

ANNEX 1.

INSTRUCTIONS FOR REVIEWING RISK REGISTERS 07/08

INTRODUCTION

Risk registers were introduced as part of the Council's overall risk management strategy. The objective of the registers is to identify **significant** risks that might prevent the achievement of objectives and what steps can be taken to minimise or transfer those risks. In addition Managers are asked to identify consequential risks and to identify action to minimise the effects of those risks.

The whole process of Risk Management is part of the Key Lines of Enquiry review carried out annually by the Audit Commission and a failure to ensure adequate risk management could jeopardise the Council scoring in this exercise.

In order for this system to operate effectively these registers must be updated when new risks are identified or at least once annually. As an additional safeguard the risk registers are also cross-referenced to the business continuity plan to ensure that mission critical tasks are included in the risk register.

SCORING RISKS

In order to simplify the risk registers and ensure that the most significant risks are addressed the Council has adopted a simple grid to score risks. There are two elements to this score, Likelihood and Impact, how likely is it that the risk becomes an event and if it did happen, what impact would it have. These are measured simply as High or Low. The existing controls are considered and a final evaluation of Impact and Likelihood is estimated. The results of this exercise are recorded on the risk register as below.

Risk Area	Risk	Impact Score *	Likelihood Score *	Total Score *	Existing controls	Enhanced and / or New controls	Resource Implications/ responsibility	Target date	Comments
		H	H	A					
		H	L	B					
		L	H	C					
		L	L	D					

- **High Impact, High Likelihood** – immediate significant action is needed
- **High Impact, Low Likelihood** – some action required and develop a contingency Plan
- **Low Impact, High Likelihood** - immediate minimal action
- **Low Impact, Low Likelihood** - keep under periodic review

PAYROLL AS AN EXAMPLE

As an example there is a risk that the payroll could fail and people did not get paid. The consequential risks of a payroll failure are identified as professional and financial. The professional ability of the section could be questioned and individuals may incur bank charges for late payment that could be passed onto the Council.

The risk register identifies that there is a daily back up taken of payroll data and that there is an agreement with the software supplier to run the payroll in an emergency situation. A further plan exists to make manual cheque payments if BACS cannot take place.

The steps taken to minimise the risk from happening are considered and the Impact and Likelihood are reconsidered before a score is entered onto the risk register. Following this evaluation it is considered that a payroll failure would have a High Impact but the Likelihood of it happening is low so it is scored as a B on the risk register. The risk register records the steps in place to reduce the risk of failure and in addition an enhancement is added to record that procedure notes are reviewed and revised annually to ensure that they are up to date and confidence can be placed in the disaster recovery plan.

STAFF INVOLVMENT

One of the Risk Management Strategy objectives is to embed Risk Management within the organisation. For embedment to be achieved staff at all levels should take a role in risk management. This can be achieved by asking all members of staff to participate in the review of the risk registers by asking their opinion on the adequacy of the register and seeking their view as to whether any significant risks have not been addressed.

UPON COMPLETION OF THE RISK REGISTER

The completed risk registers should be input to the appropriate Folder (H Drive/Share/Risk Registers/Operational/ Your Service and Year) and a confirmatory e-mail forwarded to The Insurance Manager – Brian Courtney. For audit purposes it is essential that the date of the review and manager responsible are recorded on the Risk Register. Should you have any queries relating to the completion of Risk Registers please contact Brian on x6108 or David Buckley on x6086 who can answer any questions.

David Buckley 6086
Brian Courtney 6108