

FALKIRK COUNCIL

Subject: REVIEW OF CORPORATE RISK REGISTER
Meeting: AUDIT COMMITTEE
Date: 23 September 2013
Author: DIRECTOR OF DEVELOPMENT SERVICES

1. INTRODUCTION

- 1.1 A review of the Council's Corporate Risk Register (CRR) has been undertaken as part of an agreed periodic update to CRMG and the Audit Committee.

2. FINDINGS

- 2.1 The review has taken account of the findings of a review of the risks and controls identified through an evaluation of 2013-2016 Service Plans.
- 2.2 There are a number of additions to the CRR, and these are marked up on the attachment. Whilst these are more detailed, the CRR is still considered a high level document.
- 2.3 The Top 10 risks are still considered to be the same as those reported in May 2013, as outlined below (in no particular order of priority):-
- Protecting vulnerable people/ groups: including Child Protection & Elderly Care;
 - Welfare reform: financial loss to the Council due to rent arrears, and also increased financial hardship to citizens leads to higher demands for welfare services;
 - Managing financial pressures: inc. reduced government funding & capital investment;
 - Prioritisation of resources – particularly demand on support functions to drive change;
 - Managing transformational change: including colleague engagement and development;
 - Equalities: Equal pay claims and threats of industrial action;
 - Regulatory change – especially elderly care and housing;
 - Opportunities for efficiency through greater partnership working;
 - Tax Incremental Funding (TIF) Pilot: realising the opportunity for major investments;
 - Security, availability and integrity of data.

3. NEXT STEPS

- 3.1 A review is being undertaken with each Service of their Service Risk Register (SRR), and this will inform future updates to the CRR.
- 3.2 A CRR which consolidates all SRR's is anticipated to be provided to CRMG in Oct 2013 (subject to availability and support of all Services for reviews), and then discussion and challenge will take place around the scoring & prioritising of risks. The outcome should be a prioritised Corporate Risk Register, and this will be presented to the Audit Committee in early 2014.
- 3.3 Service Risk Reports will be developed following SRR reviews, and these will form part of risk reporting to CRMG, the Audit Committee, CMT and the Executive as appropriate.

4. RECOMMENDATIONS

4.1 Members are invited to:

4.1.1 Note the findings of this review;

4.1.2 Provide feedback on the CRR (Appendix 1);

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Director of Development

Date: 10 September 2013

Appendix 1: CORPORATE RISK REGISTER - AUG 2013

Note: Items Highlighted Are Additions Made in Aug 2013

Risk	Potential outcomes	Potential consequences	Controls	Review mechanisms
1. Failures in proper financial management	<ul style="list-style-type: none"> • Breach of statutory duty to achieve best value; • Material mis-statement of financial position; • Inability to fulfil financial and policy obligations; • Failure to collect all income due from debtors; • Failure to pay invoices timeously; • Flawed borrowing or investment related decision making; • Fraud / irregularity; • Failure to plan for economic climate; • Failure to achieve SOA, Corporate and Service plan objectives; • Qualification of Annual Accounts or criticism from appointed external auditor; • Failure to manage the impacts of welfare reform; • Exposure to Serious Organised Crime. 	<ul style="list-style-type: none"> • Failure to achieve and demonstrate best value; • Prosecution or other legal remedy. • Failure to deliver core services to stakeholders • Financial Leakage; • Detrimental impact on partners & risk to future supply chain; • Compromised medium to long term financial position. • Financial loss; • Compromise the financial position of partners; • External intervention / control • Damage to reputation; • Greater demand for other Council services. 	<ul style="list-style-type: none"> • CMT commitment to good financial governance and achievement of best value; • Clear and up to date Standing Orders and Financial Regulations; • SOA, Corporate and Service Plans (including PI's); • Debt Recovery Policy; • Reliable financial management IT systems.with appropriate automated controls & business continuity plans; • Investment Policy & CIPFA Code of Practice for Treasury Management; • Anti-fraud arrangements; • Community Planning Priorities • Internal and external scrutiny; • Complaints procedure; • Poverty Strategy; 	<ul style="list-style-type: none"> • Member scrutiny via established Committee structure, including Audit Cttee; • Service management meetings; • SPSO; • Debtors Monitoring & PI's; • Business continuity plan testing; • Investment Committee; • Working Groups (inc Capital, Budgeting & Welfare Reform); • FPP Monitoring inc Peer Reviews; • Internal and External audit scrutiny and other inspections; • Financial reporting & monitoring;

2. Failures in proper information management (availability, integrity and security).

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| <ul style="list-style-type: none"> • Information / data loss; • Information / data corruption; • Compromised decision making; • Breach of statutory duty e.g. DPA & Public Records • Inappropriate use of Council ICT equipment; • Breach of confidentiality, compromising staff, public, or other stakeholders; • Flawed decision-making or reporting; • Failure to achieve SOA, Corporate and Service plan objectives; • Inefficient / sub-optimal systems; • Systems breakdown / failure. • Failure in ICT contract management; • Exposure to Serious Organised Crime. • Breach of Privacy (including use of CCTV monitoring equipment) | <ul style="list-style-type: none"> • Prosecution or other legal remedy; • Financial loss resulting from reliance on flawed or incomplete data; • Failure to deliver core services; • Failure to provide evidence for inspections, regulators etc; • Damage to reputation; • Risk of harm to data subjects e.g. offenders; • Detrimental impact on partner organisations; • Failure to deliver best value services; • Costs of reinstatement/ additional costs of working; • Dependence on suppliers and risks of their failure; | <ul style="list-style-type: none"> • Data loss reporting (internal & to SPSO); • Compliance with relevant legislation e.g. Data Protection; • Clear ICT strategy and supporting policy & procedures; • Clear records management policy & procedures; • Acceptable Use of the internet and email policy; • Data sharing protocols with partners inc Info Audit & logging of information transfers (electronic or otherwise); • CMT commitment to good information governance; • SOA, Corporate and Service Plans (including PI's); • Investment - alignment of ICT, Service & Asset Strategies; • Business Continuity; • Contract Monitoring Framework for critical systems; • Systems & buildings security inc access controls, encryption & virus checking; • Property damage & business interruption insurance, including increased cost of working; • Privacy Impact Assessments; • Information Asset Register. | <ul style="list-style-type: none"> • SIC (info. Commissioner); • Corporate working groups including Improvement Governance Board, FOI, CRMG & Records Management • Service Management meetings; • Public Records Statement of Assurance; • ICT Controls & Monitoring e.g. internet use & email scanning; • Internal and External audit scrutiny and other inspections; • CMT scrutiny; • Member scrutiny via established committee structure; • Tendering & Best practice monitoring; • Business Continuity Testing; • Contract Monitoring Officers; • Systems Administrators; • RIPSA Working Group (Regulation of Investigatory Powers). |
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3. Failures in human resource management

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| <ul style="list-style-type: none"> • Insufficient staff; • Recruitment and retention problems; • Absence; | <ul style="list-style-type: none"> • Failure to deliver core services; • Damage to reputation – unable to recruit /retain skilled workforce; • Cost of absences (direct & indirect e.g. sick pay & morale); | <ul style="list-style-type: none"> • Appropriate management and accountability structures; • Adequate and appropriate staff establishments; • * Occupational Health, Counselling & Physio services. • * Absence Policy, Manager Training & HR Support; | <ul style="list-style-type: none"> • Service Management Meetings; • Service Based Forums; |
| <ul style="list-style-type: none"> • Non performing staff,; | <ul style="list-style-type: none"> • Cost of identifying and rectifying human errors; | <ul style="list-style-type: none"> • Clear and robust HR policies and procedures, including job evaluation scheme; | <ul style="list-style-type: none"> • CMT scrutiny; |
| <ul style="list-style-type: none"> • Not properly qualified; | <ul style="list-style-type: none"> • Cost of covering vacant posts; | <ul style="list-style-type: none"> • Up to date Member / Officer job descriptions in place; | <ul style="list-style-type: none"> • Internal and External audit scrutiny and other inspections; |
| <ul style="list-style-type: none"> • Not properly supported; | <ul style="list-style-type: none"> • Reduced staff morale; | <ul style="list-style-type: none"> • APDS & Employee Development Bulletin; | <ul style="list-style-type: none"> • External accreditation eg IIP; |
| <ul style="list-style-type: none"> • Not properly trained; | <ul style="list-style-type: none"> • Reduced Performance / Failure to achieve full potential; | <ul style="list-style-type: none"> • Complaints & Quality Monitoring Processes; | <ul style="list-style-type: none"> • Staff Satisfaction Surveys; |
| <ul style="list-style-type: none"> • Not properly paid; | <ul style="list-style-type: none"> • Industrial Relations Disputes; | <ul style="list-style-type: none"> • Business continuity plans for key ICT systems & processes; | <ul style="list-style-type: none"> • Corporate Working groups e.g. Safety @ Work & CRMG; |
| <ul style="list-style-type: none"> • Unsafe/ unhealthy working environment; | <ul style="list-style-type: none"> • Absence and illness | <ul style="list-style-type: none"> • Premises Manager handbook and associated guidance; | <ul style="list-style-type: none"> • Benchmarking of terms & conditions of service; |
| <ul style="list-style-type: none"> • Inequitable treatment of staff; | <ul style="list-style-type: none"> • Tribunals & Civil Claims; | <ul style="list-style-type: none"> • Equality Impacts Assessment included in committee reports; | <ul style="list-style-type: none"> • Statements of Assurance (Premises & Fleet); |
| <ul style="list-style-type: none"> • Failure to achieve SOA, Corporate and Service plan objectives. | <ul style="list-style-type: none"> • Failure to demonstrate best value; | <ul style="list-style-type: none"> • Timely and accurate management information; | <ul style="list-style-type: none"> • Staff Satisfaction Surveys; |
| <ul style="list-style-type: none"> • Failure to carry out suitable disclosure checks; | <ul style="list-style-type: none"> • Prosecution or other legal remedy; | <ul style="list-style-type: none"> • Appropriate Disclosure Checks & Manager Guidance; | <ul style="list-style-type: none"> • Member scrutiny via established committee structure including JCC; |
| <ul style="list-style-type: none"> • Challenge of severance decisions; | <ul style="list-style-type: none"> • Attract too many / too few people for retirement; or union disputes; | <ul style="list-style-type: none"> • Consultation & documentation of process & decision rationale; | <ul style="list-style-type: none"> • Safer Recruitment Working Group; |
| <ul style="list-style-type: none"> • Failure to manage & control claims spend; | <ul style="list-style-type: none"> • Detrimental impact on cost & availability of insurance; | <ul style="list-style-type: none"> • Claims reports to Services and review of investigations; | <ul style="list-style-type: none"> • Monitoring severance (including savings achieved); |
| <ul style="list-style-type: none"> • Exposure to Serious Organised Crime. | | | <ul style="list-style-type: none"> • Audits & Lessons Learnt; |

4. Failure to properly manage assets.

Deterioration assets resulting in:

- harm to others;
- increased repairs and maintenance obligations.
- loss of value if realised;

• not fit for purpose;

- not making best use of fixed assets (efficiency)

- Environmental impact;

- Failure to achieve SOA, Corporate and Service plan objectives.

- Acquisition – lack of capital to support needs;

• Under utilisation of assets;

- Failure to comply with statutory obligations;

• Failures in procurement governance;

• Supplier Failure;

• Inaccurate Asset Valuations;

• Increased property damage claims;

• Failure to maximise recoveries from contractors

• Premises Access & Evacuation Restrictions (particularly in high rises);

- Failure to deliver core services

- Prosecution or other legal remedies.

• Financial Loss;

- Unnecessary revenue and capital expenditure

• Assets not fit for purpose (poor quality service / delivery methods)

• Increased running costs;

- Failure to demonstrate / achieve good environmental governance;

• Failure to demonstrate best value;

- Shortfall in capital receipts leading to capital plan slippage;

• Service Inefficiency;

- Damage to reputation;

• Delays;

• Service interruption;

• Flawed Financial Information & Decisions inc insurance;

• Detrimental impact on costs & availability of insurance;

• Equalities issues – Disability Discrimination Act claims;

- Finance Capital Section;

• Premises managers' handbooks;

• Contractual inspection, repair and maintenance arrangements

- Maintenance schedules, inc Roads Winter Plan;

• Customer Service & Complaints Monitoring;

- Efficiency Reviews e.g. utilisation; carbon/ energy management & occupancy;

- Sustainability Strategy and environmental mgt targets;

- SOA, Corporate and Service Plans (including PI's);

• Asset Management / Capital Programme alignment;

- Utilisation Reviews;

• Statutory Inspections eg. PAT, engineering; SHQS & Gas;

• Procurement Strategy & Guidance;

• Contracts inc KPI's and BCP

• Periodic & Appropriate Asset Valuations;

• Loss adjusting – ensure claims are legitimate;

• PFI insurance premium adj. & Recharge contractor damage.

• Fire Safety Inspections & Risk Assessments;

- CMT scrutiny

• Statements of Assurance – Premises & Fleet;

- Service management meetings;

- Timely and accurate management information;

• Housing Participation Groups;

• Asset Management Group & sub-groups e.g. Fleet;

• Sustainability Working Group;

- Internal and External audit scrutiny and other inspections;

• Capital Planning Group & Investment Committee;

- User Intelligence Meetings;

• Inspection Targets & Actions;

• Procurement Board;

• Supplier & BCP Monitoring;

Internal & External Review of Asset Valuations;

• Monitoring by Asset Management Group & CRMG;

• Independent Broker PFI Calculation;

5. Failure to properly recognise, plan for, and manage significant change, both internal and external.

- Missed opportunities / failure to maximise financial position.
- Failure to engage & obtain stakeholder buy-in;

- Failure to support staff through significant change
- Failures in project governance

- Failure to respond to statutory changes (e.g. equalities & planning);
- Failure to achieve SOA, Corporate and Service plan objectives;
- Failure to meet economic & demographic changes;
- Failure to maximise investment income e.g. TIF
- Failure to respond to emergencies inc pandemic;

- Asset Construction & Design is flawed or does not meet changing statutory and/or needs;

- Failure to respond to emergencies inc pandemic;

- Financial or reputational damage by consequences of change.
- Failure to achieve SOA, Corporate & Service plan objectives

- Deterioration in morale and service & increased stress;
- Time/ Cost / Quality of project outcomes is compromised;

- Prosecution or other legal remedy;

- Failure to achieve and demonstrate best value;

- Failure to meet increased demand fro core services;
- Failure to maximise economic benefits & consequences thereof;
- Interruption to core services & impact on communities;

- Harm to users (e.g. due to poor ventilation or access);

- Detrimental impact on partner organisations;
- Financial loss;

- Corporate and Service risk management arrangements.

- Participation & Engagement Plans & Strategies;

- Employee Communications, Training & Succession Planning
- Project Management Framework,

- Horizon scanning;

- SOA, Corporate and Service Plans (including PI's);

- Demand planning, aligned with capital, revenue & assets;
- Strategic Projects;

- Business Continuity & Emergency Response Plans;

- Contract and internal insurances - Professional Indemnity (includes cover for architects & designers);

- Media Communications;

- PSIF;

- Member & CMT scrutiny via established committee structure.

- Internal and External audit scrutiny and other inspections.

- Training Evaluations;

- Project Status Reports including risk, issues, cost control, deliverables & savings;

- Liaison with Central and Local Government partners.

- Internal and External audit scrutiny and other inspections;

- Economic & Population Census Information;
- Monitor Funding & Spend;

- BCP Testing & Emergency Planning Working Groups;

- Ongoing review of legal requirements & best practice standards;

- SPSO;

6. Failures in governance, leadership, accountability and decision making.	<ul style="list-style-type: none"> • Failure to demonstrate best value; • Members / Officers unclear/ unsure of duties and responsibilities; • Lack of support for decisions; • Members lack the skills to make effective decisions; • Breakdown in relations between Members Officers; • Lack of strategic vision, direction and outcomes; • Failure to comply with statutory duties; • Lack of information to support decisions making; • Failure to deliver multiple & simultaneous elections; • Failure to protect vulnerable people from harm; • Negligent Professional Advice e.g. legal & planning; • Failure to monitor & replicate best practice; • Failures in risk management 	<ul style="list-style-type: none"> • Failure to achieve SOA, Corporate and Service plan objectives. • Failure of Members / officers to fulfil responsibilities. • External intervention (overtake decisions and consequences thereof). • External intervention or criticism; • Unworkable organisation; • Failure to deliver core services; • Prosecution and other legal action. • Financial loss; • Ineffective decision making; • Re-run of elections and consequences thereof; • Injury and civil claims; • Flawed decision making • Poor Quality Services • Failure to identify and/or to communicate risks appropriately; 	<ul style="list-style-type: none"> • SOA, Corporate and Service Plans (including PI's); • Clear & up to date Job Descriptions for members & officers; • Democratic process; • APDS and Committee Specific Training for Members; • Code of conduct • Standing orders via scheme of delegation. • Legal Implications included in Committee reports; • Annual Governance Statement; • Corporate consultation on draft committee reports; • Contingency Plans & Officials Indemnity Insurance • Policy, Guidance & Monitoring; • Professional Indemnity and Officials Liability Insurance. • PSIF & REFLECT; • CRM Policy, Framework & Guidance & Risk Registers 	<ul style="list-style-type: none"> • CMT; Member Scrutiny via defined Committee Structure; • Standards Commissioner; • Internal and external audit and other inspections. • SPSO; • Service management meetings. • Horizon Scanning for legal changes; • Internal and External Audit and other inspections; • Member scrutiny via established committee structure. • Monitoring Officers • Working Groups inc PVG, Integrating Care; CAPSG; MAPPA;Children's Commission • Lessons learnt from previous events; • Best Value Working Group; • CRMG Scrutiny;
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7. Failures in partnerships or contracts with external bodies.

- No delivery mechanism for plan/ project;
- Failure/ deteriorating performance of partners;
- Interruption to supply chain;

- Failure to achieve aims of partnership or contract;
- Failure to prioritise partner funding effectively;
- Harm to service users;

- Failures in procurement & partnership governance;
- A national trend of more legal challenges against procurement decisions;

- Failure to deliver core services;
- Financial Loss;

- Customer Service Issues & consequences thereof;

- Failure to achieve SOA, corporate and other objectives;
- Detrimental impact on partner organisations;
- Prosecution or other legal action.

- Time/ Cost / Quality of project outcomes is compromised;
- Increased cost of investigating & defending legal challenges and PR impact;

- SOA, Corporate and Service Plans;
- JWA's. FPP (Follow the Public Pound) & Supplier Monitoring;

- Suppliers/partners business continuity arrangements – inc measuring return on investment / impact of funding;

- Partnership Agreement and Contracts, with legal input;
- PSIF;

- Surety e.g. Performance & Parental Guarantee / Insurance
- Procurement Policies, inc appointment of consultants;
- Robust claims defences.

- CMT & Member scrutiny via established committee structure
- Partnership & Procurement Board;

- Testing of supplier BCP;

- Internal and external audit and other inspections;

- Best Value Working Group, and Peer Review Groups;
- Evidence of surety at renewal;

- SLA's