

Operational Risk Update and Approval

Quarter 4, 2013

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 (click to update and approve)

Category of risk: Financial Risks

Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources

Corporate failure to develop effective FM across all departments. MTFs not secured. Variances against budgets increase leading to greater need for intervention Members and managers not able to obtain financial advice when exploring options.	4 - Very Likely	2 - Medium	8 - Amber	- Development of in-house staff, including at least one trainee each year. - Group Manager responsibility for development and implementation of appropriate structures	2 - Unlikely	2 - Medium	4 - Green	Quarter 1 monitoring report to CMT 24/07/12; Revised Finance structure chart. Quarterly reports have been submitted to CMT and Members throughout the year.
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Status of this risk: Treating

Corporate Priority: Dacorum Delivers

Risk Owner Comments:

A new Group Manager (Financial Services) has recently been appointed after a lengthy recruitment process. As a result the Financial Services team is once again at its full complement.

FR_F02 - Capital Programme not delivered (click to update and approve)

Category of risk: Financial Risks

Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources

Significant underspends on capital programme means that priorities are not addressed, leading to reduced service capacity and damaged reputation. 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.	4 - Very Likely	3 - High	12 - Red	- Programme is controlled through single point - CSSG monitor delivery and act as gateway for capital spending - Capital strategy sets the terms and conditions for managing the capital programme	2 - Unlikely	3 - High	6 - Amber	Capital Strategy 2011/12-2015/16; Report to F&R OSC 31/01/12; Revised Capital Programme report to Cabinet 26/06/12; Capital programme management review report to CSSG 14/06/12; Format of capital reporting to OSC revised to more clearly identify those projects that look likely to slip, thereby focussing effective scrutiny, 30/10/12.
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Status of this risk: Treating

Corporate Priority: Dacorum Delivers

Risk Owner Comments:

The provisional capital outturn for 12/13 is closer to revised budget than has been the case in previous years. Annual expenditure in the General Fund, while still below budget, is, at c£10m, roughly twice the annual average incurred in each of the last 4 years. This suggests a positive impact arising from the Council's focus on avoiding slippage in the capital programme.

FR_F03 - Overspends against budgets (click to update and approve)

Category of risk: Financial Risks

Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources

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Consequences	Inherent Probability	Inherent Impact	Inherent Risk Score	Controls	Residual Probability	Residual Impact	Residual Risk Score	Assurance
Indicates lack of internal control and leads to poor internal and external audit judgements.	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. Revised budget, based on forecast outturn below original budget, approved by Council in February 2013.
Damage to council's reputation.								
Reduced resources available in subsequent periods.								
Status of this risk: Tolerating								
Corporate Priority: Dacorum Delivers								
Risk Owner Comments:								
FR_F04 - Underspends against budgets (click to update and approve)								
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.	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. Revised budget, below original, approved by Council in February 2013.
Damage to council's reputation.								
Increased cash held in reserves, which is not best use of revenue funds								
Status of this risk: Tolerating								
Corporate Priority: Dacorum Delivers								
Risk Owner Comments:								
The General Fund provisional outturn position for 12/13 shows an underspend against revised budget of c£1.1m.								
Analysis of the areas where the underspend occurred will, together with trend analysis from previous years, inform the budgeting process for 2014/15.								
FR_F05 - Opportunity to generate additional income from commercial assets under localism agenda (click to update and approve)								
Category of risk: Financial Risks								
Portfolio Holder: Cllr Nicholas Tiley - Finance & Resources								
Localism offers a major opportunity to review the council's assets and develop a better balance between commercial rents and community benefit.	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.
If commercial property income is not maximised and non commercial property assets not minimised there will be less resources available for council business								

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Status of this risk: Treating								
Risk Owner Comments: Corporate Priority: Dacorum Delivers								
FR_101 - Failure to align Council aspirations for service delivery with application of revenues (click to update and approve)								
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_102 - Failure to respond to opportunities presented by Localism Bill and subsequent legislation (click to update and approve)								
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								
Risk Owner Comments:								
FR_103 - Failure to adopt a service specific best practice approach to managing Health and Safety (Finance and Resources) (click to update and approve)								
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

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Status of this risk: Tolerating Corporate Priority: Safe and Clean Environment

Risk Owner Comments:

FR_104 - Failure to maintain an effective business continuity plan for all relevant service areas (click to update and approve)

Category of risk: Infrastructure Risks	3 - Likely	4 - Severe	12 - Red	Portfolio Holder: Clir Nicholas Tiley - Finance & Resources	2 - Unlikely	4 - Severe	8 - Amber
Disruption caused by service failure leading to hardship for individuals, potential loss of business and significant reputational damage				- Business continuity plans in place, revised at March 2011. - Annual review process. - Corporate business continuity process and procedures set out in emergency/ response toolkit.			

Status of this risk: Tolerating Corporate Priority: Safe and Clean Environment

Risk Owner Comments:

FR_R01 - Lack of understanding of financial management across the Council (click to update and approve)

Category of risk: Reputational Risks	3 - Likely	3 - High	9 - Amber	Portfolio Holder: Clir Nicholas Tiley - Finance & Resources	3 - Likely	3 - High	9 - Amber
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.				- Incremental budgets; signed off by all GMs. - Monthly monitoring. - Financial assessment in procurement exercises.			

Status of this risk: Tolerating Corporate Priority: Dacorum Delivers

Risk Owner Comments:

Work is currently underway, involving officers and consultants, to formally capture financial involvement within the Council's project governance process. It is anticipated that formalising financial sign-off of project documents will mitigate a key risk area.

FR_R02 - Personal hardship caused by poor processing of benefits (click to update and approve)

Category of risk: Reputational Risks Portfolio Holder: Clir Nicholas Tiley - Finance & Resources

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

