



**LEE VALLEY REGIONAL PARK AUTHORITY**

**AUDIT COMMITTEE**

**24 SEPTEMBER 2015 AT 12:30**

**Agenda Item No:**

**6**

**Report No:**

**AUD/63/15**

## **RISK REGISTER 2015/16**

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 (including all 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 June (Paper AUD/59/15) Members agreed to refresh and update the corporate Risk Register recognising that many of the previously identified risks had been satisfactorily addressed.
- 9 Members also requested specifically the following amendments to the register. These were:

- to remove the colouring from the directional progress arrows but retain the traffic light system for the residual risk score so that the current position can be easily interpreted. This has now been added/amended in the register;
- to ensure all actions have a relevant end date (even if on-going) supported by the comments column. This has been updated;
- to provide an explanatory forward at the beginning of the register to ease understanding. Appendix A to this report provides this detail.

#### **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 within the corporate register relate to land contamination. Continuing mitigation against identified risks has commenced and is demonstrated by the proposed actions in the Strategic Register in Appendix A to this report.

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**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

**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 Authority'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 Authority 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

<b>Treat</b>	Controls are put in place to help reduce the likelihood of a risk being realised.
<b>Transfer</b>	Action is taken to transfer the potential impact to another party, e.g. through an insurance arrangement.
<b>Terminate</b>	A decision is made to end the area of activity with which the activity is associated.
<b>Tolerate</b>	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	3	4	5	6	7	8	9	10
		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



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.

## Appendix A to Paper AUD/63/15

	<b>Impact</b>	<b>Likelihood</b>
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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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	24/9/15 Comments	25/6/15 Comments
		Lead	Impact	Likelihood	Total Score	Impact	Likelihood						
SR1	Legal												
	Failure to comply with the 1966 Park Act and other statutory requirements.	DCS	8	7	56	6	2	12	Quarterly	DCS	External Audit Internal Audit Senior Management	Ongoing monitoring.	Ongoing
	Failure to comply with Health & Safety legislation	DFR	9	6	54	7	2	14	01/03/2016	DFR	Senior management Members	External Audit by British Safety Council to be completed by 1 March 2016	Ongoing
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	31/12/2015	DCS/DFR	Internal Audit/ External Audit	Sport England / English Hockey LFA Terms & Conditions	Completed. Resources reviewed as part of initial budget process
	Contractors, Governing Bodies, or Trust not delivering agreed objectives	DFR	7	6	42	6	4	24	Executive Quarterly Monitoring	HSL	Senior Management and Members	Quarterly Performance Data monitored by Seniority	Ongoing
	Failure to deliver the LVRPA management contract to the required specification including breach in SE Funding Agreements LVWWC, VelorPark, LV H+TC	DFR	9	4	36	8	2	16	Executive Quarterly Monitoring	HSL	Senior management Internal Audit	Funding Agreements reviewed six monthly Oct & March between officers & SE.	Ongoing
	Advice and support AMPD plus								Annual Inspection & Review.	AMPD	Internal Audit Senior Management	Undertake annual reviews of MPG's at venues to ensure compliance	Define responsibility in Trust & Authority for management

AUTHORITY STRATEGIC RISK REGISTER AS AT 24 SEPTEMBER 2015

		Inherent Risk Score			Residual Risk Score											
Risk ID	Risk Name	Lead	Impact	Likelihood	Total Score	Existing Controls	Impact	Likelihood	Total Score	Tolerate/Transfer/Treat/Terminate (if Treat, further actions needed)	Further Actions Needed to reduce Risk	Deadline for Completion of Actions	Officer(s) Responsible	Source of Assurance	Comments	Comments
<b>SFR 2 - Risks/Issues</b>																
	IT Infrastructure does not meet future business need requirements. Authority reduces or lacks funding for updating or improving IT Infrastructure	DFR	9	4	36	Reports to Members Financial/Legal/Risk Implications fully appraised Financial Appraisal of schemes in accordance with prudential code Existing IT Infrastructure budget £140K pa	8	3	24	Treat	Budget resources review for new projects Implement "learning" strategy Regular adverts and communication Exit Interview Employer of choice Review of benefits	01/04/2017	DFR	Senior Management Internal Audit/External Audit	IT Infrastructure Review to commence December 2015	IT Infrastructure Review to commence December 2015
	The Authority fails to attract and retain staff at all levels of the appropriate calibre	CEO	8	8	54	Reward & Recognition Training & development framework Management Away Days Staff presentations Internal/External communications	4	5	20	Treat		31/03/2016	DFR	Senior Management/ Members	Future staff benefits, rewards, recognition review ensuring pay/terms and conditions fit for purpose.	The leadership management development programme is underway Staff benefits review to commence in the summer
<b>SFR 1 - Financial Management</b>																
	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	9	4	36	Treat	Budget Review 2016/17	31/12/2015	DFR	Senior management Members	2016/17 Budget Review by December 2015	2016/17 Budget Review by December
	Ensure Adequate Funding for Both Organisation	DFR	9	9	81	Current Financial Plan 2015/16 Existing Budget Process Mandatory Rate relief achieved	9	4	36	Treat	Budget Review 2016/17	21/11/2016	DFR	SMT Members	2016/17 Budget Approved by full Authority	2015/16 Budget process complete
<b>SRS - Governance &amp; Leadership</b>																
	Lack of a clear corporate direction	CEO	9	9	81	Authority meetings SMT	9	4	36	Treat	Revised Business Planning and Vision alignment by end of 2015	31/12/2015	CEO	Senior Management Members External Audit	Business Plan under review to support 2016/17 budget process.	Review of Business Plan

AUTHORITY STRATEGIC RISK REGISTER AS AT 24 SEPTEMBER 2015

Risk ID	Risk Name	Inherent Risk Score				Residual Risk Score				Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officers(s) Responsible	Source of Assurance	24/6/15 Comments	25/6/15 Comments
		Lead	Impact	Likelihood	Total Score	Impact	Likelihood	Total Score	Treat/Transfer/Terminate (if Treat, further actions needed)						
	Challenge to the Levy resulting in non-payment	CEO	9	9	81	9	2	18	 	Revise Business Plan Budget/Levy Strategy 2016/17	31/12/2015	Senior Management Members	2016/17 Budget Approved by full Authority	2016/17 Budget Review by December	
SR6	Reputation/Communication														
	Impact on Authority if Trust Venues do not have a strong reputation	HC	7	5	35	6	4	24	 	Regular client meetings	Quarterly Monitoring Report	Senior Management/ Members Stakeholder Perception (KPI)	Monitor continued positive media coverage & stakeholder feedback. Plus Quarterly Monitoring	Monitor continued positive media coverage & stakeholder feedback.	
	Reputational Enhancement or Damage due to success or failure of Olympics Legacy	CEO	8	5	40	7	4	28	 	Ongoing management and monitoring	Monthly	Senior management Members	Monitor continued positive media coverage & stakeholder feedback. Inputting into wider policy debate on legacy	Monitor continue positive media coverage & stakeholder feedback. Inputting into wider policy debate on legacy	
	Reputational Enhancement or Damage due to success or failure of stakeholder relationships	HC	6	3	27	6	3	18	 	Ongoing engagement at local, regional and national level	Ongoing	Senior management Members Stakeholder Perception (KPI)	6 Local Authorities to LV VeioPark schools festival. Invites to recent major events at LV Venues	Booked series of visits plus invitations and communication	



AUTHORITY STRATEGIC RISK REGISTER AS AT 24 SEPTEMBER 2015

Risk ID	Risk Name	Inherent Risk Score			Residual Risk Score			Tolerate/Transfer/Treat/Terminate (if Treat, further actions needed)	Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Source of Assurance	Comments	Comments		
		Lead	Impact	Likelihood	Total Score	Impact	Likelihood								Total Score	
	Failure to deliver major events in partnership with Governing Bodies/LVLT	HSL	7	5	35	6	5	30		Treat	Partner Working with Trust Events Strategy	30/1/2015	HSL	Senior management Members Stakeholder Perception (KPI)	Current Events programme being delivered. Euro Hockey and World Championship. Create Events strategy going forward.	Current Events programme New Events strategy going forward.
<b>SR7</b>	<b>Business Continuity</b>															
	Inadequate business continuity implementation at any (all) sites	DFR	6	5	30	5	3	15		Treat	Audit recommendations completed. Further training and testing	31/12/2015	HSL	External Audit Internal Audit Senior Management	Finalise DRP Audit recommendations completed. New Business Continuity Training day	Further disaster Recovery Training Day. Full Restore back-up test
<b>SR3</b>	<b>Environmental Management</b>															
	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	5	35		Treat	Consultant Site Investigations work to be completed.	30/11/2015	DCS	Senior Management Members	Report back from Consultants at end of September and reported to T&FG by end of November	A number of sites have exploratory works being undertaken following the recommendation of the T&FG to Executive. The results will be reviewed by the T&FG.
	Veterinary Disease outbreak affecting Farms business (e.g. avian flu, Foot and Mouth)	DCS	6	6	36	5	3	15		Transfer	Emergency Action Planning Insurance Funds General Reserves	30/09/2015	HP	Internal Audit Senior management	Annual Insurance Renewal to be Completed.	Insurance in place

AUTHORITY STRATEGIC RISK REGISTER AS AT 24 SEPTEMBER 2015

Risk ID	Risk Name	Inherent Risk Score	Residual Risk Score	Lead	Impact	Likelihood	Total Score	Existing Controls	Impact	Likelihood	Total Score	Directional Indicators	(if Treat, further actions needed)	Further Actions Needed to reduce Risk	Deadline for Completion Actions	Officer(s) Responsible	Source of Assurance	24/915 Comments	25/6/15 Comments
	Disease outbreak affecting human health	9	8	DFR	8	2	16	Pandemic flu outbreak procedure Proactive monitoring during winter months Formal management of animal movements. Quarterly SMT Reports e-coli checks	8	2	16	↕	Tolerate	None	Quarterly inspections	DFR	Internal Audit Senior management	Quarterly inspections of the delivery of E. Coli control measures conducted by H&S Officer at the farms.	Quarterly inspections of the delivery of E. Coli control measures conducted by H&S Officer at the farms
	Flood risk	7	6	DCS	6	5	30	Emergency Action Planning Insurance Funds General Reserves Working with Environment Agency & GIS CRT Mapping of Flood Risk Areas Park Development Framework	6	5	30	↑	Treat	Audit Recommendations completed. Further training and testing	31/12/2015	HP	Internal Audit Senior management	Finalise DRP Audit recommendations completed. New Business Continuity Training day	Further disaster Recovery Training Day.
	Environment damage/disaster to buildings/ programme/events	7	6	DCS	6	5	30	Emergency Action Planning Insurance Funds Work with Trust Working with QEOP and Agencies	6	5	30	↑	Treat	Audit Recommendations completed. Further training and testing	31/12/2015	AMPD	H+S Senior management	Finalise DRP Audit recommendations completed. New Business Continuity Training day	Further disaster Recovery Training Day.

Key  
 Score 45-81 High Risk  
 Score 9-48 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"

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