

|                           |   |
|---------------------------|---|
| <b>Body:</b>              | AUDIT AND GOVERNANCE COMMITTEE  |
| <b>Date:</b>              | 5 December 2012   |
| <b>Subject:</b>           | Risk Management   |
| <b>Report Of:</b>         | Internal Audit Manager  |
| <b>Ward(s)</b>            | All   |
| <b>Purpose</b>            | To provide a report on the updating of the Strategic Risk Register and changes made to it.  |
| <b>Recommendation(s):</b> | To consider and agree the amended Strategic Risk Register.  |
| <b>Contact:</b>           | Jackie Humphrey, Internal Audit Manager, Telephone 01323 415925 or internally on extension 5925.<br>E-mail address <a href="mailto:jackie.humphrey@eastbourne.gov.uk">jackie.humphrey@eastbourne.gov.uk</a> |

---

## **1.0 Introduction**

- 1.1 The terms of reference for the Audit and Governance Committee include the following: Review the effectiveness of the Council's arrangements for identifying and managing risks, internal control environment and corporate governance arrangements.
- 1.2 It has been agreed that the Strategic Risk Register need only be reported to Committee when there are any changes made.

## **2.0 Review of Strategic Risk Register**

- 2.1. The Strategic Risk Register was completely reviewed at a special meeting of the Corporate Management Team (CMT) on 13th September 2012.
- 2.2. All the risks were reviewed in terms of relevance and the risk score. All were considered to still be relevant although some of the wording was slightly altered to reflect changes since the register was first put together two years ago. A few risk scores were altered.
- 2.3. CMT considered current hot topics of fraud and data protection risks. It was felt that these were already covered by existing risks on the register. However, specific references to these areas were added where appropriate.
- 2.4. Any other new or possible future risks were also considered. However it was felt that no new risks needed to be added and that the amendments made to wording of the risks currently on the register would be enough to keep the register up to date.
- 2.5. It was also generally felt that eight risks seemed reasonable and not too unwieldy since these were the main risks threatening the Council as a whole and many other risks were implicit in those listed.

- 2.6. At the end of this report can be found a table detailing the changes made to the Strategic Risk Register. The updated register itself can be found at Appendix A.

### **3.0 Operational and Departmental Risk Registers**

- 3.1. These are now held on Covalent and managers can access their own registers to keep them up to date.
- 3.2. As part of the Service and Financial Planning managers have been asked to identify new risks, giving especial attention to data protection risks. These have been added to the registers on Covalent as they have been received.
- 3.3. Managers have also been asked to review the risks currently held on Covalent and to update the risk scores as necessary. Managers will be reminded to carry out a review of their risks quarterly.

### **4.0 Consultation**

- 4.1 Corporate Management Team.

### **5.0 Resource Implications**

- 5.1 Financial – Delivered within the approved budget for Internal Audit
- 5.2 Staffing – None directly as a result of this report, staff are engaged in risk matters on an ongoing basis.

### **6.0 Other Implications**

- 6.1 None

### **7.0 Recommendations**

- 7.1 To consider and agree the amended Strategic Risk Register.

**Jackie Humphrey**  
**Internal Audit Manager**

#### **Background Papers:**

The Background Papers used in compiling this report were as follows:

*None*

---

**AMENDMENTS MADE TO STRATEGIC RISK REGISTER**

| <b>RISK</b> | <b>FIELD</b>        | <b>ORIGINAL</b>   | <b>REVISION</b>  | <b>ADDITION</b>                    |
|-------------|---------------------|---|--|------------------------------------|
| 001         | Internal controls   | 2. Biennial review of corporate plan and quarterly review of the Medium Term Financial Strategy   | 2. Annual review of corporate plan and Medium Term Financial Strategy  |                                    |
| 002         | Title               | Changes to the economic environment makes the Council economically unstable.  | Changes to the economic environment makes the Council economically less sustainable.   |                                    |
| 002         | Internal controls   | 1. Robust Medium Term Financial Strategy reviewed quarterly.  | 1. Robust Medium Term Financial Strategy reviewed annually and monitored quarterly. Refreshed in line with macro economic environment triennially                          |                                    |
| 002         | Current risk scores | Likelihood 2<br><br>Impact 3  | Likelihood 4<br><br>Impact 3   |                                    |
| 003         | Title               | Unforeseen demographic shifts creating significant changes of demands and expectations.   | Unforeseen socio-economic and/or demographic shifts creating significant changes of demands and expectations.  |                                    |
| 003         | Description         |   |  | 4. Heightened likelihood of fraud. |
| 003         | Current risk score  | Likelihood 1  | Likelihood 2   |                                    |
| 004         | Title               | The town provide unsustainable employment base for the needs of the organization.   | The employment market provides unsustainable employment base for the needs of the organization.  |                                    |
| 004         | Description         | Catchment area unable to fulfil recruitment and retention requirements of the Council resulting in a decline in performance standards and an increase in service costs. | Employment market unable to fulfil recruitment and retention requirements of the Council resulting in a decline in performance standards and an increase in service costs. |                                    |

| <b>RISK</b> | <b>FIELD</b>      | <b>ORIGINAL</b>   | <b>REVISION</b>   | <b>ADDITION</b>  |
|-------------|-------------------|---|---|--|
| 005         | Title             | Not being able to generate and sustain a culture that supports the organisation.  | Not being able to sustain a culture that supports organisational objectives and future development.                                   |  |
| 005         | Internal controls | 2. Develop our performance management capability to ensure early intervention where service and/or cultural issues arise. | 2. Continue to develop our performance management capability to ensure early intervention where service and/or cultural issues arise. | 3. Continue to develop communications through ongoing interactions with staff.           |
| 007         | Internal controls |   |   | 3. Working in partnership with other public bodies.                                      |
| 007         | Current risk      | Likelihood 2  | Likelihood 1  |  |
| 008         | Title             | Failure to meet regulatory or legal requirements.   | Failure to meet regulatory or legal requirements (e.g. Data Protection Act)   |  |
| 008         | Description       |   |   | 5. Possibility of fraud and bribery.   |
| 008         | Internal controls |   |   | 5. Ensure there is full understanding the impact of new legislation (e.g. Localism Act). |