Report to: Policy and Review (Performance) Panel, 14th December 2004
Report from: Lyn Graham, Audit Manager & Kelly Nash, Principal Strategy
Adviser

Risk Management

1.   **Purpose:** to update the Policy and Review (Performance) Panel on the
       progress with developing risk management systems.

2.   **Recommendations:**

       The Policy and Review (Performance) Panel are recommended to:
       i.   **Note the progress with risk management issues**
       ii. **Note the list of risks identified at Appendix 1, and consider if
            they are the right ones.**

3.   **Background**

3.1   Risk Management was identified as part of the Comprehensive
       Performance Assessment in 2002 as a key area for development in the
       authority, and included in the improvement plan that was agreed. In
       the past eighteen months, good progress has been made with
       improving risk management in the authority, although this progress has
       been slowed by the departure of the Risk Manager to another authority,
       and the resulting vacancy. It is planned that this gap will be addressed
       as part of the Moving Towards Excellence Review, with the creation of
       the new "box" dealing with these issues, and the appointment of the
       necessary posts. In the interim, the Strategy Unit, supported by the
       Director of Finance and Resources and the Audit Manager, are
       ensuring that risk management remains on the performance and
       improvement agenda.

3.2   At the meeting of PMIB on 10th March, Gary Lark outlined some issues
       that needed to be progressed as a matter of urgency:

       • **Development of a Corporate Governance Framework –** this is
         now being developed with the Democratic Services Manager
       • **Development of a Corporate Risk Register –** this register has two
         elements.
         o The first section addresses significant risks that relate to the
           achievement of service objectives, and is being compiled from
           risk assessments carried out by services as part of their
           business planning process. These are now completed, and with
           the assistance of the Audit Manager, controls have been put in
           place for the most significant risks.
         o The second section of the Corporate Risk Register looks at
           thematic risks that are cross-cutting.

4.   **Roles in relation to risk management & the corporate risk register**
4.1   It is vital that there is corporate ownership and management of risk

issues.   It is suggested that there is a working group on strategic risk management issues, related to performance management in the authority. The Strategic Directors should take on the role of corporately overseeing and driving progress on the risk register and corporate governance framework, and providing a route of escalation for issues that the working are unable to resolve. Their work on this area should be reported through to the Policy and Review (Performance) Panel on a regular basis.

4.2   This arrangement can be reviewed when a Risk Manager is in post, when it is expected that this individual will be in a position to lead the risk agenda for the authority, although the Policy and Review (Performance) Panel will still have a leading role in driving this area forward.

4.3   As the corporate body providing strategic direction for issues around performance, the Strategic Directors have considered the draft summary of significant risks and identified owners for the risks. This list is attached as Appendix 1. It is suggested that for these risks, a programme should be developed for the responsible "owners" to report the risks and controls to the Strategic Directors, so that they can be satisfied that there are adequate controls in place, or that there are plans for putting them in place.

The corporate nature of risk issues has been recognised, and risk management will be an early item for consideration by the Corporate Management Board.

Again, it is expected that progress on these issues will be reported to the Policy and Review (Performance) Panel on a regular basis.

Strategic Risk Register October 2004

Those risks not picked up by individual services and High Risks from Services that need to be monitored corporately

Risk No.	Ref.	Key objective	Key System/ Strategy/ Process	Operation	Ref	RISK OWNER	Threats	Category	Probability Rating	Impact Rating	RISK RATING	Controls Strategic Management	Compliance	Effectiveness of operations	Integrity of Data/ Accuracy of financial reporting	Effectiveness of Control Rating	Comments/Action	Proximity (year)
		CORPORATE																
1	C1	Increased working with partners to deliver local and national objectives	**Partnerships**	1. Supporting People 2. Children's Trusts 3. Crime Prevention	DFR32 DFR33 HS10	**Martin Evans**	No agreements or clear definition of objectives/responsibilities leading to errors, omissions and liabilities eg PCC at risk of additional resourcing or the partnership not effectively carrying out any function specifically the reason for its origin	Legal/ Political/ Financial	High	High	High	Financial regulations directing controls re partnerships	No compliance to Financial Regulations checked-no control?	Partnership agreements drawn up by Legal Services	Budget monitoring as part of the agreement	Medium?	Identifying partnerships-partnership Register. Monitoring compliance with financial regulations not carried out. Review of Financial Regulations annually required?	See specific partnerships from Partnership Register
2						**Martin Evans**	Change of priority by partners or PCC resulting in either the premature ending of the partnership and objectives not being met or more funding by PCC	Financial/ political	High	High	High	as above	as above	as above		Medium?		
3						**Martin Evans**	Failure to identify procedure/ resources for end of partnership project resulting in poor wind down of service/loss of assets possible increase in PCC liabilities	Financial/ political	High	High	High	MTRS/Policy priorities of PCC	as above	Exit Strategy as part of the agreement detailing how assets etc to be distributed		Low		

No	Ref	Objective	Category	Sub-items	Codes	Owner	Risk	Risk type				Controls					Gaps
4	C2	Allocating Budgets in accordance with Objectives and obtaining best value on the use of the resources	**Use of Resources: Financial**	**Financial:** 1. Port 2. Investment 3. Capital Receipts 4. Council Tax and NNDR 5. Sundry Debts 6. Fees and Charges 7. Licensing 8. Housing Rents 9. Commercial Rents 10. Budgetary Planning and Control 11. VAT accounting 12. Payroll 13. Inland Revenue 14. Banking 15. Petty cash 16. Treasury Management 17. Income collection 18. Procurement 19. Insurance 20. Funding/Capital programme	DFR1,2 DFR10 DFR11, DFR15-21, ERT6/7 EH1,E8 DSS1, DFR3-9 DFR27/ 28/29 PO2-PO9 PO15 PO12 PO11 PO1, ERT1 AMS 6-8 AMS4 Pp1 RBS 2-7 HS6/7 HFS 1 HFS9-12	**Valerie Lane**	Insufficient resources to address service delivery/statutory duties and priorities, or resources used ineffectively or not on objectives; resulting in poor/non-delivery of service or legal action	Legal/ political	High	High	High	Strategic Directors target setting/ performance indicators/ monitoring of balanced scorecard	Business Plans monitoring by Strategy Unit	Balanced Scorecard(s), Policies, strategies, eg HR Strategy, MTRS, Debt Management policy, Procurement, Financial regulations, Contract Standing Orders		Medium?	Monitoring of Policies and Strategies? Review of Policies and Strategies? In accordance with Corporate Objectives? Awareness of Policies and Strategies? Awareness of Financial Regulations, Contract Standing Orders?
5	C3		**Use of Resources: Staff**	**Staff management:** 1. Recruitment 2. Training 3. Performance 4. Redundancy 5. Change management	ITS13, HS2, HR1-5 P1	**Kay White**	Insufficient or inappropriate resources or non competent skills base to address service delivery/statutory duties and priorities resulting in poor/non-delivery of service or legal action, changes managed ineffectively leading to low morale, loss of staff	Legal/ political/ financial	Medium	High	High	HR Policies Balanced Scorecard Staff Appraisals	HR monitoring?			Medium?	
6	C4		**Use of Resources: Assets/ Buildings**	1. Inventories 2. Security 3. Assets Register 4. Maintenance 5. Acquisitions, disposals, rents, leases	AMS 4, AMS 6-8 ERT 8	**Stephen Checkley**	Insufficient or inappropriate resources not properly managed leading to ineffective or non-service delivery, fraud, misuse, excess costs or legal action	Legal/ Financial/ Political	High	High	High	Fin. Regs. S.O's Delegations to Officers Assets Register	?	?	?		No monitoring controls?
7	C5	Delivery of a range of projects	**Projects**	1. Sea Britain 2. Spinnaker Tower 3. City Centre Improvements 4. Mountbatten Centre 5. NGFS Upgrade 6. Moving Towards Excellence Review 7. SX3 8. Copnor Bridge Repairs 9. Freedom of Information 10. Highways PFI 11. E.Government Programme	ITS 3-5 HS1 ERT1-5 ERT 9 E9 L1	**Core Priority Project Management-Leader**	Failure to embed good practice across all projects leading to project failure or escalating costs or legal action. (Possible conflict between Government Gateway process and PCC Corporate Project Management Framework)	Financial/ Legal/ Political	High	High	High	Project Management Framework/ Project Steering Group/Project Boards	Project Boards	Project Boards, training	Project Boards	Medium?	Identifying projects that should comply with framework and awareness of framework
8						**Ditto**	Insufficient skills to deliver projects effectively leading to project failure or escalating costs or legal action	Financial/ Legal/ Political	High	High	High	as above	as above	as above	As above		

		Objective	Service	Activities	Refs	Owner	Risk	Category				Control					Action
9						**Ditto**	Lack of resources including staff leading to poor or non-delivery of services or legal action	Financial/ Legal/ Political	High	High	High	as above	as above	as above	as above		
10	C6	To provide a stable IT platform for all PCC services	**Information Technology**		ITS6-10 ITS2 PO10	**Bob France**	Unco-ordinated approach across departments leading to inefficient use of resources	Financial	High	High	High	IT Strategy/ MTRS	no control?	no control?	no control?	Low	
11						**Bob France**	Major failure to IT, ineffective recovery plan leading to business interruption, non-delivery of services possibly causing hardship	Techno-logical	Medium	High	High	IT Strategy/ MTRS	no control?	no control?	no control?	Low	
12						**Bob France**	Security breaches leading to legal action	Legal	Medium	High	High	Firewalls Virus Protection	?	?	?		Check with IT on controls
13	C7		**Contracts and Contract Management**	1.Legal Process 2. Housing Repairs and Maintenance 3. Procurement 4. Port third party arrangements	DFR32 DFR33 LS1, HS3-5 P2/3 PO14	**Dave Pointon**	1. Failure to ensure sufficient conditions could lead PCC vulnerable to further funding 2. Asbestos issues and Landlord laibilities. Failure could lead to injury, death, legal action and financial costs	Legal/ Financial/ Reputa-tional	High	High	High	Standing Orders Housing Repairs Programme?	Financial Regulations, SO's EU Legislation	?	?		Check on compliance controls
14	C8	To have plans in place to ensure continuity of services and mitigation of impact in the event of emergencies	**Emergency Planning**	Emergency Plans	PO17 ITS12 ITS11 AMS3	**Core Priority- Left Hand Box- Emerg-ency Planning Leader**	No business continuity plans for services leading to business interruption and possibly causing hardship/not meeting statutory requirements	Legal	Medium	High	High	EP Strategy?	?	?	?	High?	
15	C9	Completion of statutory grant claims and claims for projects	**Grant Claims**	1. Housing 2. Social Services 3. Education 4. SRB funding 5. Leisure Services	DFR35 HFS11-HFS15	**Valerie Lane**	Failure to prove value of claim due to insufficient records or lack of integrity leading to loss of funds	Financial	High	Medium	High	Central grant claims register monitored by FSU Accountancy	Monitoring by Accountancy staff	Monitoring by Accountancy staff	Grant Claims Procedures	Medium?	Ensure all grant claims are included in the central register
16						**Valerie Lane**	Forms not completed on time leading to withholding of grant monies and loss of income on cashflow	Financial	High	Medium	High	as above	as above	as above	as above		
17	C10	Targets	**Corporate Performance**	1. BVPPI's 2. Balanced Scorecard targets 3. Social Services targets 4. Education targets 5. Environment and Transport review targets 6. Waste collection and disposal targets 7. Re-cycling targets	HS9 E8 E10-E12 E14 E15	**Martin Evans**	Failure to monitor key targets or set SMART targets leading to possible financial losses and criticisms from External agencies. Possible impact on CPA Scores.	Financial/ Reputa-tional	Medium	High	High	Balanced scorecard, monitored by Strategic Directors and Members	n/a	Outcomes measured for corporate priorities as part of balanced scorecard	No control on ensuring data collected accurate?		Monitoring of accuracy of data

18	C11	Objective setting	**Corporate Direction**	1. Local Plan 2. MTRS	ITS1 HFS13 HFS14	**Martin Evans**	Unclear objectives leading to inefficient use of resources; poor consultation with stakeholders resulting in incorrect priorities	Financial/ Reputa-tional	Medium	High	High	Mori Polls, Citizens Juries. Corporate priorities linked to MTRS	Business Plans monitored by Strategy Unit	Policies and strategies linked to corporate objectives (review?) MTRS	Budget monitoring		
19	C12	Framework and good practice	**Corporate Governance**	1. Delegations to Officers 2. Codes of Conduct 3. Registers of interest 4. Consultation exercises 5. Financial Regulations 6. Standing Orders 7. Risk Management 8. Anti-Fraud and Corruption policies and investigation procedures 9. Confidential reporting procedures 10. All policies 11. Internal Audit 12. S151 13. Monitoring Officer	PO16 PO13 HFS16 E3-5 DSS3 DSS2 DFR24-DFR26	**Head of Legal and Demo-cratic Services**	Failure to set framework leading to qualification by External Auditors, poor CPA scores and loss of income. Staff not aware of policies leading to non-compliance	Financial/ Reputa-tional	High	High	High	Monitoring by Strategic Directors (no local code at present)	Code of Conduct annual reminder; Registers of interest	No controls? How ensure policies and procedures are effective?	n/a	Low	Local Code being introduced to Members December. No controls re compliance with FR/SO's. RM not embedded. Staff awareness training required?
20						**Head of Legal and Demo-cratic Services**	Failure to control risks leading to financial and legal risks/fraud or corruption	Financial/ Legal	High	High	High	as above	as above	as above	as above		
21						**Head of Legal and Demo-cratic Services**	Lack of training and knowledge leading to poor service delivery and inefficient procedures	Financial/ Reputa-tional	High	High	High	as above	as above	as above	as above		
22	C13		**Compliance with Corporate Laws**	1. Health and Safety 2. Equalities 3. Disability access 4. Accounting Requirements including prudential code 5. Freedom of Information 6. Data Protection	AMS1/2 DFR12-DFR14 DFR30 DFR31 SU1 M4 ITS14 ITS15	**Head of Legal and Demo-cratic Services**	Failure to comply could lead to injury or death, legal action and/or financial costs	Legal/ Financial	Medium	High	High	Policies Balanced Scorecard?					Check controls
23	C14		**Meeting Statutory Services Deliveries/New Initiatives**	1. Homelessness 2. Education 3. Housing Benefits 4. QA process for undertaking statutory works/repairs or maintenance 5. Dual use of schools 6. Highways inspections 7. Management and regulation of moving and stationary vehicles 8. Concessionary fares 9. Social Services/ Victoria Climbie Review 10. Money Laundering 11. Children's Act	RBS1-7 LEA1 HS8 E1/2 E13 AMS5	**Head of Legal and Demo-cratic Services**	Failure to meet statutory duties could lead to censure and loss of funding. Over provision of services would lead to PCC Council Tax payers providing additional funding	Legal/ Financial	Medium	High	High	?	?	?	?		Check controls

24	C15		**Professional advice to Members**	Delegations to Officers	DFR22	**Head of Legal and Demo-cratic Services**	Incorrect advice could lead to legal action, ineffective service delivery	Legal/ Reputa-tional	Low	High	Medium	Delegations to Officers Recruitment					Delegations need reviewing?
25	C16		**Communication**	1. Publicity and Media 2. MIS 3. Poloweb 4. Council Minutes and Agendas and Reports	M1-M3	**Core Priority team**	No or incorrect messages conveyed to the Public/staff leading to loss of confidence. Incorrect or wrong information to members could lead to illegal or ineffective decision making. Information given out in breach of data protection (see data protection)	Legal/ Reputa-tional/ financial	Medium	Medium	Medium	Communications Policy, MIS, Delegations to Officers					Compliance?