

**AUDIT COMMITTEE  
REPORT FOR INFORMATION**

**Report author:** Rob Logan, Transformation  
Christine Castle, DCX and Resources

**TITLE: RISK REGISTER FOR CORPORATE DIRECTORATES**

**1 PURPOSE**

1.1 To brief the Audit Committee on the development and content of the Risk Register for the Directorates of Resources, Transformation and Deputy Chief Executive.

**2 RECOMMENDATIONS**

2.1 To note the contents of the risk register.

**3 BACKGROUND**

3.1 The Audit Committee regularly sees and comments on the Corporate Risk Register.

3.2 A Directorate-level Risk Register exists for each directorate of the Council, and these are reported to the Audit Committee at planned intervals during the municipal year.

3.3 Directorate risk registers form a vital link between high-level corporate analysis and risks associated with individual services, which are contained in every Service Delivery Plan.

**4 CONTENTS**

4.1 The Corporate Directorates' Risk Register includes eight risks in total.

4.2 Five risks relate to the Resources Directorate –

- Failure to achieve capital receipts target
- Loss in borrowing/lending activity
- Risk of unplanned increase in employee costs (terms/conditions of service)
- Failure to ensure lawful elections
- Overspend due to reduced income (Local Land Charges and Commercial Estate).

4.3 No directorate-level risks relate to the Deputy Chief Executive's Directorate.

4.4 Three risks relate to the operational services within the Transformation Directorate.

- Impact of recession on income (Local Tax, debt recovery and markets).
- Failure to implement, and derive benefits from purchase-to-pay system (COPS).
- Directorate Register of Fraud Risks.

4.5 It should be noted that Resources, DCX and Transformation are responsible for fourteen risks in the Corporate Risk Register, and the new electronic reporting model allows both categories of risk to be displayed jointly.

**5 KEY RISKS, AFTER MITIGATION**

5.1 Detailed mitigating actions and accountabilities have been identified for all of

the risks identified above.

5.2 Following mitigation, two risks remain red, both of which relate primarily to the current and potential impact of the economic downturn –

- Impact of recession on income
- Failure to achieve capital receipts target

5.3 One risk has migrated to the Corporate Risk Register –

- Information Security

FOR INFORMATION ONLY  
AGENDA ITEM NO.14  
**2010/11 - QUARTER 1 RISK REPORT**

*Corporate Directorates Risk Register:  
DCX, Resources & Transformation*

	No.	Day	Month	Year
<b>VERSION</b>	<b>5</b>	<b>24th</b>	<b>Sep</b>	<b>2010</b>

**VERSION CONTROL HISTORY**

Version No.	Reviewed By:	Review Date	Version No.	Reviewed By:	Review Date
3	Audit Committee	25/9/09	5	Audit Committee	24/9/10 (Quarter 1)
4.a 4.b 4.c 4.d 4.e	Transformation DLT	02/11/09 01/02/10 17/03/10 05/05/10 03/08/10			
4.i 4.ii 4.iii 4.iv	Resources DLT	16/12/09 06/04/10 21/04/10 27/07/10			

**SIGNIFICANT CHANGES**

Main variations to the risk register since the previous submission to the Audit Committee (Version 3) are as follows:

1.	RISK	VARIATION
DCX 1	Failure successfully to implement Performance Management Strategy	<u>DELETED RISK</u> . Performance Management Strategy implemented.  DCX no longer has any directorate-level risk (but is responsible for six Corporate Risks).

**Transformation**

CRR 027	Information Security	Risk has now migrated to the Corporate Risk Register.  Progress has been made in mitigations, but the risk is still seen as high.  Increase in residual risk since Sept 09: From H/L to H/M.
TR 023	Impact of recession on income	The reduction in income in 09/10 was less than feared for Council Tax/Business Rates and debt collection, but is still a key risk, particularly as the 09/10 Business Rate collection was assisted by central government deferred payment scheme (which is no longer available).  Reduction in residual risk since Sept 09: From H/H to H/M.
TR 016	Failure to implement, and derive benefits from purchase-to-pay system (COPS)	Reduction in residual risk since Sept 09: From H/L to M/M.
TR 025	Directorate Register of	A new risk, resulting from a strengthening of the Annual

**FOR INFORMATION ONLY  
AGENDA ITEM NO.14**

	<b>Fraud Risks</b>	Governance Statement process to include a pro-active identification of fraud risks.  This has been identified since Sept 09: M/L.
TR 04	Operational difficulties caused by move to Somerfield House	<u>DELETED RISK</u> - following the successful move to Somerfield House.
TR 02	Failure of ICT infrastructure	<u>DELETED RISK</u> - following a removal of background, low likelihood risks, and an inclusion of more specific risks (e.g. Payroll IT system).
TR 06	Failure to deliver planned outcomes of New Ways of Working programme	<u>DELETED RISK</u> Any corporate- or directorate-level risks associated with transformational programmes are contained within CRR 024 (Transforming Bristol Portfolio), in the Corporate Risk Register.  Project/programme-level risks are identified and reported to the appropriate project/programme board.
TR 07	Failure to deliver planned outcomes of the Customer Excellence Programme	<u>DELETED RISK</u> .  Programme completed successfully.
TR 08	Failure to deliver planned outcomes of the Shared Transactional Services Programme	<u>DELETED RISK</u> .  Programme completed successfully.
<b>Resources</b>		
RE 009	Failure to achieve capital receipts target	Reduction in residual risk since Sept 09: From H/H to H/M.
RE 003	Risk of unplanned increase in employee costs (terms/conditions of service)	Increase in residual risk since Sept 09: From M/L to M/M.  This is largely due to the possible increase in the employers' pension contribution rate, which will be confirmed in October 2010.
RE 022	Overspend due to reduced income (Local Land Charges and Commercial Estate).	Reduction in residual risk since Sept 09: From H/H to M/M.
RE 005	Loss in Council funds from borrowing/lending activity	Reduction in residual risk since Sept 09: From H/L to M/L.
RE 012	Failure to ensure lawful elections	No change in level of risk since Sept 09: M/L.
RE 002	Failure to deliver planned service improvements (HR)	<u>DELETED RISK</u> Operational HR successfully moved to Transformation as part of Shared Transactional Services.
<b>2.</b>	<b>GENERAL COMMENT(S)</b>	
Format	This is the first time that the Audit Committee has seen a directorate level risk register in the new, electronic 'SPAR.net' format. This has involved a standardisation of directorate arrangements for coding risks.	

## Risk Management Report 10/11

Report for 2010-2011

Filtered by Prefix: Include Risk Prefix: DRR - RE, DRR - TR, DRR - DCX  
Not Including Child Projects records, Including Mitigation records

**Key to Performance Status:**

Mitigation

Well behind schedule	Behind schedule	On schedule	Completed	No Data available
----------------------	-----------------	-------------	-----------	-------------------

Risks:

Review Overdue (0+)	High (6+)	Medium (3+)	Low (1+)
---------------------	-----------	-------------	----------

### Risk Management Report 10/11

**Risk: Failure to achieve capital receipts target** Consequences -- Deferral of capital investment and increased financing costs. **Risk Code: DRR - RE009**

<b>Inherent Status: High (9)</b>	<b>Inherent Risk Severity: High</b>	<b>Inherent Risk Likelihood: High</b>
Date Identified: 31 Dec 2009		Service: Finance

Mitigation records					
Mitigation Status	Mitigation	Info	Person	Date Identified	Last Review Date
On schedule	Capital Receipts Group monitors progress	Improved liaison via Property Business Partners with Planning/SBCG/ Housing Enabling. Establish policy re: affordable housing, Community Asset Transfer.	Rod Taplin	01/04/2009	<b>30/06/2010</b>
On schedule	Oversight by Infrastructure & Development Board (I&DB)	Monthly meetings take place to review priorities of major projects	Will Godfrey	01/04/2009	<b>30/06/2010</b>
On schedule	Quarterly reporting to the Executive Member for E&VfM on capital receipts		Rod Taplin	09/04/2010	<b>30/06/2010</b>
On schedule	Receipts programme defined and opportunities register maintained		Rod Taplin	01/04/2009	<b>30/06/2010</b>
On schedule	Variety of disposal arrangements used		Rod Taplin	01/04/2009	<b>30/06/2010</b>

<b>Current Status: High (6)</b>	<b>Previous Status: High (6)</b>	<b>Current Risk Severity: High</b>	<b>Current Risk Likelihood: Medium</b>
Risk Champion: Christine Castle		Risk Owner: Rod Taplin	

**Risk Management Report 10/11****Risk: Impact of recession on income** Failure to meet collection targets.**Risk Code: DRR - TR023**

This risk is shared between ICS (Local Tax), STS (F%P) and Facilities (Markets), but the principal impact appears to be most salient in Local Tax, where Council Tax and NNDR collection is down, but by much less than originally feared. Reductions in collected debt and market income are less critical.

**Inherent Status: High (9)****Inherent Risk Severity: High****Inherent Risk Likelihood: High****Date Identified: 31 Dec 2009****Service: Integrated Customer Services****Mitigation records**

Mitigation Status	Mitigation	Info	Person	Date Identified	Last Review Date
On schedule	Finance & Procurement actions	To regularly monitor budget and respond accordingly to any changes in the Council's £100m total debt.	Russ Darling	01/01/2010	26/07/2010
On schedule	Local Tax -- business contingency	To maintain a business contingency plan with savings identified from existing budgets and employee vacancies to purchase additional temporary resources when required.	Sheralynn McCarthy	01/01/2010	26/07/2010
On schedule	Local Tax -- collection	To continually monitor income levels, and to review and streamline collection procedures with particular focus on issue timescales for reminder letters summons documents and post court order enforcement.	Sheralynn McCarthy	01/01/2010	26/07/2010
On schedule	Local Tax -- recruitment	To keep under review recruitment and selection procedures to maximise potential for attracting the right candidate for vacant posts, while acknowledging corporate restrictions.	Sheralynn McCarthy	01/01/2010	26/07/2010
On schedule	Local Tax -- Resources	To redirect resources from across Local Tax (BCE, F&BS, Systems Control) to minimise working backlogs ar period of peak demand.	Sheralynn McCarthy	01/01/2010	26/07/2010
Completed	Local Tax -- service standard	To agree service standards with the relocated Customer Services functions that are migrated to the Contact Centre.	Sheralynn McCarthy	01/01/2010	26/07/2010
Completed	Markets actions	To regularly monitor budget and respond accordingly. This element of the risk is no longer considered critical, as actual market takings have not reduced.	Steve Morris	01/01/2010	26/07/2010

**Current Status: High (6)****Previous Status: Medium (4)****Current Risk Severity: High****Current Risk Likelihood: Medium****Risk Champion: Rob Logan****Risk Owner: Russ Darling, Sheralynn McCarthy, Steve Morris****Risk: Unplanned increase in employee costs (terms and conditions)** Consequences -- Increased cost, potential disruption to services.**Risk Code: DRR - RE003****Inherent Status: High (9)****Inherent Risk Severity: High****Inherent Risk Likelihood: High****Date Identified: 31 Dec 2009****Service: Human Resources****Mitigation records**

Mitigation Status	Mitigation	Info	Person	Date Identified	Last Review Date
On schedule	Equal pay review	Phase 2 Audit completed and published with action plan now being put in place. The Council has 310 Equal Pay Claims. The Council is resisting the claims and is being supported with external legal	Mark Williams	01/04/2009	01/07/2010

Printed by: Rob Logan

SPAR.net

Print Date: 02 September 2010 17:03

**Risk Management Report 10/11**

<b>Risk: Unplanned increase in employee costs (terms and conditions)</b> Consequences -- Increased cost, potential disruption to services.					<b>Risk Code: DRR - RE003</b>	
<b>Inherent Status: High (9)</b>		<b>Inherent Risk Severity: High</b>		<b>Inherent Risk Likelihood: High</b>		
<b>Date Identified: 31 Dec 2009</b>				<b>Service: Human Resources</b>		
<b>Mitigation records</b>						
Mitigation Status	Mitigation	Info	Person	Date Identified	Last Review Date	
		advice. The cases are at the first stage of the tribunal process and it is anticipated that the cases will go to trial in 2011.				
On schedule	Review of pension contribution rate	LGPS Pension Fund actuary currently estimates that Employer contribution rate likely to increase by 3% during the period 2011-14. Final rate of increase to be confirmed in October 2010. Resources Scrutiny Commission considering matter on 23rd July 2010.	Mark Williams	01/04/2009	<b>01/07/2010</b>	
<b>Current Status: Medium (4)</b>		<b>Previous Status: Low (2)</b>		<b>Current Risk Severity: Medium</b>		<b>Current Risk Likelihood: Medium</b>
<b>Risk Champion: Christine Castle</b>			<b>Risk Owner: Mark Williams</b>			

<b>Risk: Overspend due to reduced income (Local Land Charges and Commercial Estate).</b> Overspend due to reduced income (Local Land Charges and Commercial Estate).					<b>Risk Code: DRR - RE022</b>	
Consequences -- Disruption of services due to identification of additional, compensatory savings						
<b>Inherent Status: High (9)</b>		<b>Inherent Risk Severity: High</b>		<b>Inherent Risk Likelihood: High</b>		
<b>Date Identified: 31 Dec 2009</b>				<b>Service: Finance</b>		
<b>Mitigation records</b>						
Mitigation Status	Mitigation	Info	Person	Date Identified	Last Review Date	
On schedule	Corporate contingency and directorate reserves set aside in the event of downturn.		Peter Robinson	01/04/2009	<b>30/06/2010</b>	
On schedule	Monthly monitoring of income against budgets	To judge robustness of budget	Peter Robinson	01/04/2009	<b>30/06/2010</b>	
<b>Current Status: Medium (4)</b>		<b>Previous Status: Medium (4)</b>		<b>Current Risk Severity: Medium</b>		<b>Current Risk Likelihood: Medium</b>
<b>Risk Champion: Christine Castle</b>			<b>Risk Owner: Will Godfrey</b>			

<b>Risk: Failure to implement, and derive benefits from purchase-to-pay system (COPS)</b> Consequences -- There are risks to the reputation of transformational change, to disruption of supplies and to the achievement of planned savings.					<b>Risk Code: DRR - TR016</b>	
<b>Inherent Status: High (9)</b>		<b>Inherent Risk Severity: High</b>		<b>Inherent Risk Likelihood: High</b>		
<b>Date Identified: 31 Dec 2009</b>				<b>Service: Shared Transactional Services</b>		

**Risk Management Report 10/11**

<b>Risk: Failure to implement, and derive benefits from purchase-to-pay system (COPS)</b> Consequences -- There are risks to the reputation of transformational change, to disruption of supplies and to the achievement of planned savings.					<b>Risk Code: DRR - TR016</b>	
<b>Inherent Status: High (9)</b>		<b>Inherent Risk Severity: High</b>		<b>Inherent Risk Likelihood: High</b>		
<b>Date Identified: 31 Dec 2009</b>				<b>Service: Shared Transactional Services</b>		
<b>Mitigation records</b>						
<b>Mitigation Status</b>	<b>Mitigation</b>	<b>Info</b>	<b>Person</b>	<b>Date Identified</b>	<b>Last Review Date</b>	
Behind schedule	On-going migration of new services to COPS.	There are reputational risks to not completing.	Russ Darling	01/01/2010	19/07/2010	
Behind schedule	Preparation of suppliers	Steps to prepare suppliers included a communications plan.	Russ Darling	01/01/2010	19/07/2010	
Behind schedule	Schools migration		Russ Darling	01/01/2010	19/07/2010	
On schedule	Staff training	Steps to prepare staff included provision of a training programme , managers' awareness and identification of local change agents.	Russ Darling	01/01/2010	19/07/2010	
Behind schedule	System testing	Steps to prepare the system include comprehensive text, pilot operations and an independent review.	Russ Darling	01/01/2010	19/07/2010	
Behind schedule	Transfer coordination from Corporate Procurement to STS F&P	Role has been transferred, but there remain a significant amount of system admin to complete.	Russ Darling	01/01/2010	19/07/2010	
<b>Current Status: Medium (4)</b>		<b>Previous Status: Medium (3)</b>		<b>Current Risk Severity: Medium</b>		<b>Current Risk Likelihood: Medium</b>
<b>Risk Champion: Rob Logan</b>				<b>Risk Owner: Russ Darling</b>		

<b>Risk: Loss of Council funds from borrowing/lending activity</b> Consequences - Additional cost, short term or long term					<b>Risk Code: DRR - RE005</b>	
<b>Inherent Status: High (6)</b>		<b>Inherent Risk Severity: High</b>		<b>Inherent Risk Likelihood: Medium</b>		
<b>Date Identified: 31 Dec 2009</b>				<b>Service: Finance</b>		
<b>Mitigation records</b>						
<b>Mitigation Status</b>	<b>Mitigation</b>	<b>Info</b>	<b>Person</b>	<b>Date Identified</b>	<b>Last Review Date</b>	
Completed	Fraud Policy/procedure in place		Peter Robinson	01/04/2009	30/06/2010	
On schedule	Internal Audit review		Dick Powell	01/04/2009	30/06/2010	
Completed	Policy/procedures define authorisation arrangements and counter party risk limits	Revised policy/procedures implemented: - reduce borrowing/lending - revised counter party list	Peter Robinson	01/04/2009	30/06/2010	

Printed by: Rob Logan

SPAR.net

Print Date: 02 September 2010 17:03



**Risk Management Report 10/11**

<b>Risk: Loss of Council funds from borrowing/lending activity</b> Consequences - Additional cost, short term or long term					<b>Risk Code: DRR - RE005</b>	
<b>Inherent Status: High (6)</b>		<b>Inherent Risk Severity: High</b>		<b>Inherent Risk Likelihood: Medium</b>		
<b>Date Identified: 31 Dec 2009</b>				<b>Service: Finance</b>		
<b>Mitigation records</b>						
<b>Mitigation Status</b>	<b>Mitigation</b>	<b>Info</b>	<b>Person</b>	<b>Date Identified</b>	<b>Last Review Date</b>	
On schedule	Quarterly reporting	Monthly reporting (temporary)	Peter Robinson	01/04/2009	30/06/2010	
Completed	Quarterly reporting and authorisation required for loans		Peter Robinson	01/04/2009	30/06/2010	
On schedule	Treasury Management Strategy reviewed annually		Peter Robinson	01/04/2009	30/06/2010	
On schedule	Use of external Treasury Management adviser		Peter Robinson	01/04/2009	30/06/2010	
<b>Current Status: Low (2)</b>		<b>Previous Status: Low (2)</b>		<b>Current Risk Severity: Medium</b>		<b>Current Risk Likelihood: Low</b>
<b>Risk Champion: Christine Castle</b>			<b>Risk Owner: Peter Robinson</b>			

<b>Risk: Failure to ensure lawful election</b> Consequences -- Election petition - cost and adverse impact on democratic process					<b>Risk Code: DRR - RE012</b>	
<b>Inherent Status: High (9)</b>		<b>Inherent Risk Severity: High</b>		<b>Inherent Risk Likelihood: High</b>		
<b>Date Identified: 31 Dec 2009</b>				<b>Service: Legal Services</b>		
<b>Mitigation records</b>						
<b>Mitigation Status</b>	<b>Mitigation</b>	<b>Info</b>	<b>Person</b>	<b>Date Identified</b>	<b>Last Review Date</b>	
On schedule	Additional resources allocated for canvassing (in response to new legislation)		Stephen McNamara	01/04/2009	01/07/2010	
On schedule	Forward planning by electoral services supported by Returning Officer	Regular planning meetings – this is the most critical mitigation	Stephen McNamara	01/04/2009	01/07/2010	
On schedule	Liaison with Optivote to avoid systems problems		Stephen McNamara	01/04/2009	01/07/2010	
<b>Current Status: Low (2)</b>		<b>Previous Status: Low (2)</b>		<b>Current Risk Severity: Medium</b>		<b>Current Risk Likelihood: Low</b>
<b>Risk Champion: Christine Castle</b>			<b>Risk Owner: Stephen McNamara</b>			

**Risk Management Report 10/11**

**Risk: Directorate register of fraud risks** The Annual Governance Statement requires each directorate to identify service areas most vulnerable to fraud/irregularity, and to ensure that mitigations are in place.

**Risk Code: DRR - TR025**

**Inherent Status: Low (2)**

**Inherent Risk Severity: Medium**

**Inherent Risk Likelihood: Low**

**Date Identified: 11 Mar 2010**

**Service: Corporate Indicators - Transformation**

**Mitigation records**

Mitigation Status	Mitigation	Info	Person	Date Identified	Last Review Date
On schedule	Cash-in-Transit	Operational risks in the Cash-in-Transit area have been identified.  Procedures are in place to mitigate risk.  A project is being developed to provide barcoding, to improve controls.	Richard Hardisty	11/03/2010	26/07/2010
On schedule	Local Tax	Operational risks in the Local Tax area have been identified (e.g. resident's falsely claiming single person discounts).  Robust arrangements are in place to mitigate risk.  The Chief Finance Officer has given approval for up to £100k to be spent on eliminating fraud. Measures will include data matching (with an external partner), publicity, prosecutions and ongoing comprehensive review procedures. The initiative is expected to produce more Council tax income than the cost of the review.	Lloyd Mead	11/03/2010	26/07/2010

**Current Status: Low (2)**

**Previous Status: Low (2)**

**Current Risk Severity: Medium**

**Current Risk Likelihood: Low**

**Risk Champion: Rob Logan**

**Risk Owner: Rob Logan**

**Printed by: Rob Logan**

**SPAR.net**

**Print Date: 02 September 2010 17:03**