

7 URGENT BUSINESS

Such other business as in the opinion of the Chairman of the meeting is of sufficient urgency by reason of special circumstances to warrant consideration.

8 EXEMPT ITEMS

Consider passing a resolution based on the principles of Section 100A(4) of the Local Government Act 1972, excluding the public and press from the meeting for the items of business listed on Part II of the Agenda, on the grounds that they involve the likely disclosure of exempt information as defined in those sections of Part I of Schedule 12A of the Act specified beneath each item. (There are no items currently listed for consideration in Part II.)

14 September 2022

Shaun Dawson
Chief Executive

LEE VALLEY REGIONAL PARK AUTHORITY

AUDIT COMMITTEE MINUTES 23 JUNE 2022

Members
in remote presence: David Gardner (Chairman) Lesley Greensmyth
Suzanne Rutland-Barsby (Vice Chairman) Terry Wheeler
John Bevan

Apologies Received From: Mike Garnett

Officers
in remote presence: Beryl Foster - Deputy Chief Executive
Dan Buck - Corporate Director
Keith Kellard - Head of Finance
Victoria Yates - Head of Human Resources
Vince Donaldson - Senior Contracts & Quality Manager
Jon Carney - Corporate Director
Lindsey Johnson - Committee Services Officer

Also in remote presence: Neil Harris – Ernst & Young
Sam Lowe – Mazars
Joe Ryan – RD Health & Safety Consultancy Ltd

Part I

231 DECLARATIONS OF INTEREST

There were no declarations of interest.

232 MINUTES OF LAST MEETING

THAT the minutes of the meeting held on 24 February 2022 be approved and signed.

233 PUBLIC SPEAKING

No requests from the public to speak or present petitions had been received for this meeting.

234 EXTERNAL AUDIT 2020/21

The Head of Finance reminded Members that due to the limitations of staff time, it was agreed that the completion of the 2020/21 audit would be moved to after April. The audit began in May and it should be completed by the end of July with a backstop of August. Whilst this is not an ideal situation, the Authority is not unique with 50% of London local authorities still to conclude their 2020/21 audit.

Neil Harris from Ernst & Young added that there are still some enquiries to resolve with substantive further work around our community assets of £34million and whether their classification is historic and therefore needs re-evaluation. There are only a couple of our assets that are being questioned as to whether they can still be classified as community assets, the balance, however, will be material.

AUDIT COMMITTEE MINUTES 23 JUNE 2022

Neil Harris continued to add that up to date records on capital grants, which have been received upfront will also be required. There are also a few questions around the Ice Centre Project. He is working with the Head of Finance to ensure staffing to complete the audit by the end of July.

Neil Harris concluded that he will be leaving Ernst & Young on 12 September and would like to be able to conclude this audit before his departure. His replacement will be confirmed by mid-July. There will be a comprehensive handover and hopefully an introductory meeting with the Head of Finance and the Chief Executive before he leaves.

235 ANNUAL REPORT ON THE WORK OF INTERNAL AUDIT 2021/22 AND AUDIT PLAN 2022/23 Paper AUD/127/22

Sam Low of Mazars informed Members that their level of assurance is 'moderate'. HR Processes – Leave/Absence have received Priority 1 with limited assurance overall. The Chairman asked if this was due to staff transferring between the Authority and GLL. Sam Lowe replied that it was, along with a few other housekeeping points.

The Chairman asked if 'moderate' was a typical score and if we should be concerned about it. Sam Lowe replied that there was no cause for concern and that they like to pick out key risk areas and set challenging yet achievable targets. He believes that our long term trajectory for substantive assurance was likely.

The Chairman asked if 10 days was sufficient for LSC Contract Management. Sam Lowe replied that they needed to make a holding entry and that there are contingency dates if necessary. The Corporate Director added that we are particularly keen to look at how we are administering to the early part of the contract to make sure we are doing everything that we should be and if 10 days is not enough, more time can be added for this work.

The Corporate Director informed Members that he has asked Mazars to look at the Corporate Risk Register for next year, in particular looking at areas that had either changed significantly and those that have not changed in a long time.

Sam Lowe offered his thanks to all staff who had assisted him in his internal audit.

- (1) the annual report of the Internal Auditors for 2021/22 as detailed in Appendix A to Paper AUD/127/22 was noted; and**
- (2) the annual Audit Plan for 2022/23 as detailed in Appendix B to Paper AUD/127/22 was approved.**

236 ANNUAL REPORT ON HEALTH & SAFETY 2021/22 AND HEALTH & SAFETY AUDIT PLAN 2022/23 Paper AUD/128/22

The report was introduced by the Corporate Director informing Members that this has been a challenging year with Covid, the re-opening of venues after Covid and handing over venues to GLL.

Joe Ryan of RD Health & Safety gave a summary of his report, key points included:

AUDIT COMMITTEE MINUTES 23 JUNE 2022

- We have strong and effective systems in place and he is able to offer a high level of assurance.
- The Covid-19 Focus Group has now stopped, however, we are still monitoring the risk of Covid.
- Health & safety resourcing remained available throughout 2021/22.
- Safety leadership meetings were held to discuss key topics in the health and safety strategic plan along with reactive issues.
- Staff wellbeing surveys will be released in June 2022.
- Staff competency – class based sessions back to pre-pandemic levels, however, e-learning modules are significantly down from previous years.
- The health and safety management system is strong and has been updated from April 2021.
- Legislation change following on from Grenfell phase 1 enquiry will take place with a new fire safety bill in force from 23 January 2023, which will affect materials of external buildings and taller buildings.
- There have been more incidents of fly tipping, unauthorised swimming in open water and BBQs in open spaces.
- Accidents have increased significantly due to venues re-opening, although not as high as pre-pandemic levels.
- One accident has been reported to the Health and Safety Executive, which involved a collision with a golf buggy at Dobbs Weir.
- Overall compliance is at over 90% for both LSC and non-LSC sites which is close to previous years. It is good to note that the Waterworks have increased significantly.
- Improvements to focus on include staff competency, record keeping for training and management of contractors.
- Audit targets for both LSC and non-LSC sites will be 95% with stretch targets of 98% for LSC and 96% for Non-LSC sites.

The Chairman asked why Picketts Lock Golf Course had dropped 5% in compliance levels. Joe Ryan responded stating that this was due to changes of staffing levels due to the pandemic and is a focus for this year.

- (1) the annual report of RD Health & Safety Consultancy Ltd for 2021/22 detailed in Appendix A to Paper AUD/128/22 was noted;
- (2) the aims and objectives for 2022/23, set out in Appendix A to Paper AUD/128/22 in the annual report of RD Health & Safety Consultancy Ltd; and
- (3) the signing of this year's Health & Safety Policy Statement attached as Appendix B to Paper AUD/128/22 was approved.

237 RISK REGISTER 2021/22

Paper AUD/126/22

The report was introduced by the Corporate Director who informed Members that following on from the Risk Management Workshop a report would go to Executive Committee detailing decisions made at Audit Committee. He also advised that following on from a query on 9x9 risk matrix, independent advice has concluded that a larger matrix allows for more detail. He further added that numbers in red on the residual risk score are ones that have changed since the last meeting.

**AUDIT COMMITTEE MINUTES
23 JUNE 2022**

A Member asked if we are testing our waters for Polio following on from the contamination discovered in London. The Corporate Director responded that we are not. There is a Pandemic Group which has prepared a note for Senior Management Team regarding this, we are considering advising staff to make sure they are up to date with their Polio vaccinations. We will also follow any government advice regarding this.

- (1) the Corporate Risk Register included at Appendix A to Paper AUD/126/22 and the sub-registers at Appendices B and C of Paper AUD/126/22 was approved; and**
- (2) amendment of the reporting process outlined in Review of the Risk Management Workshop section as detailed in paragraph 9 of Paper AUD/126/22 was noted.**

238 NEXT MEETING

The Chairman advised that if the 2020/21 audit is completed in July there will be a special Audit Committee for the end of July, if not it will be in September.

Chairman

Date

The meeting started at 1.03pm and ended at 1.53pm

RISK REGISTER 2022/23

Presented by the Corporate Director (S&L)

SUMMARY

At each Audit Committee Members review the Risk Register for progress against existing actions and to ensure that the Risk Register remains relevant to deal with the corporate risks facing the organisation.

At the Audit Committee in June 2022 (Paper AUD/126/22) Members approved the updated risk management strategy and corporate risk register following the Risk Management Workshop held on 22 March 2022. This Workshop analysed and reviewed the risk management strategy and corporate risk register in detail to ensure that this committee could proactively input into, manage and monitor the register going forward, with up to date risks identified that are relevant to the Authority's business over the coming years. This included some minor changes which were made to ensure that the Authority Chair and Executive Committee are part of the approval process.

The risk management strategy and corporate risk register assists Members in their consideration and approval of the Annual Governance Statement as a key part of the financial statements. A robust risk management framework and register is one key element of the Annual Governance Statement and a source of assurance for Members in approving this statement year on year as part of the published accounts.

RECOMMENDATION

Members Approve (1) the Corporate Risk Register included at Appendix A to this report.

BACKGROUND

1 Risk management is one of the key internal controls for an organisation. Members need to ensure that a sound system of internal control is maintained and an annual review of the effectiveness of the system of internal control is conducted to provide sufficient, relevant and reliable assurance to enable them to authorise the signing of the Authority's Annual Governance Statement (which is published with the financial statements).

2 Regulation 3 of the Accounts and Audit Regulations 2015 requires that:

"A relevant authority must ensure that it has a sound system of internal control which:

- **facilitates the effective exercise of its functions and the achievement of its aims and objectives;**
- **ensures that the financial and operational management of the authority is effective; and**
- **includes effective arrangements for the management of risk."**

In this context "relevant authority" is referring to Lee Valley Regional Park Authority.

3 Each financial year the relevant authority must:

- **conduct a review of the effectiveness of the system of internal control required by regulation 3; and**
- **prepare an Annual Governance Statement - this statement must be published together with the statement of accounts and the narrative statement in accordance with regulation 10.**

4 Assurance of the Authority's internal control system is derived through the work of the internal audit function (undertaken by Mazars for the Authority); and also through the monitoring of processes put in place by management and other external bodies including those around risk management and health & safety. This provides evidence which allows the Authority to form conclusions on the adequacy and effectiveness of the systems of internal control and also on the efficiency of operations.

5 Risk management is not solely a focus on the finances of the Authority. The scope of internal control spans the whole range of the Authority's activities and includes those controls designed to ensure:

- **the Authority's policies are put into practice;**
- **the organisation's values are met;**
- **laws and regulations are complied with;**
- **required processes are adhered to;**
- **financial statements and other published information is accurate and reliable; and**
- **human, financial and other resources are managed efficiently and effectively.**

6 The Authority approved a Risk Management Framework in April 2005 (Paper A/3798/05). The Risk Management Framework and more specifically, the Risk Register, was developed by Members and senior officers under the guidance of the internal auditors through a number of workshops and meetings. Members have regularly reviewed the register at each Audit Committee, adding in their own comments and improvements.

7 Since this time Members have consistently (and in depth) reviewed the Corporate Risk Register and revised the strategy, format, and content. The strategy has been revised and updated twice since 2005 at the Audit Committee (May 2010, Paper AUD/06/10 and June 2012 Paper AUD/30/12). The strategy was reviewed by officers and Members as part of a Risk Management Workshop and was formally approved by the Audit Committee in June 2018 (Paper AUD/90/18). Subsequent to this workshop, a further workshop was held in March 2022 and an invitation to attend was extended to all Members and the

strategy, format and content was reviewed again and was formally approved by the Audit Committee in Jun 2022 (Paper AUD/126/22).

REVIEW OF THE STRATEGIC RISK REGISTER

- 8 The current Strategic Risk Register is reviewed by officers and Members on an ongoing basis and signed off at each Audit Committee.
- 9 Members last considered the risk register at the Audit Committee in June 2022 (Paper AUD/126/22).
- 10 Since the June Committee, officers have incorporated approved Member revisions, reviewed the register, considered and added potential new risks and updated the scoring. The two sub risk registers (LSC Contract Retender and Covid-19 Pandemic) have been closed with the remaining risks subsumed within the Corporate Risk Register.

The table below sets out the movement in managing the residual risks and sets out a summary of the total notional score.

Risk	Residual Risks 25 February 2021	Residual Risks 24 June 2021	Residual Risks 23 September 2021	Residual Risks 24 February 2022	Residual Risks 24 June 2022	Residual Risks 22 September 2022
	4	3	2	0	0	1
	10	10	12	15	18	21
	8	9	9	8	8	10
Total Risks	22	22	23	23	26	32
Notional Score	602	566	547	512	591	759

- 12 The key point to note since the last review of the Authority Strategic Risk Register is the overall increase in the corporate risk register residual notional score. This is due to the addition of the risks previously sitting within the sub-Risk Registers. Several of the original inherent risks have shown a reduction and additional risks that had been added to the risk register as a result of the Covid-19 situation have been reduced.
- 13 Energy prices continue to rise, which will increase risk around utility costs. The Authority purchases utilities through Laser, a consortium managed by Kent County Council, which purchases from the wholesale market and ensures public sector customers achieve best value. Whilst the Authority is not a big consumer of gas and electricity, it has a shared risk position for utility pricing at the Leisure Services Contract (LSC) venues (for the first 2 years only), with Greenwich Leisure Limited (GLL) taking the risk for utility consumption for the entirety of the contract. In line with our signed contracts for accessing the 2020-2024 Laser framework, our initial contract period was secured with fixed prices. We agreed to this fixed cost for 24 months, so the market price movements of wholesale electricity and gas prices will only affect us from October 2022. Officers from both the Authority and GLL are liaising with Laser as to what the utility unit costs will be from October, although we are still awaiting a central government announcement on the level of direct support to businesses to help with the significant increases.

- 14 Decisions taken to mitigate these risks will be approved by full Authority and monitoring of these risks is taking place at Executive Committee, along with the Senior Management Team and Heads of Service level.
- 15 As a further safeguard, Risk Management has been audited by Mazars, with a Member discussion included as part of the process. The result of the audit will form part of the annual review produced by Mazars, but any recommendation that will improve the management of risks will be immediately actioned.
- 16 A verbal update will be presented at the meeting to advise Members regarding the changes to the register which are in red font to indicate changes since the last Audit Committee risk register paper.

ENVIRONMENTAL IMPLICATIONS

- 17 There are no environmental implications arising directly from the recommendations in this report.

EQUALITY IMPLICATIONS

- 18 There are no equality implications arising directly from the recommendations in this report.

FINANCIAL IMPLICATIONS

- 19 Revision of the Strategic Risk Register is a key element of this Authority's system of internal control that contributes to safeguarding the assets of the Authority and its reputation for sound financial management of public funds. This is reflected in the Authority's Annual Governance Statement published within the annual accounts and approved by this Committee.
- 20 Where actions require additional resources these will be identified and approved through the normal budget setting/service planning and management processes in accordance with Financial Regulations.
- 21 Utility costs are a significant risk that will have a material impact on the Authority's revenue outturn position. Officers will report the anticipated impact to Members in the Q2 revenue monitoring report by which time the new unit rates from Laser will be known and updates on government support should be announced.

HUMAN RESOURCE IMPLICATIONS

- 22 The additional human resource implications arising directly from this report have been outlined within the risk register and sub-risk register actions and can be met from existing employee resources.

LEGAL IMPLICATIONS

- 23 There are no legal implications arising directly from the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

- 24 These are dealt with through the main body of the report and through the revised register. The Ice Centre redevelopment; the Picketts Lock

development; the Leisure Services Contract and the Land & Property Strategy are recognised as the highest corporate risks facing the organisation at present. Continuing mitigation against these identified risks is demonstrated by the proposed actions in the Strategic Risk Register as set out in Appendix A to this report and primarily through implementing and delivering a Corporate Work Programme for 2022/23 followed by the revised approved Business Plan and Business Plan Objective list. In addition, the Authority will review the National Risk Register (2020) to consider any relevant implications that could impact on the business of the Authority as a whole.

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BACKGROUND REPORTS

Lee Valley Regional Park Authority Risk Management Strategy June 2018

PREVIOUS COMMITTEE REPORTS

Audit Committee	AUD/126/22	Risk Register 2021/22	23 June 2022
Risk Management Workshop			24 March 2022
Audit Committee	AUD/124/22	Risk Register 2021/22	24 February 2022
Audit Committee	AUD/123/21	Risk Register 2021/22	23 September 2021
Audit Committee	AUD/118/21	Risk Register 2020/21	24 June 2021
Audit Committee	AUD/116/21	Risk Register 2020/21	25 February 2021
Audit Committee	AUD/113/20	Risk Register 2020/21	22 October 2020
Audit Committee	AUD/111/20	Risk Register 2020/21	25 June 2020
Executive Committee	E/674/20	Emergency Budget 2020/21	21 May 2020
Audit Committee	AUD/106/20	Risk Register 2019/20	27 February 2020
Audit Committee	AUD/104/19	Risk Register 2019/20	19 September 2019
Audit Committee	AUD/101/19	Risk Register 2019/20	20 June 2019
Audit Committee	AUD/97/19	Risk Register 2018/19	14 February 2019
Audit Risk Workshop			07 June 2018

APPENDICES ATTACHED

Appendix A	2021/22 Corporate Risk Register – Authority
Appendix B	Risk Scoring Criteria (extract from the approved risk management strategy (June 2022)).

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STRATEGIC RISK REGISTER AS AT 22 SEPTEMBER 2022

Risk ID	Risk Description	Impact	Frequency	Current Rating	Target Rating	Residual Rating	Control Measures	Responsible Party	Review Date	Reporting Frequency	Notes
SRS.1	Failure of GLL to address 50% of Income Support in Year 1, resulting in completion of Year 2 IIP	High	9	6	6	6	Business meetings with GLL Quarterly Performance Reporting	18 July Authority Working Group of Executive Director's Office	18/07/2022	Quarterly	GLL to engage quarterly performance monitoring, which the current work plan is to meet current targets. GLL to provide additional resources to the IIP team to complete the IIP by 30/09/2022.
SRS.2	Lack of a clear corporate direction	Low	9	6	6	Authority meetings Business Plan 2025-26	18 July Authority Working Group of Executive Director's Office	18/07/2022	Quarterly	Authority to engage quarterly performance monitoring, which the current work plan is to meet current targets. GLL to provide additional resources to the IIP team to complete the IIP by 30/09/2022.	
SRS.3	Failure on the Authority's part to raise the bar with relations from many constituent groups	Low	9	7	6	Business meetings with GLL Quarterly Performance Reporting	18 July Authority Working Group of Executive Director's Office	18/07/2022	Quarterly	GLL to engage quarterly performance monitoring, which the current work plan is to meet current targets. GLL to provide additional resources to the IIP team to complete the IIP by 30/09/2022.	
SRS.4	Impact on Authority's reputation due to service failure, damaged stakeholder and/or contractor relationships	Low	7	5	5	Business meetings with GLL Quarterly Performance Reporting	18 July Authority Working Group of Executive Director's Office	18/07/2022	Quarterly	GLL to engage quarterly performance monitoring, which the current work plan is to meet current targets. GLL to provide additional resources to the IIP team to complete the IIP by 30/09/2022.	
SRS.5	Impact on Authority's reputation due to service failure, damaged stakeholder and/or contractor relationships	Low	6	3	3	Business meetings with GLL Quarterly Performance Reporting	18 July Authority Working Group of Executive Director's Office	18/07/2022	Quarterly	GLL to engage quarterly performance monitoring, which the current work plan is to meet current targets. GLL to provide additional resources to the IIP team to complete the IIP by 30/09/2022.	
SRS.6	Impact on Authority's reputation due to service failure, damaged stakeholder and/or contractor relationships	Low	5	3	3	Business meetings with GLL Quarterly Performance Reporting	18 July Authority Working Group of Executive Director's Office	18/07/2022	Quarterly	GLL to engage quarterly performance monitoring, which the current work plan is to meet current targets. GLL to provide additional resources to the IIP team to complete the IIP by 30/09/2022.	
SRS.7	Impact on Authority's reputation due to service failure, damaged stakeholder and/or contractor relationships	Low	4	3	3	Business meetings with GLL Quarterly Performance Reporting	18 July Authority Working Group of Executive Director's Office	18/07/2022	Quarterly	GLL to engage quarterly performance monitoring, which the current work plan is to meet current targets. GLL to provide additional resources to the IIP team to complete the IIP by 30/09/2022.	
SRS.8	Impact on Authority's reputation due to service failure, damaged stakeholder and/or contractor relationships	Low	3	3	3	Business meetings with GLL Quarterly Performance Reporting	18 July Authority Working Group of Executive Director's Office	18/07/2022	Quarterly	GLL to engage quarterly performance monitoring, which the current work plan is to meet current targets. GLL to provide additional resources to the IIP team to complete the IIP by 30/09/2022.	
SRS.9	Impact on Authority's reputation due to service failure, damaged stakeholder and/or contractor relationships	Low	2	3	3	Business meetings with GLL Quarterly Performance Reporting	18 July Authority Working Group of Executive Director's Office	18/07/2022	Quarterly	GLL to engage quarterly performance monitoring, which the current work plan is to meet current targets. GLL to provide additional resources to the IIP team to complete the IIP by 30/09/2022.	
SRS.10	Impact on Authority's reputation due to service failure, damaged stakeholder and/or contractor relationships	Low	1	3	3	Business meetings with GLL Quarterly Performance Reporting	18 July Authority Working Group of Executive Director's Office	18/07/2022	Quarterly	GLL to engage quarterly performance monitoring, which the current work plan is to meet current targets. GLL to provide additional resources to the IIP team to complete the IIP by 30/09/2022.	
SRS.11	Impact on Authority's reputation due to service failure, damaged stakeholder and/or contractor relationships	Low	0	3	3	Business meetings with GLL Quarterly Performance Reporting	18 July Authority Working Group of Executive Director's Office	18/07/2022	Quarterly	GLL to engage quarterly performance monitoring, which the current work plan is to meet current targets. GLL to provide additional resources to the IIP team to complete the IIP by 30/09/2022.	

Risk Appetite

Risks are currently assessed using a 1-9 scale for both impact and likelihood. The Authority's risk appetite is then defined using the scoring matrix below.

Impact	9	9	18	27	36	45	54	63	72	81
	8	8	16	24	32	40	48	56	64	72
	7	7	14	21	28	35	42	49	56	63
	6	6	12	18	24	30	36	42	48	54
	5	5	10	15	20	25	30	35	40	45
	4	4	8	12	16	20	24	28	32	36
	3	3	6	9	12	15	18	21	24	27
	2	2	4	6	8	10	12	14	16	18
	1	1	2	3	4	5	6	7	8	9
		1	2	3	4	5	6	7	8	9
		Likelihood								

Those risks with a residual score in the green zone are generally considered to be managed to an acceptable level and hence limited or no further actions would be expected.

For those risks with a residual score in the amber zone, the exposure is considered to be partially acceptable. Further actions would be needed to lower this into the green zone, although a decision has to be made as to whether this is cost effective, given that resources are constrained.

Those risks with a residual score in the red zone are considered to have an exposure that is at an unacceptable level and hence further actions are needed to lower this.

On some occasions a decision may be made to accept a higher level of residual risk, although this will be subject to ongoing review and consideration at both Senior Management Team and Member level.

Scoring Criteria

Each risk is scored on the basis of the following criteria for impact and likelihood, both for inherent and residual risk. Whilst the assessment remains subjective, these criteria serve as a guide and are used to help ensure consistency in scoring across each of the risks identified.

	Impact	Likelihood
1	No impact	<1% likely to occur in next 12 months
2	Financial loss up to £1,000 or no impact outside single objective or no adverse publicity	1%-5% likely to occur in next 12 months
3	Financial loss between £1,000 and £10,000 or no impact outside single objective or no adverse publicity	5%-10% likely to occur in next 12 months
4	Financial loss between £10,000 and £25,000 or minor regulatory consequence or some impact on other objectives	10%-20% likely to occur in next 12 months
5	Financial loss between £25,000 and £50,000 or impact on other objectives or local adverse publicity or strong regulatory criticism	20%-30% likely to occur in next 12 months
6	Financial loss between £50,000 to £250,000 or impact on many other processes or local adverse publicity or regulatory sanctions (such as intervention, public interest reports)	30%-40% likely to occur in next 12 months
7	Financial loss between £250,000 to 500,000 or impact on strategic level objectives or national adverse publicity or strong regulatory sanctions	40%-60% likely to occur in next 12 months
8	Financial loss between £500,000 to £1 million or impact at strategic level or national adverse publicity or Central Government take over administration	60%-80% likely to occur in next 12 months
9	Financial loss above £1 million or major impact at strategic level or closure/transfer of business	>80% likely to occur in next 12 months