



LEE VALLEY REGIONAL PARK AUTHORITY

AUDIT COMMITTEE

16 JUNE 2016 AT 10:30

Agenda Item No:

8

Report No:

AUD/70/16

RISK REGISTER 2016/17

Presented by the Director of Finance & Resources

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.

Following input from Members at the last Audit Committee the register has been updated for use going forward.

RECOMMENDATION

Members Approve: (1) the Authority's Strategic Risk Register (incorporating any agreed changes recommended at this Committee meeting) attached at Appendix B 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 -

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




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

- 3 "The relevant authority must, each financial year –
 - (a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and
 - (b) 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 are 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 (20 May 2010, Paper AUD/06/10 and 28 June 2012 Paper AUD/30/12).

REVIEW OF THE STRATEGIC RISK REGISTER

- 8 The current Strategic Risk Register is reviewed by officers and Members on an on-going basis. At the meeting in September (Paper AUD/63/15) Members agreed the Corporate Risk Register recognising that many of the previously identified risks had been satisfactorily addressed.
- 9 Members also requested on an ongoing basis that:
 - residual risk scores needed reassessing to ensure that we were not overstating the current position and to indicate the overall direction of travel. Since the February meeting (Paper AUD/66/16) officers have reviewed the scoring against the criteria set out in detail at Appendix A to this report. The

table below sets out a comparison of the movement in reducing the residual risk over time and the attached total notional score.

Risk	Inherent Risks	Notional Residual Risks 25 February 2016	Notional Residual Risks 16 June 2016
	8	0	0
	14	10	9
	0	12	13
Total Risks	22	22	22
Notional Score	1056	422	389

There were no further changes requested.

ENVIRONMENTAL IMPLICATIONS

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

EQUALITY IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 12 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.
- 13 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.

HUMAN RESOURCE IMPLICATIONS

- 14 There are no additional human resource implications arising directly from the recommendations in this report. Actions have been set so that they can be met from existing employee resources.

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

- 16 These are dealt with through the main body of the report and through the revised Register. The potential higher risk areas identified (now amber) within the Corporate Register relate to business continuity and resourcing risks.

Continuing mitigation against these identified risks is demonstrated by the proposed actions in the Strategic Register in Appendix B to this report and primarily through implementing and delivering the 2016-19 approved Business Plan.

Author: Simon Sheldon, 01992 709 859, ssheldon@leevalleypark.org.uk

BACKGROUND REPORTS

Lee Valley Regional Park Authority Risk Management Strategy June 2012

PREVIOUS COMMITTEE REPORTS

Audit Committee	AUD/06/10	Risk Register 2009/10	20 May 2010
Audit Committee	AUD/17/11	Risk Register 2010/11	02 March 2011
Audit Committee	AUD/21/11	Risk Register 2011/12	02 June 2011
Audit Committee	AUD/23/11	Risk Register 2011/12	22 September 2011
Audit Committee	AUD/26/12	Risk Register 2011/12	23 February 2012
Audit Committee	AUD/30/12	Risk Register 2012/13	28 June 2012
Audit Committee	AUD/34/12	Risk Register 2012/13	20 September 2012
Audit Committee	AUD/38/13	Risk Register 2012/13	28 February 2013
Audit Committee	AUD/40/13	Risk Register 2013/14	20 June 2014
Audit Committee	AUD/44/13	Risk Register 2013/14	26 September 2014
Audit Committee	AUD/46/14	Risk Register 2013/14	27 February 2014
Audit Committee	AUD/50/14	Risk Register 2014/15	19 June 2014
Audit Committee	AUD/54/14	Risk Register 2014/15	25 September 2014
Audit Committee	AUD/57/15	Risk Register 2014/15	26 February 2015
Audit Committee	AUD/59/15	Risk Register 2015/16	25 June 2015
Audit Committee	AUD/63/15	Risk Register 2015/16	24 September 2015
Audit Committee	AUD/66/16	Risk Register 2015/16	25 February 2016

APPENDICES ATTACHED

Appendix A	Risk Register Definitions and Scoring Criteria
Appendix B	Corporate Risk Register – Authority

Definitions

The following key terms are used within the Risk Register

Risk = an event or action which may adversely (or positively e.g. the winning or losing of contracts) affect the Trust's ability to maximise stakeholder value and to achieve its objectives, or limit its ability to exploit opportunities.

Risk is an inevitable part of everyday business and cannot be eliminated, but it can be managed.

Risk Management = the planned and systematic approach to the identification, evaluation and economic management of the risks associated with the Trust activities.

Inherent Risk = the risk exposure (likelihood x impact), assuming that nothing is done to manage it.

Likelihood = the estimated chance of a risk being realised.

Impact = the potential consequences if a risk is realised.

Control = an action taken to help manage a risk, either reducing the likelihood or the impact, or both.

Residual Risk = the risk exposure (likelihood x impact), taking into account the steps already being taken to manage it.

Dealing with the risk = treating, transferring, terminating or tolerating

Treat	Controls are put in place to help reduce the likelihood of a risk being realised.
Transfer	Action is taken to transfer the potential impact to another party, e.g. through an insurance arrangement.
Terminate	A decision is made to end the area of activity with which the activity is associated.
Tolerate	A decision is made to accept the current level of exposure without taking any further action.

Further Action = the further steps to be taken to reduce the residual risk exposure to an acceptable level.

Deadline for Completion of Actions = Final date when action should be completed by.

Officer Responsible = a senior officer responsible for managing the risk indicated by their post title eg, CEO (Chief Executive Officer), DCS (Director of Corporate Services, DFR (Director of Finance & Resources), HP (Head of Parklands), HC (Head of Communications), HSL (Head of Sport & Leisure) and AMPD (Section Manager Asset Management, Protection & Development).

Assurance = information which provides a view on the extent to which a risk is being managed in the way envisaged and hence on whether the actual residual risk exposure is consistent with that which it is believed to be.

Comments = Officer comments updating against progress against the action and the deadline.

Risk Appetite and Scoring Criteria

Risks are 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								

Each risk is scored on the basis of the following criteria for impact and likelihood, both for inherent and residual risk. This provides a visual indicator of the original level of risk and where it stands currently.

Key

- Score 45-81 High Risk
- Score 9-48 Moderate risk
- Score 1- 18 Low risk



Appendix A to Paper AUD/70/16

Whilst the assessment remains subjective, the following 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 £5,000 or no impact outside single objective or no adverse publicity	5%-10% likely to occur in next 12 months
4	Financial loss between £5,000 and £20,000 or minor regulatory consequence or some impact on other objectives	10%-20% likely to occur in next 12 months
5	Financial loss between £20,000 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

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AUTHORITY STRATEGIC RISK REGISTER AS AT 16 JUNE 2016

Risk ID	Risk Name	Inherent Risk Score				Residual Risk Score				Further Actions Needed to reduce Risk	Deadline for Completion of Actions	Officers (s) Responsible	Source of Assurance	16/06/2016 Comments	25/02/2016 Comments
		Lead	Impact	Likelihood	Total Score	Lead	Impact	Likelihood	Total Score						
SR1	Legal														
	Failure to comply with the 1986 Park Act and other statutory requirements.	DCS	8	7	56	6	1	6	 	Continue Induction Process and monitoring of statutory changes	Quarterly	DCS	External Audit Internal Senior Management	On-going Monitoring	On-going Monitoring
	Failure to comply with Health & Safety legislation	DFR	9	6	54	7	2	14	 	Health and Safety management H&S manual (procedures) regularly reviewed by RDHS who monitor up and coming legislation. Policy Updated n Risk Reduction Plan complete. External H&S Assessment 5*	31/03/2017	DFR	Senior management Members	Annual Internal Audit Plan Complete. BSC audit Complete & 5* grading retained	All Internal annual audits complete. BSC audit commences 14/03/2015
SR2	Contractual														
	Agreeing to accept a partners' financial terms and conditions that will place an unacceptable long term contingent liability on the Authority	DFR	9	4	36	8	2	16	 	Reports to SMT and Members Financial/Legal/Risk Implications fully appraised. Financial Appraisal of schemes in accordance with prudential code.	Quarterly	DCS/DFR	Internal Audit/ External Audit	No new agreements. Monitor re major projects eg Ice Centre Development	LFA agreement Signed-off by Executive Paper E/423/15
	Contractors, Governing Bodies, or Trust not delivering agreed objectives	DFR	7	6	42	6	2	12	 	All contracts reviewed prior to commencement by a responsible officer. Delivery monitored by Director/Head of Service	Executive Quarterly Monitoring	HSL	Senior Management and Members	4th Quarter Monitoring presented to Paper S/35/16 and reported to Executive 16/6/2016	2nd Quarter Monitoring signed off by Executive Paper E/425/15. Six Month Performance Report Authority A/4219/15

AUTHORITY STRATEGIC RISK REGISTER AS AT 16 JUNE 2016

Risk ID	Risk Name	Inherent Risk Score				Residual Risk Score				Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Source of Assurance	16/06/2016 Comments	25/02/2016 Comments	
		Lead	Impact	Likelihood	Total Score	Impact	Likelihood	Total Score	Treat/Transfer/Tolerate/Terminate							
	Failure to deliver the LVRPA management contract to the required specification including breach in SE Funding Agreements LVWWC, VeloPark, LV H+TC	DFR	9	4	36	6	2	12	 	 	No further action	Executive Quarterly Monitoring	HSL	Senior management Internal Audit	4th Quarter Monitoring presented to scrutiny Paper S/35/16 and reported to Executive 16/6/2016. Sport England Q4 report sent to SE 25.5.16	2nd Quarter Performance Monitoring signed off by Executive Paper E/425/15, Six Month Performance Report Authority Paper A/4219/15
	Management of Facilities Contracts	DCS	9	4	36	9	3	27	 	Treat	Ongoing Monitoring	Annual Inspection & Review.	Internal Audit Senior Management	Undertake annual reviews of MPG's at venues to ensure compliance.	APMD Undertake annual reviews of MPG's at venues to ensure compliance.	
SR 3	Resources															
	I.T. Infrastructure does not meet future business need requirements. Authority reduces or lacks funding for updating or improving I.T infrastructure	DFR	9	4	36	8	3	24	 	Treat	Budget resources review for new projects	01/04/2017	DFR	Senior Management Internal Audit/External Audit	Strategy under review and built in as corporate objective in 2016-19 business plan. Report to Members by Dec 2016.	First Draft of Strategy complete - review by Senior Management Teams of Authority & Trust
	The Authority fails to attract and retain staff at all levels of the appropriate calibre	CEO	8	8	64	4	5	20	 	Treat	Implement "learning" strategy Regular adverts and communication. Exit interview Review Employer of choice Review of benefits	31/03/2017	CEO/DFR	Senior Management/ Members	Review under way and built in as corporate objective in 2016-19 business plan. Report to Members by Dec 2016.	Future staff benefits, rewards, recognition review ensuring pay/terms and conditions fit for purpose.

AUTHORITY STRATEGIC RISK REGISTER AS AT 16 JUNE 2016

Risk ID	Risk Name	Inherent Risk Score			Residual Risk Score			Total Score	Likelihood	Impact	Treat (Treat, further actions needed)	Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officers (s) Responsible	Source of Assurance	16/06/2016 Comments	25/02/2016 Comments
		Lead	Impact	Likelihood	Total Score	Existing Controls	Impact										
SR 4	Financial Management																
	Financial Risks of unresourced legacy costs through non-achievement of income targets by Trust or inaccurate budget forecasting	DFR	9	9	81	Budget monitoring reports Authority/Trust monitoring Meetings Joint Chairs Meeting Review 2016/17 complete	7	3	21	Treat	Budget Review 2017/18	31/12/2016	DFR	Senior management Members	Levy & Budget Strategy 2017-18 onwards	Budget Review Completed	
	Ensure Adequate Funding for Both Organisation	DFR	9	9	81	Current Financial Plan 2016/17 Existing Budget Process Mandatory Rate relief achieved	7	3	21	Treat	Budget Review 2017/18	19/01/2017	DFR	SMT Members	Levy & Budget Strategy 2017-18 onwards	Budget & Levy Approved	
SR5	Governance & Leadership																
	Lack of a clear corporate direction	CEO	9	9	81	Authority meetings SMT Business Plan 2016-19	9	1	9	Tolerate	Implement 2016-19 Business Plan	Quarterly Monitoring	CEO	Senior Management Members External Audit	Ongoing Monitoring through Executive & Scrutiny.	Business Plan 2016/19. Completed & Approved by full Authority	
	Challenge to the Levy resulting in non-payment	CEO	9	9	81	Stakeholder engagement Clear Budget/Levy Direction Funded Financial Plan Statutory Levy Raising Powers	9	1	9	Treat	Implement 2016-19 Business Plan. Develop Levy Strategy.	Quarterly Monitoring	CEO	Senior Management Members	Monitor & respond to outcomes of Lords amendment to Housing & Planning Bill	2016/17 Budget/Levy Approved by full Authority	
SR6	Reputation/Communication																
	Impact on Authority if Trust Venues do not have a strong reputation	HC	7	5	35	Managed via Contract Stakeholder updates Feedback/liaison with Trust	6	3	18	Treat	Regular client meetings	Quarterly Monitoring Report	HC	Senior Management Members Stakeholder Perception KPI	Continual media and stakeholder monitoring	Monitor positive media coverage & stakeholder feedback. Plus Quarterly Monitoring	
	Reputational Enhancement or Damage due to success or failure of Olympics Legacy	CEO	8	5	40	Business plans Olympic Venues Working Relationship LLDC Third party working relationships across Olympic park	6	3	18	Treat	Ongoing management and monitoring	Monthly	HC	Senior management Members	Continued media and stakeholder monitoring, plus close working with LLDC to maintain positive public messages.	Monitor continued positive media coverage & stakeholder feedback. Inputting into wider policy debate on legacy	

AUTHORITY STRATEGIC RISK REGISTER AS AT 16 JUNE 2016

Risk ID	Risk Name	Inherent Risk Score			Residual Risk Score			Total Score	Treat/Transfer/Terminate	Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Source of Assurance	16/06/2016 Comments	25/02/2016 Comments
		Lead	Impact	Likelihood	Impact	Likelihood	Total Score								
	Reputational Enhancement or Damage due to success or failure of stakeholder relationships	HC	9	3	27	6	3	18	↑	<p>Stakeholder Communications Planned Visits Speaker engagements existing media relations</p> <p>Ongoing engagement at local, regional and national level</p>	Ongoing	HC	Senior management Members Stakeholder Perception KPI	<p>Engagement Programme with stakeholders, including council leader and GLA member Invites to schools festivals and stakeholders Invites to major events</p> <p>Continued invites to major Events Exhibiting at London Council summit Nov 2015</p>	<p>Major Events delivered 2015: Hockey Euros, ICF canoe World Champs, NEC Tennis Wheelchair Masters, 2016 UCI Track Cycling World Champs and Sport Relief, 2016 Men & Womens Champions Trophy in June</p> <p>Major events since Q2; 2015 NEC Wheelchair Masters, 2016 UCI Track Cycling World Champs and Sport Relief, 2016 Men & Womens Champions Trophy in June</p>
	Failure to deliver major events in partnership with Governing Bodies/LVT	HSL	7	5	35	6	4	24	↑	<p>Strategic and Operation meetings pre and post events LVRPA and NGBs Events fit with business plans Adequate time and resource agreed and allocated</p> <p>Partner Working with Trust. Events Strategy</p>	30/11/2015	HSL	Senior management Members Stakeholder Perception KPI	<p>Trust Business Continuity Day completed in December. Plus Authority linked in to C3/C4 national communication structure - in place for all major events with Police/Councils and LLDC.</p>	
SR7	Business Continuity														
	Inadequate business continuity implementation at any (all) sites	DFR	6	5	30	5	3	15	↑	<p>Draft IT Disaster Recovery Plan Business Interruption Insurance Adequate Cover arrangements exist for Senior Management Site Management Plans</p> <p>Audit Recommendations completed. Further training and testing</p>	31/06/2016	HSL	External Audit Internal Audit Senior Management	<p>Authority Business Continuity training day scheduled for June 2016. Inclusion in annual audit plan.</p>	

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		Lead	Impact	Likelihood	Total Score	Lead	Impact	Likelihood	Total Score							
SR8	Environmental Management															
	Failure to manage contamination could be a risk to users, this includes land and/or water contamination (also damage to reputation from failing to manage contamination)	DCS	9	9	81	7	2	14	<p>Site investigations carried out prior to developments & land remediated.</p> <p>Site investigations carried out on some other sites.</p> <p>Some sites monitored.</p> <p>Sites closed to public access where contamination is significant.</p> <p>Contaminated Land Policy</p> <p>Member Task & Finish group</p> <p>Completion of Contaminated Land Strategy & Policy</p>	<p>↑</p> <p>↕</p> <p>↕</p>	Tolerate	<p>Consultant Site Investigations work to be completed.</p>	29/02/2016	Senior Management/ Members	<p>Paper E/442/16 to Executive summarised actions to date; user guides, supplemental land surveys and additional consultancy work at Holywell Marsh</p>	<p>Final report received from consultants evaluating risks which are moderate to low. Report to T&FG February</p>
	Veterinary Disease outbreak affecting Farms business (e.g. avian flu, Foot and Mouth)	DCS	6	6	36	5	3	15	<p>Emergency Action Planning</p> <p>Insurance Funds</p> <p>General Reserves</p>	↕	Transfer	<p>Annual Insurance Renewal</p>	30/09/2016	Internal Audit Senior management	<p>Insurance Renewal 2016/17 Completed</p>	<p>Insurance renewal 2015/16 Completed</p>
	Disease outbreak affecting human health	DFR	9	2	18	8	2	16	<p>Pandemic flu outbreak procedure</p> <p>Proactive monitoring during winter months</p> <p>Formal management of animal movements.</p> <p>Quarterly SMT Reports</p> <p>Quarterly e-coll checks</p>	↕	Tolerate	None	Quarterly inspections	Internal Audit Senior management	<p>Quarterly Inspections of E. Coll control measures conducted by H&S Officer at the farms.</p>	<p>Quarterly inspections of the delivery of E. Coll control measures conducted by H&S Officer at the farms.</p>
	Flood risk	DCS	7	5	35	6	5	30	<p>Emergency Action Planning</p> <p>Insurance Funds</p> <p>General Reserves</p> <p>Working with Environment Agency & GIS</p> <p>CRT</p> <p>Mapping of Flood Risk Areas</p> <p>Park Development Framework</p>	↑	Treat	<p>Audit Recommendations completed. Further training and testing</p>	30/06/2016	Internal Audit Senior management	<p>Authority Business Continuity Training June 2016. Plus linked in to EA plus site evacuation plans.</p>	<p>Trust Business Continuity Day completed in December. Plus Authority linked in to EA plus site evacuation plans.</p>

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		Lead	Impact	Likelihood	Total Score	Impact	Likelihood					
	Environment damage/disaster to buildings/ programme/events	DCS	7	5	35	6	5	30	30/06/2016	H+S Senior management	DRP completion and Audit by 31/6/2016. Joint Authority training day to be actioned by 30/06/2016	Velopark Business Continuity Training Test completed 22 December by Trust. DRP completion and Audit by 31/3/2016. Joint Authority Trust training day to be actioned by 30/06/2016

1056

389

Key

- Score 45-81 High Risk
- Score 19-48 Moderate risk
- Score 1- 18 Low risk

Progress in a positive direction ie reducing the risk
Progress is negative and risk is getting worse.
Progress static subject to actions or as risk is "tolerated"