

Operational Risk Register Finance & Resources

Quarter 3, 2012

Consequences	Inherent Probability	Inherent Impact	Inherent Risk Score	Controls	Residual Probability	Residual Impact	Residual Risk Score	Assurance
Finance & Governance >> Finance & Resources - James Deane								
FR_F01 - Lack of capacity to provide effective financial support								
Category of risk: Financial Risks			Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources					
<p>Corporate failure to develop effective FM across all departments. MTFS not secured.</p> <p>Variations against budgets increase leading to greater need for intervention</p> <p>Members and managers not able to obtain financial advice when exploring options.</p>	4 - Very Likely	2 - Medium	8 - Amber	<p>- Development of in-house staff, including at least one trainee each year.</p> <p>- Group Manager responsibility for development and implementation of appropriate structures</p>	2 - Unlikely	2 - Medium	4 - Green	<p>Quarter 1 monitoring report to CMT 24/07/12;</p> <p>Revised Finance structure chart.</p>
Status of this risk: Treating			Corporate Priority: Dacorum Delivers					
Risk Owner Comments:								
FR_F02 - Capital Programme not delivered								
Category of risk: Financial Risks			Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources					
<p>Significant underspends on capital programme means that priorities are not addressed, leading to reduced service capacity and damaged reputation.</p> <p>Loss of investment income because of capital resources tied up in programmes that are not delivered which could have been put into longer term investments.</p>	4 - Very Likely	3 - High	12 - Red	<p>- Programme is controlled through single point</p> <p>- CSSG monitor delivery and act as gateway for capital spending</p> <p>- Capital strategy sets the terms and conditions for managing the capital programme</p>	2 - Unlikely	3 - High	6 - Amber	<p>Capital Strategy 2011/12-2015/16;</p> <p>Report to F&R OSC 31/01/12;</p> <p>Revised Capital Programme report to Cabinet 26/06/12;</p> <p>Capital programme management review report to CSSG 14/06/12</p>
Status of this risk: Treating			Corporate Priority: Dacorum Delivers					
Risk Owner Comments:								

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FR_F03 - Overspends against budgets								
Category of risk: Financial Risks			Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources					
Indicates lack of internal control and leads to poor internal and external audit judgements. Damage to council's reputation. Reduced resources available in subsequent periods	2 - Unlikely	4 - Severe	8 - Amber	- Monthly reconciliation and reporting procedures - Virement policy	1 - Very Unlikely	2 - Medium	2 - Green	Quarter 1 monitoring report to CMT 24/07/12 Quarters 1 and 2 monitoring reports to OSCs and Cabinet.
Status of this risk: Tolerating			Corporate Priority: Dacorum Delivers					
Risk Owner Comments:								
FR_F04 - Underspends against budgets								
Category of risk: Financial Risks			Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources					
Indicates lack of internal control and leads to poor internal and external audit judgements. Damage to council's reputation. Increased cash held in reserves, which is not best use of revenue funds	3 - Likely	4 - Severe	12 - Red	- Monthly reconciliation and reporting procedures. - Virement policy	4 - Very likely	4 - Severe	16 - Red	1st Quarter monitoring report to CMT 24/07/12; Revised Capital programme report to Cabinet 26/06/12
Status of this risk: Tolerating			Corporate Priority: Dacorum Delivers					
Risk Owner Comments: The Quarter 3 forecast outturn (to be first reported to Members of the F&R OSC in January 2013) indicates a likely underspend of c£1.4m against the original budget approved by Council in February 2012. A revised budget will be submitted to Council for approval in February 2013.								
FR_F05 - Opportunity to generate additional income from commercial assets under localism agenda								
Category of risk: Financial Risks			Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources					

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Localism offers a major opportunity to review the council's assets and develop a better balance between commercial rents and community benefit. If commercial property income is not maximised and non commercial property assets not minimised there will be less resources available for council business	4 - Very Likely	3 - High	12 - Red	- All Commercial Property rents subject to ad hoc review and on renewal of lease. - Assets maintained through asset register.	3 - Likely	2 - Medium	6 - Amber	Strategic Asset Management Plan report to Cabinet 24/04/12; MOnthly project updates; Minutes of Localism CWG.
Status of this risk: Treating		Corporate Priority: Dacorum Delivers						
Risk Owner Comments:								
FR_I01 - Failure to align Council aspirations for service delivery with application of revenues								
Category of risk: Infrastructure Risks		Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources						
Council priorities not met and desired outcomes not achieved. Resources allocated or diverted to low priority areas, leading to under spends and overspends on priority budgets.	3 - Likely	4 - Severe	12 - Red	- Council vision and priorities identified. - Priorities included in service planning process	3 - Likely	2 - Medium	6 - Amber	Policy key principles and revised Corporate Priorities list report to CMT 24/07/12; MTFS report to Cabinet 24/07/12.
Status of this risk: Treating		Corporate Priority: Dacorum Delivers						
Risk Owner Comments:								
FR_I02 - Failure to respond to opportunities presented by Localism Bill and subsequent legislation								
Category of risk: Infrastructure Risks		Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources						
Missed efficiencies through transfer of resources and assets to local users. Damage to reputation.	2 - Unlikely	4 - Severe	8 - Amber	Analysis of localism bill proposals by ADs for Governance and Finance and PIT. Localism Corporate Working Group meeting monthly.	1 - Very Unlikely	3 - High	3 - Green	Localism CWG minutes Introduction to Localism: http://www.dacorum.gov.uk/default.aspx?page=7566
Status of this risk: Tolerating		Corporate Priority: Dacorum Delivers						

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<p>Risk Owner Comments:</p> <p>The Parish Conference held in December 2012 provided an opportunity to update parish councils with potential implications arising from the bill.</p> <p>The register of Assets of Community Value and the Guidance on Right to Challenge have been published.</p>								
<p>FR_I03 - Failure to adopt a service specific best practice approach to managing Health and Safety (Finance and Resources)</p>								
Category of risk: Infrastructure Risks			Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources					
Death or injury to staff; residents or contractors' staff; reputation; litigation and charges of corporate manslaughter.	2 - Unlikely	4 - Severe	8 - Amber	Service specific health and safety policies in respect of Council buildings and commercial properties. - Corporate H&S policy under review. - Ongoing training for staff in key areas.	2 - Unlikely	4 - Severe	8 - Amber	Corporate H&S progress report to Audit Committee 25/04/12
Status of this risk: Tolerating			Corporate Priority: Safe and Clean Environment					
<p>Risk Owner Comments:</p>								
<p>FR_I04 - Failure to maintain an effective business continuity plan for all relevant service areas</p>								
Category of risk: Infrastructure Risks			Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources					
Disruption caused by service failure leading to hardship for individuals, potential loss of business and significant reputational damage	3 - Likely	4 - Severe	12 - Red	- Business continuity plans in place, revised at March 2011. - Annual review process. - Corporate business continuity process and procedures set out in emergency response toolkit.	2 - Unlikely	4 - Severe	8 - Amber	
Status of this risk: Tolerating			Corporate Priority: Safe and Clean Environment					
<p>Risk Owner Comments:</p>								
<p>FR_R01 - Lack of understanding of financial management across the Council</p>								
Category of risk: Reputational Risks			Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources					

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Increased variances against budgets with subsequent impact on available resources in later periods. Poor financial management and poor decision making, leading to failure to deliver MTFS and longer term financial difficulties. Damage to reputation of the Council.	3 - Likely	3 - High	9 - Amber	- Incremental budgets; signed off by all GMs. - Monthly monitoring. - Financial assessment in procurement exercises.	3 - Likely	3 - High	9 - Amber	Qtr 1 monitoring report to CMT 24/07/12; Commentary on joint working around Self-Financing proposal- minutes of Cabinet meeting 27/03/12
Status of this risk: Tolerating		Corporate Priority: Dacorum Delivers						
Risk Owner Comments:								
FR_R02 - Personal hardship caused by poor processing of benefits								
Category of risk: Reputational Risks			Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources					
Impact on individuals receiving benefits. Overpayment and need for recovery procedures. Mis-payment due to fraud. Significant potential for reputational damage.	4 - Very Likely	3 - High	12 - Red	- Quality Control procedures operating in benefits processing - Monthly reporting of time taken to process changes	4 - Very likely	2 - Medium	8 - Amber	Managing Change in Revenues and Benefits report to Cabinet 26/06/12
Status of this risk: Tolerating		Corporate Priority: Building Community Capacity						
Risk Owner Comments:								
FR_R03 - Failure to take advantage of new opportunities to improve income and VFM								
Category of risk: Reputational Risks			Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources					
Loss of potential income. Efficiency opportunities missed because of limited finance input or lack of proactivity by finance officers	2 - Unlikely	4 - Severe	8 - Amber	-Finance engagement in some cross cutting and corporate initiatives - Budget Review Group	2 - Unlikely	2 - Medium	4 - Green	
Status of this risk: Transferring		Corporate Priority: Dacorum Delivers						

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Risk Owner Comments:								
FR_R04 - Opportunity to use alternative service delivery models to identify efficiencies and improvements								
Category of risk: Reputational Risks			Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources					
Shared Servicing, outsourcing and realignments present an opportunity to identify and drive out inefficiencies. MTFS not met. Potential efficiencies transferred to other providers who benefit from them	3 - Likely	4 - Severe	12 - Red	AD (F&R) engaged transformation project	2 - Unlikely	4 - Severe	8 - Amber	
Status of this risk: Tolerating			Corporate Priority: Dacorum Delivers					
Risk Owner Comments:								