

Risk Register : Summary of Assurance

Key elements of the system of internal audit	Response
<p>a) The process by which the control environment and key controls have been identified - <i>the Council's risk management system.</i></p>	<p>The Council's risk management strategy explains the Council's risk management system. In summary, Managers are required to identify those risks that will hinder their achievement of the Council's Aims and Objectives. This is done in a structured way against the key activities within the balanced scorecard and supporting performance management information together with longer term horizon scanning. Once a risk has been identified, it is recorded on the risk register and evaluated in terms of likelihood and severity. Controls (if available) to reduce the likelihood or severity of adverse events are identified and recorded and the risk re-evaluated. The evidence available to support the controls is also identified and evaluated. Managers review all their register entries each quarter.</p>
<p>b) The process by which assurance has been gained over controls – <i>its coverage of the key controls and key assurance providers.</i></p>	<p>Every six months Managers are required to review the controls entered on the register and give a view (the level of assurance) as to how effective those controls are in managing the risk. The managers view can be either self-assurance or obtained from a third party (internal/external audit or similar review body). A summary of assurance levels as at 31 August, is provided within the table below.</p> <p>All the risks in the register are covered by the internal audit strategic plan and the inherent/residual risk, controls and level of assurance considered when the risk area reviewed. The annual audit plan refers to specific risk register entries. At the conclusion of an internal audit review, any changes to entries on the risk register are discussed with the appropriate Manager and if necessary, changes are made to risk register entries.</p>
<p>c) The adequacy and effectiveness of the remedial action taken where there are deficits in controls, which will be led by the audit committee or its equivalent and implemented by management.</p>	<p>This Panel considers all external audit reports. It has access via the intranet to all internal audit reports. Reports are submitted twice a year to the Panel by the Internal Audit & Risk Manager that highlight significant concerns and where appropriate, management responses. Managers progress in implementing agreed audit actions is also reported. Poor levels of performance in this area have been previously commented upon by the Panel and the target is now regularly exceeded. The Corporate Governance Panel seek assurance, as part of their consideration of the annual governance statement, that controls are operating effectively. This assurance is obtained primarily from the work of internal and external audit.</p> <p>Actions are prepared of issues identified in the annual governance review and regularly reported to the Panel.</p>

<p>d) The operation of the audit committee and the internal audit function to current codes and standards.</p>	<p>The Council established the Corporate Governance Panel in 2004. its terms of reference were reviewed earlier in the year, at the Panel’s own request, and been amended to align with current best practice. The Panel undertook a self assessment exercise in August 2008 (based upon Cipfa best practice documentation supplemented by best practice with the NHS and private sectors). The results of this process were summarised by the Head of Financial Services and discussed at length at the September 2008 Panel meeting. The self assessment was attended by the External Auditor who felt that the Panel at that time, was generally effective and open to changes that improved assurance and the governance of the Council. The Panel felt that an annual review was not necessary and agreed to a further review in 2011 prior to the approval of the governance statement. Arising from the self-assessment an action plan was agreed, and this is reported in a separate report on the agenda dealing with the review of the effectiveness of the Corporate Governance Panel.</p> <p>The internal audit service undertook a self-assessment review against the Cipfa Code of Practice for Internal Audit in 2007 and 2008. The June 2008 review, was supplemented by a peer review by colleagues from Cambridgeshire County Council. Panel noted the general effectiveness of the service in meeting the requirements of the Code. Minor issues were identified for improvement. The external auditors also assessed the internal audit service as compliant with the Code in their 2007/08 review. In 2008/09 they reviewed a number of internal audit files in respect of the Council’s key financial systems and raised no issues from these reviews. They reported in their “Annual report to those Charged with Governance 2008/09” (which is discussed in a separate report on the agenda) that “We have reviewed the work of Internal Audit and concluded that the scope and conduct of the testing was satisfactory and we were able to rely on internal audit in understanding key financial systems of the Authority. We have therefore taken assurance from the work of internal audit to support our responsibility in understanding material systems used to prepare the statement of accounts”.</p> <p>Due to changes to the review of the effectiveness of the system of internal audit approved by the Panel in March this year, Panel agreed that the next review of Internal Audit against the Code of Audit Practice be conducted in 2011.</p>
--	---

Information Table - Assurance on Key Controls

The following narrative supports the detail contained in the Information Table below.

1. When a risk is entered into the register, the significant controls to manage that risk are also considered and entered. Managers are also required to identify the assurance source or the evidence (e.g. reports, strategies and policies, minutes of meetings etc that demonstrate that the key controls are in place and operating effectively) that support the control.
2. Every six months Managers are required to confirm that the assurance source/evidence to support the control is operating as expected. They enter one of four levels of assurance (substantial, adequate, limited or none) against the assurance source in the risk register. If the 'none' assurance column contains entries, it means that no entry has been made to the register.
3. If a third party has reviewed the assurance source/evidence and accepted that it addresses the control, then this assurance will also be entered into the register. (This is shown in the table below as "Other" assurance source). This acts as 'positive' assurance that the Manager has evidence available to demonstrate that they are managing the risk as intended.
4. Assurance shortfall. If no assurance opinion has been provided against a control, or there is uncertainty that the controls are operating as intended (3 areas), the assurance shortfall column will be completed by the Internal Audit & Risk Manager based on entries made to the risk register by a Manager. An entry in this column means that there is a need to address a gap in assurance and alerts both Managers and the Panel to that fact.
5. The information in the table also cross refers risks to those areas that Panel require specific assurance on. The table also contains both corporate and operational risks. It is proposed that future tables, only detail corporate risks and operational risks that have a 'very high' inherent score. This will allow the Panel to focus on the more significant risk areas. COMT will continue to receive details of all operational risks.

Information Table - Assurance on Key Controls

Corporate Objective	Risk No	Inherent Risk	No of Controls	Residual Risk	Assurance Level				Assurance Provider		Area of Panel Assurance	Assurance shortfall	Risk Type		
					Substantial	Adequate	Limited	None	Management	Other			Corporate	Operational	
A clean, 'green' and attractive place															
Delivery of environmental agenda	154		2			2				2		a		✓	
Climate change	146		2			1		1		1		a		✓	
Collection of household waste	11		2			2				2		g			✓
Orphaned land fill sites	86		2		1	1				2				✓	
Inadequate environmental policy	30		5		1	3	1			5		a		✓	
Reduced income : loss of services	157		1				1			1		d		✓	
Inadequate planning policy	40		7		7					7		g		✓	
Challenge to development decisions	43		6		6					5	1	g			✓
Water cycle study	131		1			1				1				✓	
Inadequate maintenance of trees	19		2			2				2					✓
A strong, local economy															
Sustained economic growth	53		3		2	1				3		a			✓
Developing communities sustainably															
Delays to A14	104		1			1				1				✓	
Changes to house prices	52		2				2			2				✓	
Management of industrial/commercial properties	50		7		6	1				7		a			✓
Economic downturn	152		---									a		✓	

Substantial: Controls are applied continuously or with minor lapses

Adequate: Controls are applied but with some lapses

Limited: Significant breakdown in the application of controls

None : No Assurance Given

Information Table - Assurance on Key Controls

Corporate Objective	Risk No	Inherent Risk	No of Controls	Residual Risk	Assurance Level				Assurance Provider		Area of Panel Assurance	Assurance shortfall	Risk Type	
					Substantial	Adequate	Limited	None	Management	Other			Corporate	Operational
Local transport issues	59		1			1			1		a		✓	
Healthy Living														
Civil emergency	9		7		1	5	1		7					✓
Localised flooding	7		2		1	1			2					✓
A Leisure Centre is closed	20		6		5	2			7					✓
Customer expectations not met	55		6		2	4			6				✓	
Special events	23		4		1	3			4					✓
Schools reduce use of Leisure Centres	156		1			1			1					✓
Housing that meets individuals' needs														
Increased homelessness	148		---										✓	
Increasing Housing Benefit claims	143		1			1			1		h			✓
Failure to meet Government Connect timetable	155		1			1			1		c			✓
Deficiencies in Housing policy	51		3		1	1	1			2	a			✓
Safe, vibrant and inclusive communities														
Licensing ineffective	45		9		9				9					✓
Stray dogs	134		1			1			1					✓
Social exclusion	141		1		1				1		a		✓	
CRB checking	22		6		5	1			6		g			✓

Substantial: Controls are applied continuously or with minor lapses

Adequate: Controls are applied but with some lapses

Limited: Significant breakdown in the application of controls

None : No Assurance Given

Information Table - Assurance on Key Controls

Corporate Objective	Risk No	Inherent Risk	No of Controls	Residual Risk	Assurance Level				Assurance Provider		Area of Panel Assurance	Assurance shortfall	Risk Type	
					Substantial	Adequate	Limited	None	Management	Other			Corporate	Operational
To improve our systems and practices														
ICT security breached	15		8		4	4			8		g			✓
Information or data is lost	58		16		3	10	3		13	3	g			✓
Service recovery/business continuity ineffective	6		3		2	1			3		g			✓
Housing Benefit service delivery issues	27		7		5	2			7		g			✓
Pandemic flu outbreak	162		3				3				h			✓
Unencrypted data is sent externally	122		1		1				1		g		✓	
Strict Government Connect rules restrict flexibility	163		1		1				1					✓
Ineffective site security	32		3			3			1	2	g			✓
Increasing insurance premiums	126		3			2	1		3					✓
Partnerships are not effective	74		3		1	2			3		k		✓	
Theft	140		5		3				3		g			✓
Fraud occurs	75		6		2	4			6		g			✓
New HQ not delivered on time/budget	5		5		5				5					✓
Corporate Objectives not achieved	12		3			3			2	1	a		✓	
Loss of access/structure: Pathfinder House	145		3		2		1		2		g			✓
Inadequate governance process	37		6		5	1			6		b			✓
Project management ineffective	48		2		1	1			2		e			✓
Code of Procurement not followed	39		4		2	1	1		4		b			✓
Poor procurement decisions	65		4		1	2	1		4		g			✓
IT systems developed without adequate controls	135		---										✓	

Substantial: Controls are applied continuously or with minor lapses

Adequate: Controls are applied but with some lapses

Limited: Significant breakdown in the application of controls

None : No Assurance Given

Information Table - Assurance on Key Controls

Corporate Objective	Risk No	Inherent Risk	No of Controls	Residual Risk	Assurance Level				Assurance Provider		Area of Panel Assurance	Assurance shortfall	Risk Type	
					Substantial	Adequate	Limited	None	Management	Other			Corporate	Operational
Inappropriate legal advice	33		7		5	2			7		c			✓
Workload planning	49		5		5				5					✓
Data is mismanaged	60		5		1	3	1		5		e			✓
Call Centre inefficiencies	102		2		1	1			2					✓
Electoral registration process deficient	29		1		1				1					✓
Feedback process not robust	61		3			2	1		2		g			✓
Inadequate financial advice	34		7		3	1			4		d			✓
Inadequate risk management	38		5		4	1			4	1	f			✓
Web strategy not delivered	150		3		1	1	1		3					✓
MyCouncil over-engineered	151		2		1	1			2					✓
Lost contract and property records	158		3		2	1			3		g			✓
Poor communication with 'stakeholders'	56		3		1	2			3			✓		
Safeguarding children and vulnerable adults	147		2			2			2		g			✓
Internal Audit doesn't meet Code of Audit Practice	167		4		3	1			4		j			✓
Fol requests not properly handled	123		3			3			3		e	✓		
Inaccurate land change information	69		3		1	2			3					✓
Internal Audit plan not delivered	166		4		3	1			4		j			✓
To learn and develop														
Reliance on key IT staff	25		7		4	2	1		6		g			✓
Staff training & development	2		6			1	5		1					✓

Substantial: Controls are applied continuously or with minor lapses

Adequate: Controls are applied but with some lapses

Limited: Significant breakdown in the application of controls

None : No Assurance Given

Information Table - Assurance on Key Controls

Corporate Objective	Risk No	Inherent Risk	No of Controls	Residual Risk	Assurance Level				Assurance Provider		Area of Panel Assurance	Assurance shortfall	Risk Type	
					Substantial	Adequate	Limited	None	Management	Other			Corporate	Operational
Bailiff contract	31		3		1	2			3					✓
Death of a member of the public/employee	16		4		2	2			4		g			✓
IT project management	72		5		5				5		g			✓
Inadequate maintenance of plant & equipment	57		3			3			3		g			✓
Staff recruitment	3		4				4				g			✓
Discrimination/equality	54		5		4	1			5				✓	
Health & safety in Leisure Centres	17		10		8	2			10		g			✓
Ineffective review of Housing Ben. assessments	64		8		4		4			4	c			✓
Inadequate health & safety training	14		6		2	4			6		g			✓
Identify, assess and respond to legislation	73		4		2	1	1		3		c			✓
To maintain sound finances														
Failure to achieve financial savings	130		2		1	1			2		d			✓
Investment decisions not appropriate	47		9		4	5			9		d			✓
Increase in Council Tax arrears	142		3		2	1			3		d			✓
Reduced land charges income	153		1			1			1					
Budget estimates are inaccurate	24		3		2	1			3		d			✓
Council Tax capping	1		1		1				1		d			✓
Reduced footfall in Leisure Cntr due to pandemic	161		2			2			2					✓
Ineffective building control service	44		6		3	2	1		5					
Fraud is undetected	144		2		2				1	1	g			

Substantial: Controls are applied continuously or with minor lapses

Adequate: Controls are applied but with some lapses

Limited: Significant breakdown in the application of controls

None : No Assurance Given

Information Table - Assurance on Key Controls

Corporate Objective	Risk No	Inherent Risk	No of Controls	Residual Risk	Assurance Level				Assurance Provider		Area of Panel Assurance	Assurance shortfall	Risk Type	
					Substantial	Adequate	Limited	None	Management	Other			Corporate	Operational
Ineffective budget scrutiny	42		3		3				3		d			
Insufficient external funding obtained	71		3		1	1		1	2					✓
Leisure Centre joint agreements	18		1			1			1		k			✓
Failure to delivery capital plan	62		2			2			2		d			✓
Reduced Leisure Centre income	159		1			1			1					✓
Closure of outdoor facilities at Leisure Centre	160		1			1			1					✓
Council Tax not collected	67		3		2			1	1	1	d			✓

Substantial: Controls are applied continuously or with minor lapses

Adequate: Controls are applied but with some lapses

Limited: Significant breakdown in the application of controls

None : No Assurance Given

Information Table - Assurance on Key Controls

The following areas that Panel require specific assurance upon are cross referred to the table above under the column headed **Area of Panel Assurance**

- a. Delivery of the Council’s corporate objectives
- b. The effectiveness of the Constitution
- c. Ability to identify, assess and respond to legislation, meeting statutory obligations
- d. Effectiveness of financial management arrangements
- e. Robustness of the performance management system
- f. The effectiveness of the risk management strategy
- g. Robust systems of internal control & the effectiveness of key controls
- h. Actions plans to address significant weaknesses are prepared, acted & reported on
- j. Adequacy of the internal audit service
- k. Partnerships are efficient and effectively delivering service objectives

The risk assessment matrix.

Health & Safety risks are plotted against the smaller inset matrix.

Likelihood / Frequency	Almost Certain	5	Medium	High	Very High	Very High	Very High
	Likely	4	Medium	High	High	Very High	Very High
	Occasional	3	Low	Medium	High	High	Very High
	Unlikely	2	Low	Low	Medium	High	Very High
	Improbable	1	Low	Low	Medium	High	High
			1	2	3	4	5
			Trivial	Minor	Significant	Major	Critical
			Impact				