

Audit Committee – 24 April 2017

Risk Management Update

Summary of the report

This report provides Audit Committee with an update of the corporate risk register (CRR) to enable the Committee to be satisfied that significant business risks are identified and appropriate action taken to manage these risks. This register was reviewed by the Corporate Management Team (CMT) at their meeting on 6 April 2017. This work is ongoing to verify the control actions in order to complete the residual risk scores, and an update will be provided at the next meeting of the Audit Committee.

Recommendations

Audit Committee is recommended to note the attached corporate risk register and comment as appropriate.



James T. Walsh – Chief Finance Officer

6 April 2017

Resource and Legal Considerations

The statutory requirements are detailed in the governance section below.

Governance and Risk Management

Audit Committee's responsibility for risk management includes the following:

- Reviewing the mechanisms for the assessment and management of risk.
- Giving assurance about the process.
- Ensuring the council meets its statutory requirements, as stipulated within the Accounts and Audit Regulations 2015 (reg 4(1), "the relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk".

Audit Committee is also required to ensure that it receives reports on risk management on a regular basis and takes appropriate action to ensure that strategic business risks are being actively managed. This report enables Audit Committee to exercise its responsibilities in respect of risk management by reviewing the current CRR; calling in

key business risks for review; and seeking assurance that risk management is thoroughly embedded within the organisation.

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CORPORATE RISK REGISTER

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Walsall Council

1	The Council does not attract and retain the skill sets within its workforce that will enable it to adapt to change	Inherent Likelihood	Inherent Impact	Inherent Risk Score	Residual Likelihood	Residual Impact	Residual Risk Score
		6	4	24			
Risk Owner: Interim Executive Director (Change and Governance)							
Risk Description/Consequences		Current Controls			Action Plan		
<ul style="list-style-type: none"> Service delivery does not meet expectation / requirement Ineffective / Inappropriate use of resources and efforts where skill sets are below the required level 		<ul style="list-style-type: none"> Organisational Development Plan Transformation Plan Communications Framework Performance Management System Well established governance structure which is understood by staff. 			<ul style="list-style-type: none"> Workforce Strategy developed; approved and delivered. Key actions detailed and rolled out Regular monitoring of progress of key actions by Workforce Transformation Working Group and CMT. Directorate Workforce Strategies refreshed; approved and delivered. Key actions detailed and rolled out Regular monitoring of progress of key actions Directorate DMT 		
Sign Off and Comments							

Impact: 1=Negligible (Little effect to organisational objectives) 2=Marginal (Affects some of the organisational objectives)
 3=Critical (Affects most of the organisational objectives) 4=Catastrophic (Affects all of the organisational objectives)
Likelihood: 1=Almost Impossible; 2=Very Low; 3=Low; 4=Significant; 5=High; 6=Very High.

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Walsall Council

2	Inability to progress integrated service delivery with the NHS	Inherent Likelihood	Inherent Impact	Inherent Risk Score	Residual Likelihood	Residual Impact	Residual Risk Score
		6	4	24			
Risk Owner: Executive Director – Adult Social Care							
Risk Description/Consequences		Current Controls			Action Plan		
On-going financial pressures within NHS/CCG leading to reduction in management capacity and failure of services.		<ul style="list-style-type: none"> • Good working relationships • JNCC • Health and Well Being Board • Agreed Governance Framework 					
Sign Off and Comments							

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3	The Council fails to comply with the regulatory framework within which it must operate.	Inherent Likelihood	Inherent Impact	Inherent Risk Score	Residual Likelihood	Residual Impact	Residual Risk Score
		6	4	24			
Risk Owner: Interim Executive Director (Change and Governance)							
Risk Description/Consequences		Current Controls			Action Plan		
<p>Although compliance with regulations is generally an operational risk rather than strategic, there is a risk that failure to comply with some regulations could become strategic in nature due to potentially high profile and negative consequences for the Council.</p> <p>For example, failure to comply with data protection legislation resulting in harm to residents, negative publicity and large financial penalties imposed by the ICO.</p>		<ul style="list-style-type: none"> Data Protection Policy and Procedures Risk Management Strategy Financial and Contract Rules Human Resources policies and procedures 					
Sign Off and Comments							

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4	The Council fails to meet the requirements of the OFSTED Children's Services inspection.	Inherent Likelihood	Inherent Impact	Inherent Risk Score	Residual Likelihood	Residual Impact	Residual Risk Score
		6	4	24			
Risk Owner: Executive Director – Children's Services							
Risk Description/Consequences		Current Controls			Action Plan		
<ul style="list-style-type: none"> Reputational Loss Council entering special measures Prosecution if improvements are not made Children at significant risk Impact on child learning and development 		<ul style="list-style-type: none"> Recruitment and Retention Strategy/Policy in place Clear action plans across services Training and Development Improving picture Controls/Supply front line social work practice Good Leadership Clear action plans Performance management process in place 			<ul style="list-style-type: none"> Inconsistency in performance to be addressed. 		
Sign Off and Comments							

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5	Failure of the Council to achieve the savings required to deliver the Council's Corporate objectives.	Inherent Likelihood	Inherent Impact	Inherent Risk Score	Residual Likelihood	Residual Impact	Residual Risk Score
		6	4	24	6	2	12
Risk Owner: Chief Finance Officer							
Risk Description/Consequences		Current Controls			Action Plan		
<ul style="list-style-type: none"> Dissatisfaction among residents Reputational damage Political fallout 		<ul style="list-style-type: none"> Regular review of Corporate Plan Regular review of MTFs Robust budget monitoring processes Medium Term Financial Outlook Efficiency Plan 			<ul style="list-style-type: none"> Regular meetings with EDs and DMTs Establishment of savings tracker 		
Sign Off and Comments							

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6	Failure to match the Council's technology solutions with the Corporate Objective requirements.	Inherent Likelihood	Inherent Impact	Inherent Risk Score	Residual Likelihood	Residual Impact	Residual Risk Score
		6	4	24	5	4	20
Risk Owner: Chief Finance Officer							
Risk Description/Consequences		Current Controls			Action Plan		
<p>Information, Communication and Technologies (ICT) is critical to the performance and delivery of council services and includes hardware, telephony communications, business applications, service desk, special projects and information assets residing within the Council.</p> <p>ICT that is unsuited to business need makes it difficult for directorates to provide effective services, which can have a negative impact on the reputation and financial status of the Council.</p> <p>Poor information management and data entry can also result in data breaches which could compromise the security of those affected, or risk the health, safety and wellbeing of vulnerable adults and children in the Borough. Data breaches may also result in fines and other sanctions from the Information Commissioner's Office.</p>		<ul style="list-style-type: none"> ICT Strategy (part of a suite of strategies to support the Corporate Plan) in place. Technology Roadmap in place – reviewing technologies and developing services based on business requirements. ICT Governance Board in place which meets on a monthly basis to prioritises work to be done. Head of ICT is part of the Transformation Group and can influence transformation plans – Transformation programme will adopt programme management approach therefore all themes should include clear project planning and risk management. ICT Service Delivery Managers work closely with directorates to understand business need. Systems register in place – used to identify and review key corporate systems e.g. CAT project. Contract monitoring and review. New Contracts in place for the council's WAN and mobile technology. Working closely with key suppliers e.g. Microsoft, SCC. 			<ul style="list-style-type: none"> Draft ICT Service Plan and ICT Strategy will be shared with all areas of the business prior to them developing their Service Plans in June 2017 – this will enable them to refer to it when developing their plans and to highlight any potential issues to be addressed. Continue to work with key partners e.g. Microsoft to develop ICT services that continue to meet the needs of the business through transformation. ICT Service Delivery Managers are leading on the Channel Shift and Insight Transformation streams. ICT are working with CMT and directorates to identify key systems and acceptable downtime in event of a disaster so that Business Continuity and Disaster Recovery capabilities can be reviewed and brought into line with business need. Channel Shift – developing online 		

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	<ul style="list-style-type: none"> • Maintenance programme in place for equipment replacement. • Up to date software in use. • Regular Penetration Testing. • Dedicated resources to Mosaic. • Compatibility with Government systems/PIPs. • Back-up routines in place. • Business Continuity Plan and testing. • Limited disaster recovery capability in Tamworth. • Public Services Network compliance - annual compliance review and approval by Central Government. • Risk Management based on corporate framework inspected by Internal Audit. • Ongoing review of resources required to maintain business as usual and to deliver the service changes required to ensure that the structure of the ICT and Assurance services can support business requirements. • Forum for Information Governance (FIGA) meets on a quarterly basis to discuss information risk, including data breach management, protecting information training and changes in legislation that affect Information Governance. • Breach Management Procedure is in place and available on Inside Walsall to be invoked if a breach occurs. 	<p>services available to customers will potentially make the council more vulnerable to cyber security attacks. Work will be done in the next 12 to 18 months to review log monitoring and management services/tools to improve the council's capability to identify a potential attack before it happens or to shut down affected hosts quickly should an attack happen.</p> <ul style="list-style-type: none"> • Project to implement General Data Protection Regulations (GDPR) including procedures, process changes and identifying changes to systems – Regulations come into force in May 2018. • Continue to work with Information Champions, Information Asset Owners and Information Custodians to raise awareness and compliance with Information Governance requirements across the council including wider rollout of the council's Information Risk Assessment tool. • Working with directorates to ensure that appropriate information sharing/ information processing agreements and 3rd party system access agreements are in place to ensure customer information is handled securely by other organisations that
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		<p>the council works with.</p> <ul style="list-style-type: none"> • Review ICT and Information Governance Procedures and raise awareness of them using existing communication tools and the Meta Compliance tool when it is rolled out (next 6-12 months). • Continue work to ensure Protecting Information training is refreshed for all staff on an annual basis. • ICT Strategy is in the process of being reviewed as part of Council's integrated planning approach. • Capital Bids have been submitted to upgrade ICT services in 2017/18 • Continue to ensure that all ICT equipment that is no longer required is disposed of in a secure manner and certificates obtained (protection of data). • Continue to promote the use of Privacy Impact Assessments (compulsory under GDPR) to ensure that any system changes or changes in the way personal information is handled complies with the requirements of the law.
Sign Off and Comments		

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7	Failure of key strategic partners to deliver services.	Inherent Likelihood	Inherent Impact	Inherent Risk Score	Residual Likelihood	Residual Impact	Residual Risk Score
		6	4	24			
Risk Owner: Interim Executive Director (Change and Governance)							
Risk Description/Consequences		Current Controls			Action Plan		
With high value/high profile service contracts, consequences could be: <ul style="list-style-type: none"> • Severe disruption to the service and inconvenience to residents • Punitive costs of securing alternative provision at short notice • Damage to reputation 		<ul style="list-style-type: none"> • Controls embedded within procurement process • Contract management procedures • Monitoring of KPIs • Government/Board structure in place • Police/Health/Housing/FE/Schools/Fire/VCR and CDM sector. 					
Sign Off and Comments							

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8	Economic uncertainty impacts the delivery of the corporate objectives	Inherent Likelihood	Inherent Impact	Inherent Risk Score	Residual Likelihood	Residual Impact	Residual Risk Score
		6	4	24			
Risk Owner: Executive Director – Economy and Environment							
Risk Description/Consequences		Current Controls		Action Plan			
Possible financial risks include: <ul style="list-style-type: none"> Loss of direct EU funding Reduction in Business Rate Income Impact on investments and borrowing Impact of Pension Fund Deficits Increased pressure on demand for services 		<ul style="list-style-type: none"> Communities and Local Government workshops Reviewing investment options for development sites Economic Growth Programme 		<ul style="list-style-type: none"> Establish the authority's exposure to the financial risks identified Engage with local partners to understand how leaving the EU affects their risks. Review significant policies relevant to the management of these risks (e.g investment policy) to ensure fit for purpose in the new environment. Assess any impact on the assumptions used in the MTF plan. 			
Sign Off and Comments							

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9	Failure to maintain an effective Business Continuity Plan for all relevant service areas	Inherent Likelihood	Inherent Impact	Inherent Risk Score	Residual Likelihood	Residual Impact	Residual Risk Score
		6	4	24			
Risk Owner: Executive Director – Economy and Environment							
Risk Description/Consequences		Current Controls		Action Plan			
<ul style="list-style-type: none"> Disruption caused by service failure leading to hardship for residents, potential loss of business and significant reputational damage. 		<ul style="list-style-type: none"> Corporate Business Continuity processes and procedures 					
Sign Off and Comments							

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