

Report to Audit Committee

Subject: Risk Scorecard

Date: 10th December 2013

Author: Service Manager – Audit & Risk Management

1. Purpose of the 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. Summary of Findings

The Corporate Risk Scorecard and supporting comments, as at December 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**.

4. Resource Implications

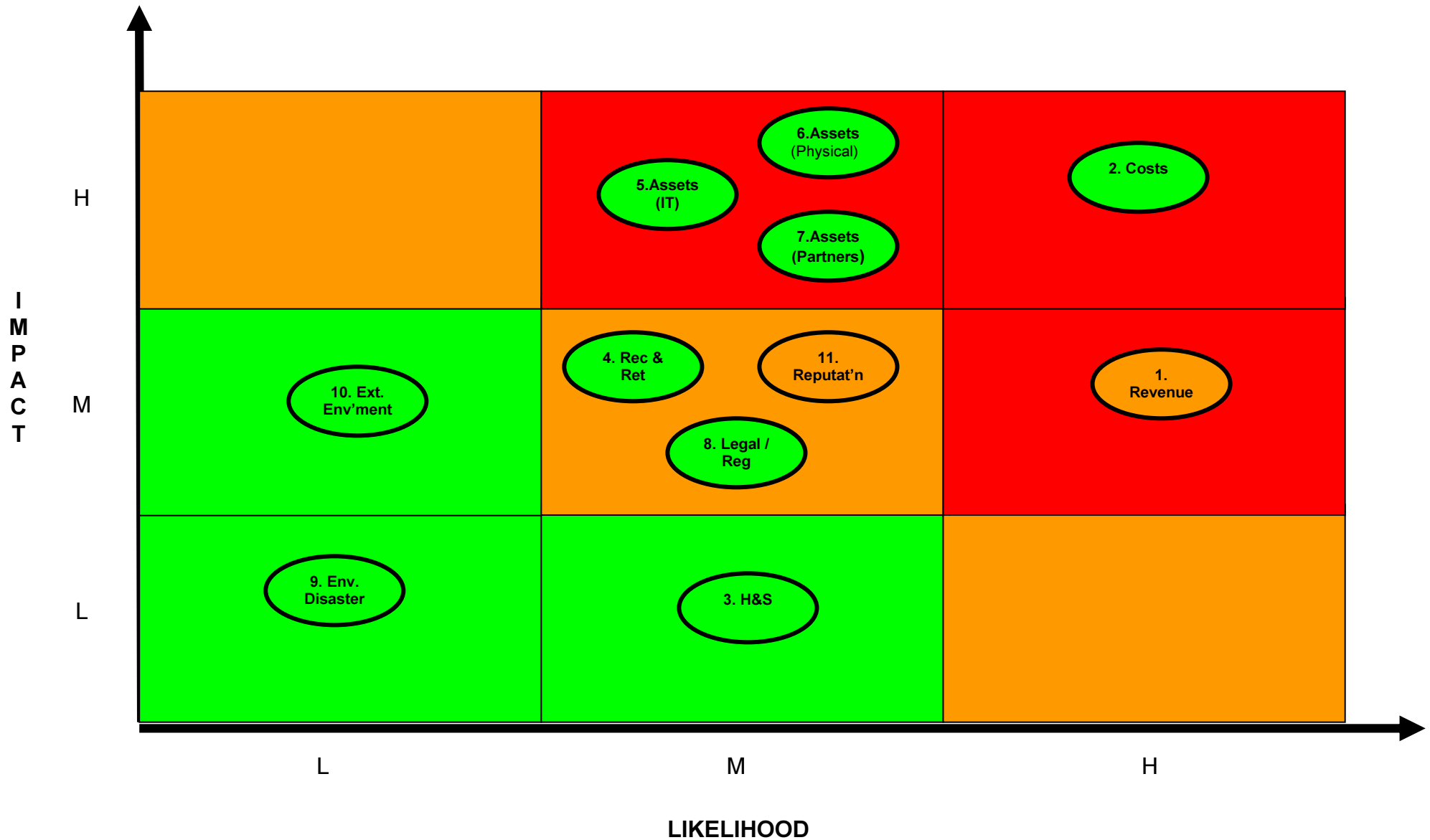
To be delivered within existing budgets.

5. Recommendation

Members are requested to note the report.

GEDLING BOROUGH COUNCIL

CORPORATE RISK SCORECARD – December 2013



Supporting Comments & Explanations

1

FAILURE TO MAXIMISE REVENUE

Owner: Mark Kimberley

Residual Risk Direction:



Inherent Risk	
Residual Risk	

Summary of Control Weaknesses:

There is an overall slight improvement to this risk category.

Audit Recommendations

The number of outstanding medium risk audit recommendations has fallen from 5 to 3.

This is the result of the implementation of the two medium and one high risk recommendation made in the previous review of Debtors (IAR1213-06). 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.

Whilst these recommendations have been fully implemented, an additional medium risk recommendation has been made in the current review (IAR1314-13), relating to the removal of user access for employees leaving the Council.


The review of NNDR (IAR1213-12) identified a medium risk recommendation relating 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.


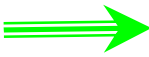
The review of Debtors (IAR1213-06) highlighted two medium and one high risk recommendation. These relate to need to undertake timely reconciliations between the Direct Services system and the Civica debtor system and similarly between the debt collection agency system.















In addition, a medium risk recommendation was reported in the Cash Receipting review (IAR1213-17), relating to the use of user log on's during periods of short breaks.

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.

	<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> <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>				
2	<p>FAILURE TO MINIMISE COSTS</p> <div style="display: flex; align-items: center; justify-content: space-between;"> <div> <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 currently five high/medium risk audit recommendations highlighted against this risk category.</p> <p>These relate to the need to review and enhance the management reporting and monitoring arrangements for fuel stocks and enhance the monitoring of the use of fuel key fobs to provide a robust audit trail (IAR1213-03).</p> <p>In addition, a medium risk recommendation was identified in the review of Bin Stocks (IAR1213-04), requiring a review of order levels to minimise stock holding levels and costs.</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="border: 1px solid black; padding: 5px;"> <table> <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> <p><u>Owner:</u> Mark Kimberley</p> <p><u>Residual Risk Direction:</u> </p> <table border="1" data-bbox="983 275 1321 427"> <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>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					
4	<p>FAILURE TO RECRUIT & RETAIN SUITABLY SKILLED STAFF</p> <p><u>Owner:</u> Stephen Bray</p> <p><u>Residual Risk Direction:</u> </p> <table border="1" data-bbox="963 1068 1302 1220"> <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					

5	<p>FAILURE TO PROTECT & UTILISE ASSETS (IT/IS)</p> <p><u>Owner:</u> Mark Kimberley</p> <p><u>Residual Risk Direction:</u> </p> <table border="1" data-bbox="1005 257 1340 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 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 1120 1324 1276"> <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>An emerging risk has been identified with respect to the successful delivery of the capital project to refurbish Arnold Leisure Centre.</p>	Inherent Risk		Residual Risk	
Inherent Risk					
Residual Risk					

7

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

Inherent Risk	<div></div>
Residual Risk	<div></div>

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 Leisure Services operational risk register identifies a minor control gap with respect to the need to develop new joint use agreements, particularly with respect to Academy Schools. A management action plan is in place to address the risks identified.

8

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

Inherent Risk	<div></div>
Residual Risk	<div></div>

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

	<p>monitoring will confirm (or otherwise) whether this current approach is sufficient to fully mitigate the risk.</p> <p>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.</p>				
9	<p>ENVIRONMENTAL POLLUTION / DISASTER</p> <p><u>Owner:</u> David Wakelin</p> <p><u>Residual Risk Direction:</u> </p> <table border="1" data-bbox="962 533 1299 683"> <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					
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 1272 1323 1422"> <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 **DAMAGE TO REPUTATION**

Owner: John Robinson

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

Two emerging risks have been identified. These relate to the potential failure to implement the Community Infrastructure Levy and develop sustainable management arrangements at the Bonnington Theatre. Project teams have been established to address the issues and progress viable solutions.

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.

A minor control gap has been identified within the Strategy & Performance operational risk register. This relates 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.

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.

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 December 2013

Number of risk exposures by corporate risk:

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

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
			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

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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		
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.
S12	2004-05	Govt. grant settlement and other government grant significantly lower than anticipated.	1	2	2	4	1	1	1	Comprehensive Spending Review and Chancellor budgets and announcements provide forward projections which are factored into Medium Term Planning.	1	2	2	-1	
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	2	-1	Continue to monitor for emerging issues.
S22	2012-13	'Failure to produce a balance Medium Term Financial Plan (3 year horizon)	1	3	3	9	1	1	1	'MTFP balanced over 3 years Track record of achieving efficiencies and budget reductions Regular SLT/Cabinet budget reviews Controlling group manifesto pledges already delivered	2	2	4	-3	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	Enter into new agreements. Ongoing management review. Included in medium term plan.	1	2	2	-1	New, separate agreement now in place for Calverton with Seely School Governors and with NCC. New Joint Use agreement for all sites are needed. Academy Status at Redhill School and Wheldon School require variations to the existing agreement due to ownership issues. NB - third party reliance (NCC legal services). This is being progressed. Will be subject to 6 monthly review.
PD64	2007-08	Inability to maintain current level of income within Leisure Services.	1	3	3	9	1	2	2	New systems and procedures developed for DNA – marketing promotion / sales / retention. New membership options introduced. Ongoing monitoring of competitors.	2	2	4	-2	'Leisure and Community Centre Strategies to be undertaken 13/14.
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.

PD71	2012-13	'Failure to deliver Capital project to refurbish Arnold Leisure Centre.	6	2	2	4	2	1	2	Project team established including Project Manager and various technical disciplines.	2	2	4	-2	Emerging risk, project team established, monitor project risks/issues.
PD46	2008-09	Falling DC Income.	1	2	2	4	1	1	1	Introduction of pre-application charges April 2013. Income monitored at actual and underlying levels actual currently holding). Monitoring of fee income by stream (household/commercial). Potential impact of the Planning Guarantee.	1	2	2	-1	'Ongoing management monitoring and reaction to market forces by income stream.
PD47	2008-09	Falling BC Income	1	2	2	4	1	2	2	'Income monitored at actual and underlying levels (actual currently holding). Monitoring of fee income by stream (household/commercial). Using introduction of pre-app service for planning applications to promote the BC service.	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.
PD70	2012-13	'Failure to implement Community Infrastructure Levy.	11	2	2	4	1	1	1	'Resulting in reduced ability to secure s106 contributions to mitigate the impact of new development. Reviewing introduction of CIL whilst not compromising the viability of the local housing market.	2	2	4	-3	Emerging risk, project developed.
PD72	2012-13	'Failure to develop arrangements for ongoing management and development of Bonnington Theatre.	11	2	2	4	1	1	1	Continue to work with Theatre User Forum and Theatres Trust to establish feasible options. Establish sustainable management structure.	2	1	-1		Emerging risk, review options and discussion outcomes.