

AUDIT COMMITTEE 11 December 2012

Brief Headline Report on Corporate Risks

Report Type: Risks Report

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Original risk score is the first assessment carried out 18 months ago. This score normally does not change

Current risk score is the present-day assessment, after having taken into account internal controls, actions and a projection of the future for the risk

Current risk likelihood and impact are the two risk assessment variables that support the current risk score

Target risk score is the score that represents the planned risk appetite and is generally a score below 10. A score of 6 generally represents an acceptable balance of risk control and risk acceptance. Within covalent is an indicative date that management is planning when low risk will be achieved.

Current Focus are the major headline internal controls being pursued

Key to risk scores:

1-10 – Low or Very Low risk

11-16 – Medium risk

17-25 – Major or Critical risk

| Risk Code & Title | Original Risk Score | Current Risk Score | Current Risk Likelihood | Current Risk Impact | Target Risk Score | Current Focus |
|---|---------------------|--------------------|-------------------------|---------------------|-------------------|---|
| MC01-01 People risks | 18 | 12 | Low | Major | 6 | <ul style="list-style-type: none"> Consolidation of year one of the People Strategy and managing into place year two of actions within the strategy. Programme of training for managers |
| MC01-02 Governance and Standards in Public Life | 18 | 12 | Low | Major | 6 | <ul style="list-style-type: none"> Updating the Local Code of Corporate Governance Dealing with actions mentioned in the Annual Governance Statement 2011/12. Midlothian Single Plan |
| MC01-03 Customers and Performance | 18 | 13 | Medium | Moderate | 6 | <ul style="list-style-type: none"> Business Transformation Project Inter-dependency with Effective Working in Midlothian (EWiM) project |
| MC01-04 Internal Control Environment | 14 | 13 | Medium | Moderate | 6 | <ul style="list-style-type: none"> Updated Fraud and Corruption Policy New Whistle Blowing Policy for employees National Fraud Initiative uploading of data Embraced 'Fighting Fraud Locally', a national report on Local |

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|--|---------------------|--------------------|-------------------------|---------------------|-------------------|---|
| | | | | | | <ul style="list-style-type: none"> Government New Levels of Assurance template for rating Internal Audit reports and opinion Rolling out internal control training Refreshing risk management system Completing the Internal Audit Plan 2012/13 and preparing the Plan for 2013/14 |
| MC01-05 Balancing Budgets in future years/Impact of Budget Constraints/Financial Strength of the Council | 14 | 18 | Medium | Major | 6 | <ul style="list-style-type: none"> Ensuring that budget for 2013/14 is robust and balanced Review of income streams and any pressure on them Fees and Charges review Financial impact of Welfare Reform (being analysed under MC01-12) |
| MC01-06 Emergency Planning and Business Continuity Management | 19 | 12 | Low | Major | 6 | <ul style="list-style-type: none"> Test exercise and debrief for 'Exercise Collision' Updating Business Impact Analysis Updating Buildings Recovery Plans for Main Buildings Zurich, the Council's insurer, carrying out a 'critical-friend' review of our major incident procedures Getting ready for potentially severe winter weather |
| MC01-07 Corporate Policies and Strategies | 14 | 6 | Low | Moderate | 6 | <ul style="list-style-type: none"> Human Resources Policies are being updated Internal Audit continues to focus on compliance with policies |
| MC01-08 Corporate Change and Transition | 18 | 19 | High | Major | 6 | <ul style="list-style-type: none"> BT Programme risk register updated 6 weekly in alignment with BTB/BTSG meeting schedule, but reviewed weekly by the Business Transformation Team. |
| MC01-09 Legal and Regulatory Compliance | 12 | 12 | Low | Major | 6 | <ul style="list-style-type: none"> Welfare Reform separated as a single risk in MC01-12 Consolidating data protection compliance and Information Commissioner audit in the spring 2013 Payment Card Industry Standard compliance Review of risk assessment process for new legislation |
| MC01-10 Procurement | 18 | 13 | Medium | Moderate | 6 | <ul style="list-style-type: none"> Procurement Compliance Assessment (PCA) inspection Procurement Improvement Plan |
| MC01-11 Asset Condition – buildings, vehicles, computer, roads | 18 | 13 | Medium | Moderate | 6 | <ul style="list-style-type: none"> EwiM project Capital funding for Corporate IT replacement programme Capital refreshment budget in place for 12/13, with additional |

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|---|---------------------|--------------------|-------------------------|---------------------|-------------------|---|
| | | | | | | <ul style="list-style-type: none"> contingency for failing equipment, in Schools ICT Year 2 of Roads Asset Management Plan Additional investment for acceleration of roads/footpaths maintenance School Estate improvements Scottish Housing Quality Standard for Council houses |
| MC01-12 Welfare Reform Bill | 23 | 19 | High | Major | 6 | <ul style="list-style-type: none"> Report to Council this month Project management Risk assessment Analysing the potential financial impact for the Council |
| 3.12.12 – CMT considered whether 'Pressure on Income Streams' should be a corporate risk. Recommendation: that it is adequately managed in MC01-05, MC01-08 and MC01-12 | | | | | | |
| 3.12.12 - CMT considered whether 'Climate Change/Severe Weather' should be a corporate risk. Recommendation: that it is adequately managed in MC01-06 and within the Commercial Operations and Planning and Development Operational Risk Registers | | | | | | |
| 3.12.12 – CMT considered whether 'Demographic Changes' should be a corporate risk. Recommendation: that it is adequately managed through MC01-05, MC01-08 and the Adult and Community Care operational risk register. | | | | | | |