

**RISK REGISTER**

**(Report by the Audit & Risk Manager)**

**1. Purpose**

- 1.1 To inform the Panel of the changes that have been made to the risk register in the period 14 March to 31 August 2012 and the current residual risk scores.

**2. Updating of the Risk Register**

- 2.1 Since the last meeting of the Panel, the register has been reviewed by Heads of Service and Activity Managers. They have also considered the effectiveness of the controls that are in place to manage those risks and updated the sources of assurance available to manage those controls.
- 2.2 The process by which the register is reviewed by Heads of Service is now well established and dovetails with the COMT quarterly performance reporting timetable. A similar review process has been introduced with Activity Managers, albeit on a six monthly basis.
- 2.3 All changes to the register are reviewed by the Audit & Risk Manager. This allows general over-sight and challenge of the risk entries and the inherent and residual scoring. The full risk register is available on the risk management intranet site.
- 2.4 This report includes six Annexes, which provide information on

Annex

- |   |  |
|---|--|
| 1 | Risk matrix – inherent to residual scoring: Corporate risk |
| 2 | : Operational risk   |
| 3 | Risk register amendments                                   |
| 4 | Assurance on controls for very high inherent risks         |
| 5 | Risks with no controls                                     |
| 6 | Risks with controls that are not working effectively       |

**3. Current Register**

- 3.1 Since the last report to the Panel in September 2011, one risk has been added, and six risks deleted from the register. See Annex 3.
- 3.2 The annexes 1 and 2 show the reduction in risk achieved by the controls that managers have in place for both Corporate and Operational risks. Risks with a “very high” residual risk are listed separately.

- 3.3 417 significant controls are recorded in the register as at 31 August, in respect of 143 individual risk entries, covering both corporate and operational risks. The levels of assurance are as follows.

Total No of Controls	Assurance Level			
	Substantial	Adequate	Limited	None
417	274	119	17	7
	66%	28%	4%	2%

83% of the assurances have been updated in the past six months (56% at February 2012). 1% of assurances are more than twelve months old (2% at February 2012).

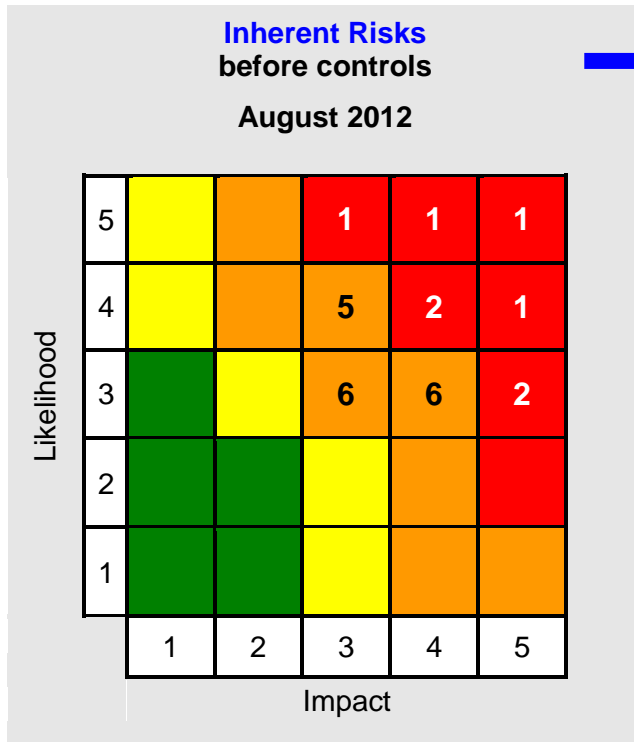
- 3.4 As the risk register has become more robust, the Internal Audit Service has been able to place greater reliance on its content. This in turn has led to them reviewing and challenging both the controls listed and their assurance ratings. If this suggests that the controls or the assurance opinions are not appropriate then Heads of Service are requested to review the entries. This process helps to maintain a register that is both relevant and reliable and gives the Panel assurance that information presented to it is a fairly reflection of the current management of risk.
- 3.5 The risk management strategy requires the Cabinet to consider each of the very high residual risks to identify whether they should be further mitigated by cost-effective and affordable actions. Risk option forms have been considered by Cabinet in July for five of the six current very high residual risks. They accepted the residual risk levels.

#### 4. Recommendation

- 4.1 It is recommended that the Panel note the report.

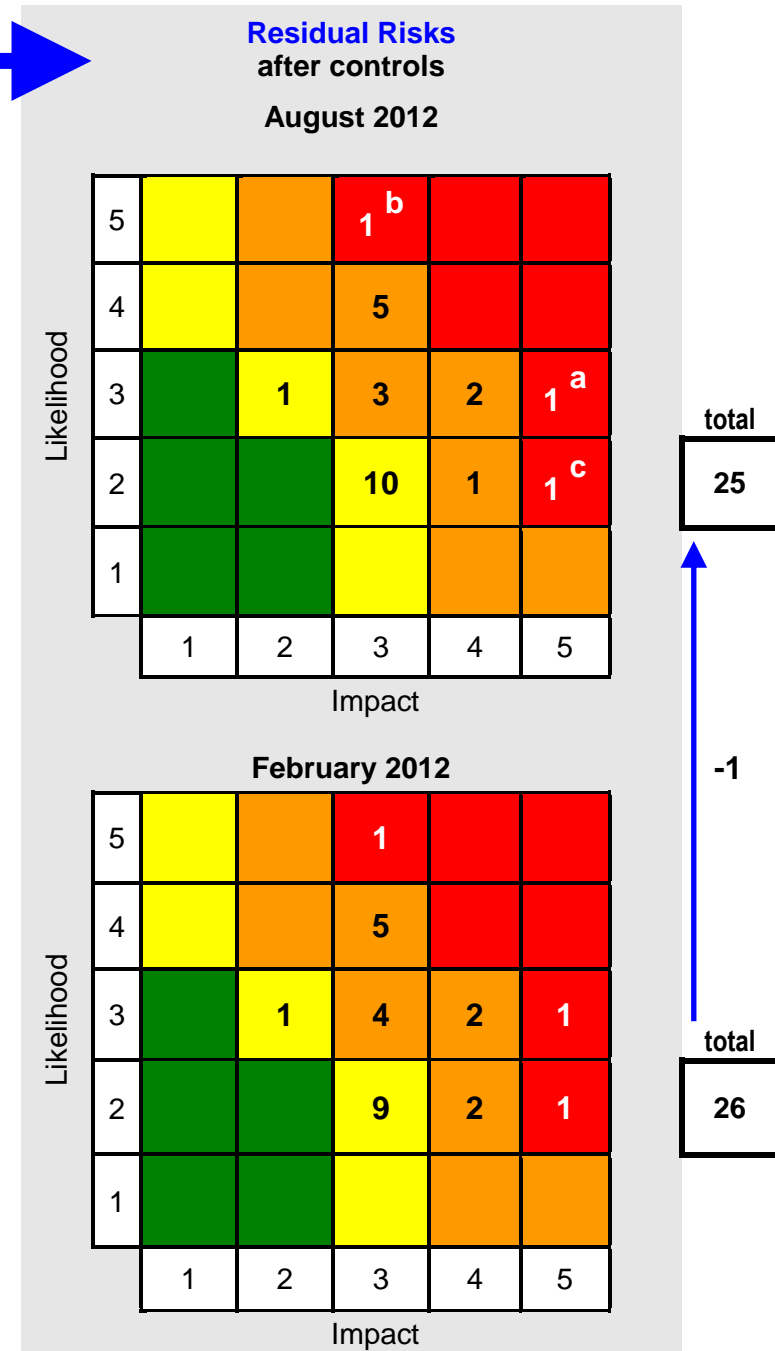
#### ACCESS TO INFORMATION ACT 1985 Risk Register

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*Residual risk scores rely on the identified controls working effectively.*

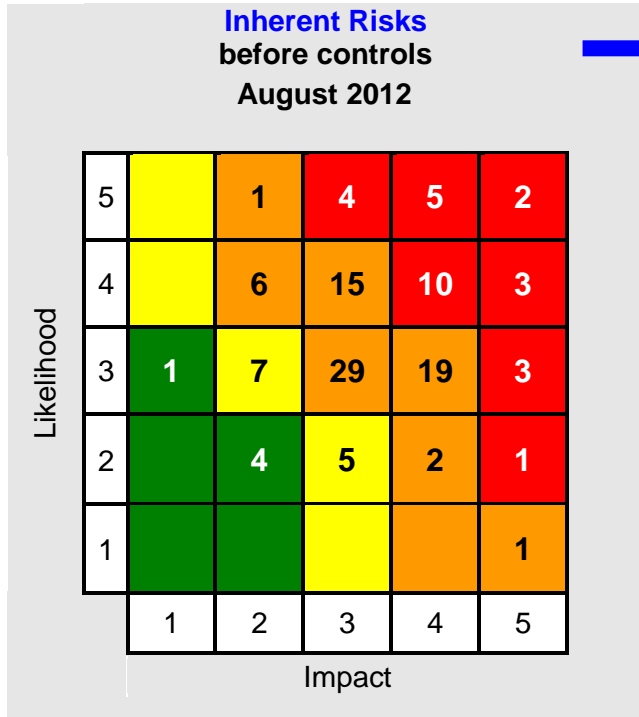
*CGP and COMT rely on internal audit and managers' 'assurance' statements to judge whether this is the case.*



	'Very High' Residual Risks	Feb 2012	Aug 2012	Accepted by Cabinet
		Likelihood X Impact		
130 a	Failure to achieve financial savings	3 / 5	3 / 5	July 2012
146 b	Climate change preparations poor	4 / 3	5 / 3	----
47 c	Investment decisions not appropriate	2 / 5	2 / 5	July 2012

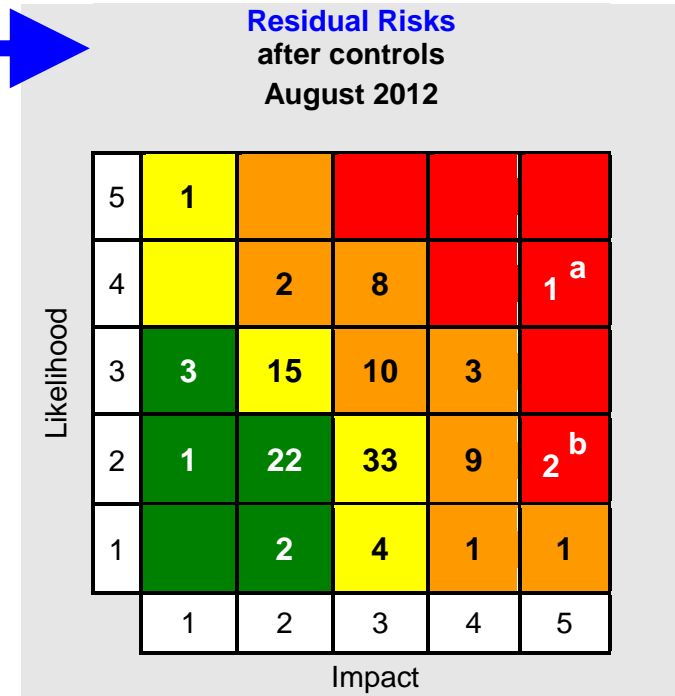
It is proposed that a report on risk 146 will be submitted to Cabinet in November 2012.

# Operational Risks



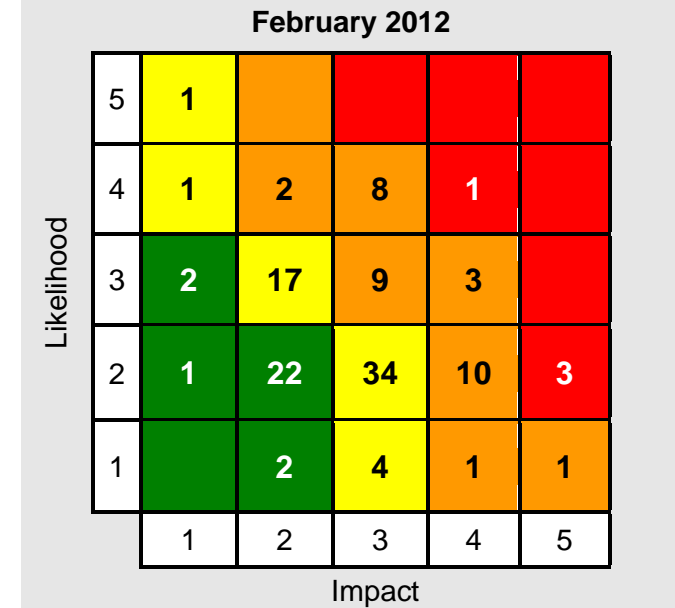
*Residual risk scores rely on the identified controls working effectively.*

*CGP and COMT rely on internal audit and managers' 'assurance' statements to judge whether this is the case.*



total  
**118**

	'Very High' Residual Risks	Feb 2012	Aug 2012	Accepted by Cabinet
	<b>Likelihood X Impact</b>			
223	a MMI run-off	2 / 5	4 / 5	July 2012
15	b ICT security is breached	2 / 5	2 / 5	July 2012
58	b Information or data is lost	2 / 5	2 / 5	July 2012



Total  
**122**

- 4

**Summary of Risk Register Amendments  
6 March 2012 – 31 August 2012**

**Annex 3**

	<b>Additions</b>	<b>Deletions</b>
<b>Corporate</b>	<b>0</b>	<b>1</b>
<b>Operational</b>	<b>1</b>	<b>5</b>

**Corporate**

<b>Risk Ref</b>	<b>Risk Title</b>	<b>Created</b>	<b>Deleted</b>	<b>Inherent Risk Priority</b>	<b>Residual Risk Priority</b>
235	Government reduction in funding leading to unavoidable service costs.	---	06/08/12	<b>Very High</b>	<b>Very High</b>

**Operational**

<b>Risk Ref</b>	<b>Risk Title</b>	<b>Created</b>	<b>Deleted</b>	<b>Inherent Risk Priority</b>	<b>Residual Risk Priority</b>
234	Employees of the Council who act in isolation or conjunction with a colleague accept an inducement/bribe leading to them acting outside of agreed policies and procedures and bringing the Council into disrepute	01/05/12	---	<b>High</b>	<b>High</b>
188	Referrals from Occupational Therapists are not received resulting in reduced fee income.	---	24/04/12	<b>High</b>	<b>Medium</b>
151	Delivering the Web Strategy – over engineer the MyCouncil application	---	25/07/12	<b>High</b>	<b>Medium</b>
162	Pandemic flu outbreak. Significant staff absence and inability to provide full services	---	27/07/12	<b>Medium</b>	<b>Low</b>
205	Council fails to act as a community leader by not delivering schemes designed to mitigate climate change	---	16/08/12	<b>Very High</b>	<b>High</b>
221	Failure to maintain One Leisure buildings could result in disrepair and consequent injury/death to staff, customer or contractor.	---	24/08/12	<b>High</b>	<b>Medium</b>

## Assurance Details

## Annex 4

Corporate Objective	Risk No	Inherent Risk	No of Controls	Residual Risk	Assurance Level				Area of Panel Assurance <sup>1</sup>	Assurance shortfall	Risk Type	
					Substantial	Adequate	Limited	None			Corporate	Operational
<b>A clean, 'green' and attractive place</b>												
Climate change strategy	146		2					2	a	X	✓	
Loss of vehicle fleet operating licence	192		3		2	1						✓
Failure to deliver environmental policy/strategy	30		6				4	2	a		✓	
<b>Developing communities sustainably</b>												
Changes to house prices	52		2			1	1		a		✓	
<b>Housing that meets individuals' needs</b>												
Increasing Housing Benefit claims	143		1		1				g			✓
Increased homelessness	148		1			1			a		✓	
<b>Safe, vibrant and inclusive communities</b>												
Reduced CCTV service	230		1			1			a			✓
<b>To improve our systems and practices</b>												
ICT security breached	15		8		8				g			✓
Service recovery/business continuity ineffective	6		5		3	2			g			✓
Information or data is lost	58		4			4			g			✓
Theft	140		4		4				g			✓
Power loss to main servers	177		6		5	1						✓
Breach of Data Protection Act	217		5		5				c			✓
Project management ineffective	48		3		2	1			e			✓
Unencrypted data is sent externally	122		4		2	2			g			✓
Increasing insurance premiums	126		3		1	1	1					✓
Ineffective site security	32		3			2	1		g			✓
Sensitive HB info e-sent via insecurely means	191		1		1							✓
Fraud occurs	75		6		1	5			g			✓

<sup>1</sup> The areas that Panel require specific assurance upon are listed at the end of this section.

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					Substantial	Adequate	Limited	None			Corporate	Operational
Loss of use of admin buildings	229		3		2		1		g		✓	
Loss of access/structure: Pathfinder House	145		3		2	1			g		✓	
Assets not properly maintained	186		3			2	1		g		✓	
Partnerships are not effective	74		2			2			k		✓	
Deadlines not met	49		4		4				k		✓	
<b>To learn and develop</b>												
Council does not invest in or develop staff	2		3		2	1					✓	
Increasing staff accidents	14		6			6			g		✓	
Serious injury or death of customers or staff	16		5			5			g		✓	
Reliance on key IT staff	25		5		3	2			g		✓	
Bailiff contract (Health & Safety)	31		3		1	2					✓	
<b>To maintain sound finances</b>												
Investment decisions not appropriate	47		4		2	2			d		✓	
Failure to achieve financial savings	130		2		1	1			d		✓	
Budget estimates are inaccurate	24		5			4	1		d		✓	
Reduced land charges income	153		1		1						✓	
Finance reforms in 2013	233		1			1				✓		
S106 Agreements are not monitored	208		3		1	2					✓	

- 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. Adequacy of the internal audit service
- j. Partnerships are efficient and effectively delivering service objectives

## Risk Register entries : No Controls

## Annex 5

Risk Ref	Risk Title	Inherent Risk Priority	Residual Risk Priority	Actions being considered	Date to be introduced
Head of Environmental Management					
154	Lack of skilled/trained staff and funds mean failure to deliver expanding environmental agenda	<b>High</b>	<b>High</b>	Identify skills required & target resource to key environmental areas and projects.	April 2012
214	Warmer, wetter winters and hotter summers with reduced rainfall resulting in an increased likelihood of subsidence and ground heave.			Develop a tree policy to consider the trees we currently own and how they will be managed in future.	June 2011
		<b>Low</b>	<b>Low</b>	Is there a programme in place to identify buildings susceptible to subsidence risk? Is there a schedule of regular maintenance checks to identify any damage? Is preventative work carried out where required?	May 2011
				All trees selected for any planting site, be it a paved street, grass verge, park, or open space is carefully chosen with regard given to its suitability to the area, based on growth habits, nutritional requirements, resistance to disease, the local landscape, future management requirements, potential for damage to adjacent properties and ultimate tree height and spread.	June 2011
215	Warmer summer weather and outdoor lifestyle increases the scope for outdoor activity leading to an increase in tourism and increased opportunity for leisure	<b>Low</b>	<b>Low</b>	None	



## Risk Register entries : No Controls

## Annex 5

Risk Ref	Risk Title	Inherent Risk Priority	Residual Risk Priority	Actions being considered	Date to be introduced
Head of Planning Services					
152	Economic downturn and the related potential shortfall in anticipated developer activity due to reduced market liquidity and availability of credit undermines the delivery of new homes, new employment opportunities and community facilities.	<b>High</b>	<b>High</b>	None	
Head of Financial Services					
223	MMI Ltd are unable to 'run-off' outstanding liabilities from reserves leading to call on Council to meet funding shortfall.	<b>Very High</b>	<b>Very High</b>	Upon receipt of annual report from MMI (which has not yet been received in respect of 2011/12) Head of Financial Services to decide on whether or not to include a provision in the accounts.	March 2013

## Risk Assurance Shortfall

## Annex 6

Risk Ref	Risk Title	Inherent Risk Priority	Residual Risk Priority	Controls considered effective	Controls not considered effective
Head of Environmental Management					
146	Failure to prepare for and adapt to climate change already occurring, resulting in wasted investment , costs of emergency action and retrofitting buildings with adaptation measures.	<b>Very High</b>	<b>Very High</b>	None	Local Climate Impact Programme on services and wider District being developed.  Adaptation to climate change.