Report

Report to:	**Finance and Information Technology Resources Committee**
Date of Meeting:	**31 August 2010**
Report by:	**Executive Director (Finance and Information Technology Resources)**

Subject:	**Resource Risk Register and Risk Control Plan**

1. Purpose of Report

1.1. The purpose of the report is to:-

♦ Present the current Risk Register and Risk Control Plan for Finance and Information Technology Resources.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

(1) that the Risk Register and Risk Control Plans are noted.

3. Background

3.1. The Council's risk management strategy promotes consideration of risk in service delivery, planning, and decision taking processes. One of the strategic requirements is for risks and control actions to be recorded and regularly reviewed. Each Resource has a risk sponsor charged with delivery of the strategic requirements and most operate through a Resource risk group. The Finance and Information Technology Resources (IT) Risk Group meets two to three times a year and updates the Risk Register and Risk Control Plan as part of its remit.

3.2. Following a report to the Finance and IT Resources' Senior Management Team (SMT) in August 2009, the Resource Risk Register has been streamlined as it contained too many risks and some duplication which could lead to the Resource losing focus on controlling the top level risks.

4. Risk Register and Control Plan

4.1. Work was undertaken to reduce the number of risks held in the Resource Risk Register. The Council's top risks, assigned to Finance and IT Resources, have also been included in the updated Resource register.

4.2. The updated Risk Register, showing high and medium risks, for Finance and IT Resources is attached at Appendix One. Committee is asked to note the reviewed Risk Register. Four of the top five risks all relate to the financial and service demand pressures currently facing the Council. Procurement, information and governance risks also feature.

4.3.　The Council's risk appetite requires that no more than 20% of all risks should be evaluated as high at any one time and that exposures above that level must be controlled. Similarly, no more than 40% of risks should lie in the low category as this could indicate over-control and potential inefficiencies. Graph One shows that Finance and IT Resources complies with the Council's appetite for risk; the Resource has a 13% residual high risk exposure and a 31% low risk exposure.

Graph One

Risk Profile
Comparing inherent and residual risk scores
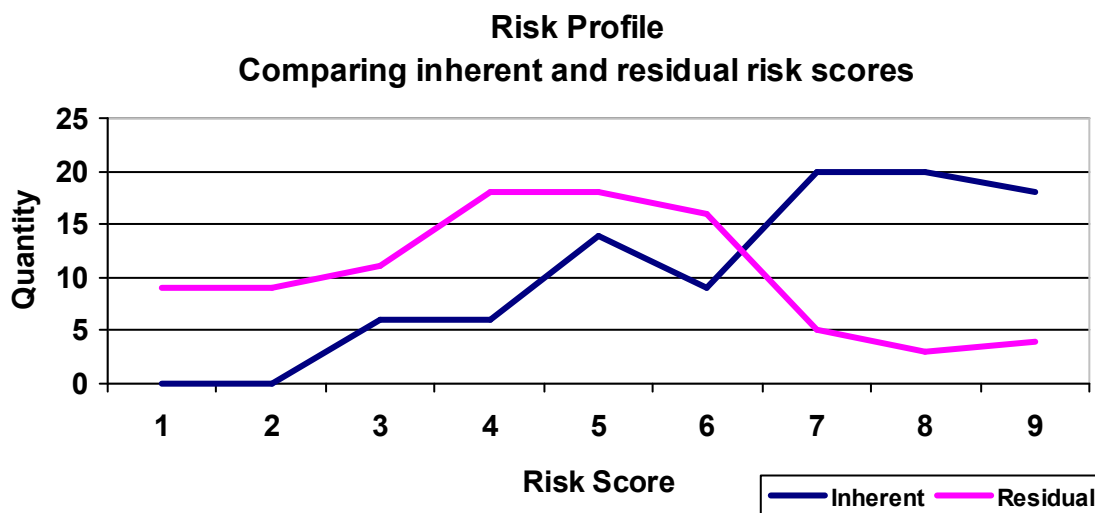
4.4.　61% (28/46) of risk control actions due for delivery in 2009/2010 have been delivered. There are 37 risk control actions currently open. A list of the 2009/10 open actions is attached at Appendix Two. Quite a number relate to last year's external review of risk management arrangements, which will be rolled over into the 2010/11 risk management work plan. There are also three outstanding actions from last year (Appendix Three) which relate to training for managers on the procurement strategy and ensuring that, corporately, Connect actions have all been risk assessed. This was delayed due to the mid term review but gaps have now been identified and have been discussed with risk sponsors. A list of the current year, 2010/2011, open risk control actions is attached at Appendix Four.

5.　Employee Implications
5.1.　As the Resource Risk Group meets two to three times per annum, there is seldom a requirement to invest much time in addition to this. Information Technology Services are risk aware due to wide adoption of project management practices but Finance Services employees could benefit from further training. Training on sourcing methodologies and toolkits is being rolled out to Procurement employees in relation to compliance risks. On line interactive desktop training has been developed and will be on offer as part of this year's corporate risk management work plan.

6.　Financial Implications
6.1.　There are no financial implications related to management of Resource risks other than employee time. However failure to adequately control some risks can result in financial loss. Insurance cover is in place to cover some, but not all, of these losses.

7.   Other Implications

7.1.   It is proposed to share this Resource report with other Resource risk sponsors to help embed risk reporting, a core requirement of the strategy. As Finance and IT Resources is the lead for council wide risk management, it is important to lead by example and keep registers, control plans and decisions up to date with the latest risk information.

7.2.   Management of risk is a key feature within Best Value 2 requirements and any delay in delivering strategic risk requirement could adversely affect the current positive view of Council performance in this area.

8.   Equality Impact Assessment and Consultation Arrangements

8.1.   Reviews of the Resource risk register are not subject to an equality impact assessment.

8.2.   The risk responsible persons were consulted during the risk register streamlining exercise.

Linda Hardie
Executive Director (Finance and Information Technology Resources)

1 July 2010

Link(s) to Council Values and Objectives
♦ Accountable, Effective and Efficient

Previous References
♦ None

List of Background Papers
♦ Figtree extracts re registers and risk control plans
♦ Minutes of Resource Risk Group

Contact for Further Information
If you would like to inspect the background papers or want further information, please contact:-
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Finance and IT Risk Register – updated at January 2010 showing high and medium risks only   **Appendix One**

Risk ref Number	Key Risk (CW*= top Council risk)	Risk Decision	Inherent Score before controls	Residual Score after controls	CW Connect Action
RP/0545	Reductions in Govt and other funding sources (CW1)	Mitigate	9	9	F2 Financial management
RP/1068	Reduction in income, tax collection, etc (CW2)	Accept	9	9	F2 Financial management
RP/1520	Difficulty in achieving level of efficiencies(CW3)	Mitigate	9	9	F2 Financial management
RP/1560	Impact of demographic changes on budgets (CW10)	Accept	9	9	F2 Financial management
RP/0947	No guidance issued regarding financial appraisal	Mitigate	9	8	F7 Procurement
RP/0785	Lack of compliance with public sector procurement legislation	Mitigate	9	8	F7 Procurement
RP/1110	SLC definition of procurement savings not clear	Accept	8	8	F7 Procurement
RP/1159	Lack of compliance with best risk management practice	Mitigate	9	7	F4 Risk Management
RP/1391	Volatility of investment and banking sector (CW20)	Mitigate	9	7	F2 Financial management
556	Loss of core financial systems	Mitigate	7	7	F2 Financial management
RP/1115	Shared services: Lack of local tender responses	Accept	7	7	F1 Efficient government
RP/1197	Failure to adopt International Financial Reporting Standards	Mitigate	7	7	F2 Financial management
RP/0544	Failure to exercise good governance (CW33)	Mitigate	9	6	F3 Sound governance
RP/0376	Non-compliance with Prudential Code	Mitigate	9	6	F2 Financial management
RP/1099	Lack of security	Accept	9	6	F3 Sound governance
RP/1088	Unforeseen demands for additional work	Accept	8	6	F3 Sound governance
RP/1086	Lack of client co-operation in delivery of audit programme	Mitigate	8	6	F3 Sound governance
RP/0781	Low market response/no competition in procurement	Accept	8	6	F2 Financial management
RP/1144	Poor information management and presentation	Mitigate	8	6	F3 Sound governance
RP/1082	Lack of information on types of energy supply	Accept	8	6	F7 Procurement
RP/1102	Lack of funding for IT system upgrades	Accept	8	6	F2 Financial management
RP/1093	Decision taking not based on Cost benefit analysis and assessment of risk	Mitigate	8	6	F3 Sound governance
RP/1117	Weak commitment to enterprise solutions	Mitigate	8	6	F5 IT strategy
RP/1079	Lack of integration between Asset Management Plan and Capital Programme	Accept	8	6	H11 Asset management
611	Ineffective application of standing orders	Mitigate	7	6	F7 Procurement
585	Long term plans not informing fin strategy (CW21)	Mitigate	7	6	F2 Financial management
603	Change in political direction - elections	Accept	6	6	CO1 Governance arrangements

Risk ref Number	Key Risk (CW*= top Council risk)	Risk Decision	Inherent Score before controls	Residual Score after controls	CW Connect Action
RP/1078	Options appraisal not fully developed	Accept	6	6	F1 Efficient government
RP/0020	Out of date authorised signatories lists	Mitigate	9	5	F3 Sound governance
577	Poor service by contractors or suppliers to both services	Mitigate	9	5	F2 Financial management
595	Health epidemic/pandemic flu	Accept	9	5	F2 Financial management
RP/0551	Unauthorised access to systems e.g. FMS/HRMS	Mitigate	9	5	F3 Sound governance
RP/0553	Business continuity - IT Systems	Mitigate	9	5	F5 IT strategy
RP/1080	Lack of sign up to procurement changes	Accept	8	5	F7 Procurement
RP/1094	Fraud and theft (CW31)	Accept	8	5	F3 Sound governance
RP/1070	Change in demand for services	Accept	8	5	F2 Financial management
RP/1087	Audit jobs more complicated than anticipated	Mitigate	7	5	F3 Sound governance
RP/0026	Lack of reliable procurement management information	Mitigate	7	5	F7 Procurement
566	Lack of adequate Finance & IT management information	Mitigate	7	5	F3 Sound governance
581	Inefficiency or gaps in internal systems controls	Mitigate	7	5	F3 Sound governance
RP/1096	Unrealistic client expectations or demands for IT services	Accept	7	5	F5 IT strategy
RP/1098	Failure to implement all major IT projects	Accept	7	5	F5 IT strategy
RP/1092	Not delivering audit recommendations	Accept	7	5	F3 Sound governance
RP/1089	Poor quality of audit work and not to client satisfaction	Mitigate	6	5	F3 Sound governance
562	Reduction in European funding	Accept	5	5	F2 Financial management
568	Duplicate creditors payments	Accept	5	5	F2 Financial management

2009/10 Open risk control actions as at June 2010

Risk ref number	Action number	Risk control action	Responsibility			Target date	Action status
RP/1393	AC/3128	Deliver risk control actions and evidence monitoring of Resource risk control plans.	Risk work plan	Douglas	Mathers	30/04/2009	Active: Reliant others
RP/0947	AC/3207	Seek external help and prepare financial appraisal guidance for discussion		Lorraine	O'Hagan	30/06/2009	Active: Reliant others
RP/0947	AC/3208	Decide on corporate approach for financial appraisals, appetite for risk and issue instructions to strategic procurement and Resources		Paul	Manning	30/06/2009	Active: Both actions currently with Procurement Service on specification of requirements from a financial appraisal process. This is acknowledged by the Procurement Service who have agreed to provide a specification.
RP/1393	AC/3112	Investigate means of raising employee awareness of risk management e.g. electronic updates and reminders on core governance items and examples of where reasonable risk taking improves services	Risk work plan	Scott	Dunsmore	30/06/2009	Active - Articles in Works Magazine awaiting to be published
RP/1393	AC/3141	Risk sponsors to ensure SMART risk control plans are in place to manage designated risks	Risk work plan	Douglas	Mathers	30/06/2009	Active: Reliant others
RP/1393	AC/3140	Resource risk registers updated regularly to reflect incidents and service changes. Ongoing	Risk work plan	Douglas	Mathers	30/06/2009	Active: Reliant others
RP/1393	AC/3127	Establish a method for transparently evaluating risk when entering partnerships, contracts or when taking major Resource decisions. Ensure risk assessment carried out and recorded in all instances	Risk work plan	Peter	Field	30/07/2009	Active: new guidance drafted as part of strategy review.
RP/1393	AC/3126	Existing contracts to be reviewed to highlight areas of risk retained by the Council	Risk work plan	Peter	Field	30/07/2009	Active

Risk ref number	Action number	Risk control action	Responsibility			Target date	Action status
RP/1393	AC/3109	Carry out training needs analysis and prepare risk management competency document for sponsors, advisers and general employees	Risk work plan	Joan	Allan	31/08/2009	Active: Needs analysis complete. Reliant others
RP/1393	AC/3123	A structured approach to be taken for training and awareness materials - Partners	Risk work plan	Scott	Dunsmore	30/09/2009	Active: Training matrix WIP
RP/1393	AC/3121	A structured approach to be taken for training and awareness materials - Employees	Risk work plan	Douglas	Mathers	30/09/2009	Active: Training matrix WIP
RP/1393	AC/3120	A structured approach to be taken for training and awareness materials - Front Line Supervisors	Risk work plan	Douglas	Mathers	30/09/2009	Active: Training matrix WIP
RP/1393	AC/3133	Formal assessment of progress against standards. central risk management team with independent input	Risk work plan	Scott	Dunsmore	30/11/2009	Active: On agenda for Feb 2010 meeting
RP/1080	AC/3241	Agreement of procurement risks for the new procurement structure/function		Alisdair	MacQuarrie	28/2/2010	Active
RP/1393	AC/3143	Build into standard invitation to tender the need to formally identify shared risks and arrangements for sharing management of such shared risks. Add the requirement for contractors/sub contractors to adhere to SLC risk management practices and establish process to monitor shared risks.	Risk work plan	Peter	Field	31/3/2010	Active
RP/1393	AC/3144	Promote links between service planning, risk management and performance management especially when developing use of Improve	Risk work plan	Joan	Allan	31/3/2010	Active
RP/1393	AC/3131	Risk Sponsors to prepare and present reports on hotspot activity and management of Resource action plans	Risk work plan	Douglas	Mathers	31/3/2010	Active: Reliant others
566	AC/3375	Include development of management accounts and unit costing as part of Corporate Finance Review to satisfy identified improvement area and BV2 criteria		Paul	Manning	31/3/2010	Active
RP/1159	AC/3266	Complete risk management work plan actions		Joan	Allan	31/3/2010	Active: Reliant others. Actions to be rolled over to 2010/11 work plan

Open actions from previous years   **Appendix Three**

Risk Ref No	Action Number	Action	Responsibility		Target date	Delivered date	Action status
578	265	Review contingency plans for non-I.T. suppliers		Extended Resource Management Team	30/06/2006		Active
RP/0785	AC/2039	Awareness raising training to Finance Managers on Procurement Strategy - Extended Management Team/Specific Delegates (IT Managers have received training from Legal)	David	Anderson	31/03/2009		Active
RP/1393	AC/3135	Risk registers to be reviewed and be up to date, to ensure all Connect actions have been risk assessed and gaps completed (covers actions with no risks, checks and priority areas and value labels)	Douglas	Mathers	31/03/2009		Active – Gaps identified. Resources advised.

Action Plan 2010/2011   **Appendix Four**

Risk Ref No	Action Number	Action	Responsibility		Target date	Delivered date	Action status
601	AC/3459	Develop Resource governance improvement plan based on May 2009 self assessment with advice from Joan Allan	Lorraine	O'Hagan	31/5/2010	26/5/2010	Completed
RP/1197	AC/3761	Completion of restated accounts on an IFRS basis	Lorraine	O'Hagan	31/5/2010	3/3/2010	Completed
RP/1197	AC/3760	Inclusion of PPP entries, on an IFRS basis, in the 2009/10 accounts	Lorraine	O'Hagan	30/6/2010	11/6/2010	Completed
RP/1093	AC/3461	Develop risk into financial savings exercise	Paul	Manning	30/7/2010	30/6/2010	Completed
551	AC/2024	Update induction checklist	Ian	Halforty	30/9/2010	30/6/2010	Completed
RP/1144	AC/3465	Deliver Finance and IT aspects of information governance action plan once agreed	Robin	Miller	31/3/2011		Open

N.B. These actions exclude the activity related to the corporate risk workplan for 2010/11.