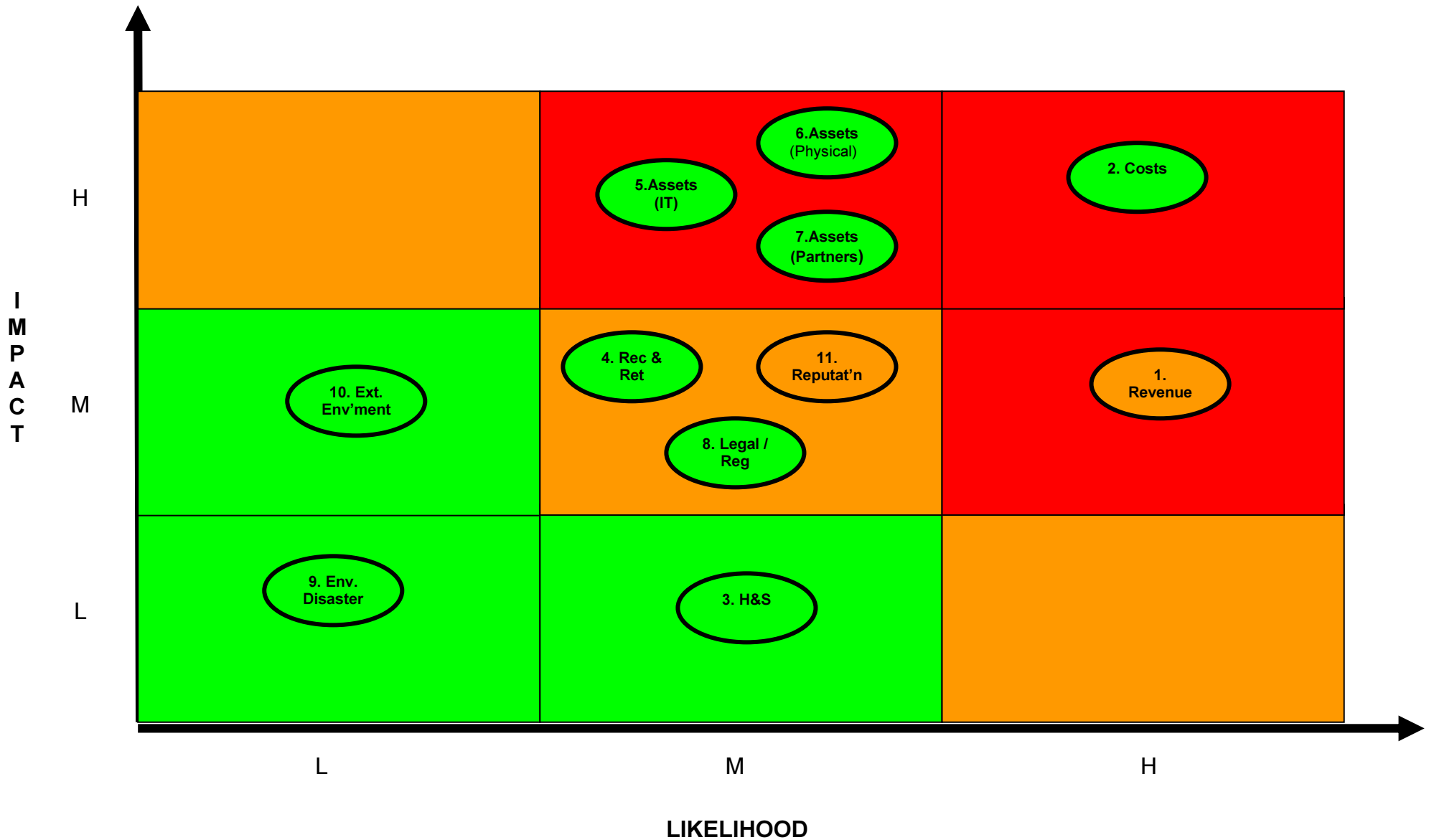
The Corporate Risk Scorecard and supporting comments, as at March 2013, are provided below.

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

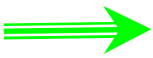

CORPORATE RISK SCORECARD – March 2013



Supporting Comments & Explanations

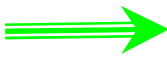
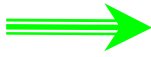
1	<div data-bbox="252 277 782 315">FAILURE TO MAXIMISE REVENUE</div> <div data-bbox="252 360 616 398"><u>Owner:</u> Mark Kimberley</div> <div data-bbox="252 434 624 472"><u>Residual Risk Direction:</u></div> <div data-bbox="687 367 740 495"></div> <div data-bbox="987 315 1326 465"><table><tr><td>Inherent Risk</td><td></td></tr><tr><td>Residual Risk</td><td></td></tr></table></div> <div data-bbox="252 510 775 548"><u>Summary of Control Weaknesses:</u></div> <div data-bbox="252 584 1385 651"><p>There is an overall improvement in this risk category, however, the residual risk remains at amber.</p></div> <div data-bbox="252 689 604 728"><u>Audit Recommendations</u></div> <div data-bbox="252 763 1382 1021"><p>The number of outstanding medium risk audit recommendations has reduced from 6 to 5. This is due to the fact two medium recommendations have been implemented, a new medium risk has been reported within the review of NNDR (IAR1213-12). This relates to the need to undertake a review of system parameters to ensure that once an account has been awarded Discretionary Relief, a notification letter regarding any changes is automatically sent to the account holder.</p></div> <div data-bbox="252 1059 1378 1205"><p>The review of Debtors (IAR1213-06) highlighted two medium and one high risk recommendation. These relate to need to undertake timely reconciliations between the Direct Services system and the Civica debtor system and similarly between the debt collection agency system.</p></div> <div data-bbox="252 1243 1398 1317"><p>In addition, a medium risk recommendation was reported in the Cash Receipting review (IAR1112-06), relating to the secure storage of card payment receipts.</p></div> <div data-bbox="252 1391 446 1429"><u>Risk Register</u></div> <div data-bbox="252 1464 1394 1610"><p>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.</p></div> <div data-bbox="252 1648 1382 1756"><p>The squeeze on income and funding grants has been identified on the strategic risk register and is reflected in the annual budget process and medium term financial plan.</p></div> <div data-bbox="252 1794 1404 1904"><p>Modelling of the medium term financial plan has been undertaken to identify best and worse case scenario's. Contingent strategies have been developed to respond to the wider spread of scenarios identified.</p></div>	Inherent Risk		Residual Risk	
Inherent Risk					
Residual Risk					

2	<p>FAILURE TO MINIMISE COSTS</p> <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 60%;"> <p><u>Owner:</u> Mark Kimberley</p> <p><u>Residual Risk Direction:</u> </p> <p><u>Summary of Control Weaknesses:</u></p> <p>There is no overall change to this risk category.</p> <p><u>Audit Recommendations</u></p> <p>The number of outstanding medium risk audit recommendations remains at zero.</p> <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> <p>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.</p> </div> <div style="width: 35%; text-align: center;"> <table border="1" data-bbox="1010 224 1347 376"> <tr> <td>Inherent Risk</td><td style="background-color: red;"></td></tr> <tr> <td>Residual Risk</td><td style="background-color: green;"></td></tr> </table> </div> </div>	Inherent Risk		Residual Risk	
Inherent Risk					
Residual Risk					
3	<p>HEALTH & SAFETY FAILINGS / PROTECTION OF STAFF</p> <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 60%;"> <p><u>Owner:</u> Mark Kimberley</p> <p><u>Residual Risk Direction:</u> </p> <p><u>Summary of Control Weaknesses:</u></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 risk audit recommendations relating to this corporate risk.</p> <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> </div> <div style="width: 35%; text-align: center;"> <table border="1" data-bbox="983 1176 1319 1328"> <tr> <td>Inherent Risk</td><td style="background-color: green;"></td></tr> <tr> <td>Residual Risk</td><td style="background-color: green;"></td></tr> </table> </div> </div>	Inherent Risk		Residual Risk	
Inherent Risk					
Residual Risk					

4	<p>FAILURE TO RECRUIT & RETAIN SUITABLY SKILLED STAFF</p> <p><u>Owner:</u> Stephen Bray</p> <p><u>Residual Risk Direction:</u> </p> <p><u>Summary of Control Weaknesses:</u></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>There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.</p>
5	<p>FAILURE TO PROTECT & UTILISE ASSETS (IT/IS)</p> <p><u>Owner:</u> Mark Kimberley</p> <p><u>Residual Risk Direction:</u> </p> <p><u>Summary of Control Weaknesses:</u></p> <p>There is an overall improvement in this risk category.</p> <p><u>Audit Recommendations</u></p> <p>The number of outstanding medium risk audit recommendations aligned to this corporate risk has reduced from four to zero. This is due to the issues identified in the Remote Access review requiring a review of policies relating to access control and firewall procedures being fully implemented. Policies have been reviewed and updated in line with the Government Connect requirements, and due to be submitted to Cabinet for final approval on the 4th April.</p> <p><u>Risk Register</u></p> <p>There are two minor control gaps identified on the corporate risk register.</p> <p>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".</p>

Inherent Risk	
Residual Risk	

Inherent Risk	
Residual Risk	

6	<p>FAILURE TO PROTECT & UTILISE ASSETS (PHYSICAL)</p> <p><u>Owner:</u> John Robinson</p> <p><u>Residual Risk Direction:</u> </p> <table border="1" data-bbox="989 257 1324 414"> <tr> <td>Inherent Risk</td><td></td></tr> <tr> <td>Residual Risk</td><td></td></tr> </table> <p><u>Summary of Control Weaknesses:</u></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>There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.</p>	Inherent Risk		Residual Risk	
Inherent Risk					
Residual Risk					
7	<p>FAILURE TO DEVELOP & DELIVER STRATEGIC PARTNERSHIPS</p> <p><u>Owner:</u> Mark Kimberley</p> <p><u>Residual Risk Direction:</u> </p> <table border="1" data-bbox="989 1041 1324 1198"> <tr> <td>Inherent Risk</td><td></td></tr> <tr> <td>Residual Risk</td><td></td></tr> </table> <p><u>Summary of Control Weaknesses:</u></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 risk audit recommendations relating to this corporate risk.</p> <p><u>Risk Register</u></p> <p>The Leisure Services operational risk register identifies two minor control gaps with respect to the need to develop new joint use agreements, particularly with respect to Academy Schools, and the need to introduce new booking procedures to include Child Protection requirements.</p> <p>Both of these risks have a management action plan to address the risks identified.</p>	Inherent Risk		Residual Risk	
Inherent Risk					
Residual Risk					

8

LEGAL / REGULATORY / CONTRACTUAL BREACH**Owner:** Helen Barrington**Residual Risk Direction:** 

Inherent Risk	
Residual Risk	

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:** David Wakelin**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.

	<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>				
10	<p>ADVERSE EVENTS IN THE EXTERNAL ENVIRONMENT</p> <p><u>Owner:</u> John Robinson</p> <p><u>Residual Risk Direction:</u> </p> <table border="1" data-bbox="986 445 1323 598"> <tr> <td>Inherent Risk</td><td></td></tr> <tr> <td>Residual Risk</td><td></td></tr> </table> <p><u>Summary of Control Weaknesses:</u></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>There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.</p>	Inherent Risk		Residual Risk	
Inherent Risk					
Residual Risk					
11	<p>DAMAGE TO REPUTATION</p> <p><u>Owner:</u> John Robinson</p> <p><u>Residual Risk Direction:</u> </p> <table border="1" data-bbox="986 1180 1323 1332"> <tr> <td>Inherent Risk</td><td></td></tr> <tr> <td>Residual Risk</td><td></td></tr> </table> <p><u>Summary of Control Weaknesses:</u></p> <p>There is an overall improvement in this risk category, however, the residual risk remains at amber.</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>The significant risk identified within the Parks & Street Care operational risk register, relating to the potential failure to repair and maintain fencing in recreational areas, has been reassessed as a minor control gap. The cause of the control gap is identified as inadequate funding. There have been no identified trends of increased incidents or insurance claims.</p>	Inherent Risk		Residual Risk	
Inherent Risk					
Residual Risk					

<p>A minor control gap has been identified within the Strategy & 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 & Environment with respect to the potential failure to secure ongoing funding for CCTV and the ASB co-ordinator.</p>
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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 ^{*1} (number)	Risk Register – high control gaps ^{*2} (number)
RED	16+	7+	2
AMBER	8-15	3-6	1
GREEN	0-7	1-2	0

^{*1} medium risk control gap = -1 to -3

^{*2} 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 March 2013

Number of risk exposures by corporate risk:

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

Figures shown in brackets represent the previous quarter.

Corporate Risks

C U S T O M E R	Risk Category	Corporate Risk	Inherent Risk		Risk Owner	R I S K R E G I S T E R S
			Impact	L'hood		
	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	S Bray	
	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 Wakelin	
		10. Adverse Events in the External Environment	M	L	J Robinson	
	REPUTATION	11. Damage to Reputation	M	M	J Robinson	

Appendix C

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		
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 external cost pressures.	1	3	3	9	1	1	1	Robust M/T Financial Strategy. Budget planning and monitoring. Strategies being developed (efficiency / income). S151 Officer role – preventing unbalanced budget.	2	1	3	-1	NB: continue to monitor for emerging issues.
DW7	2004-05	Failure to repair and maintain fencing in recreation areas.	11	3	3	9	1	1	1	Inadequate funds to complete - further budget bids to be made. Insurance policy in place. No trend identified of incidents/claims.	1	2	2	-1	Monitor success of future budget bids.

PD56	2004-05	Inability to finalise/ maintain Joint Use Agreements for all 3 sites, potentially resulting in reduced income, loss of maintenance funding and reduction in provision / service delivery.	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 schools require a variation to the existing agreement as the County Council will no longer be a partner, this is being progressed.
PD64	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. Low 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.
PD65	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.

PD68	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.
PD46	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.
PD47	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.	2	2	4	-2	Management monitoring and reaction to market forces by income stream.
PD50	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.

DW46	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 source Consider alternative funding sources
SB11	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.
SB12	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.