

COMMITTEE	Audit, Risk and Scrutiny
DATE	25 June 2015
DIRECTOR	Angela Scott
TITLE OF REPORT	Corporate Governance Risk Register
REPORT NUMBER:	CG/15/80
CHECKLIST RECEIVED	Yes

1. PURPOSE OF REPORT

To present the Committee with a register of risks with potential to impact the operation of the functions and services carried out by the Corporate Governance Service.

2. RECOMMENDATION(S)

The Committee are asked to:

- (i) Note the content of the Corporate Governance Risk Register and the status of controls and mitigation in place to manage risks. (Appendix 1)
- (ii) Note that the content of the register will be kept under regular review by the service's Senior Management Team.
- (iii) Note that the Risk Register will be reported twice each year to the Finance Policy and Resources Committee as part of the regular service performance reporting process.

3. FINANCIAL IMPLICATIONS

There are no specific financial implications arising from the report. However, the proper identification, assessment and management of risks impacting our operations reduces both the likelihood of financial loss occurring and the impact of reducing resources on the delivery of essential services to communities.

4. OTHER IMPLICATIONS

There are no other implications specifically arising from this report.

5. BACKGROUND/MAIN ISSUES

The Committee resolved on 23 September 2014 to receive at successive meetings risk registers reflecting the identification and assessment of operational risks impacting services across the new Council structure. The Corporate Governance Risk Register is the last in the current series of reports to be presented to the Committee in support of that resolution.

The Corporate Governance service directs a broad range of strategic functions including finance, legal and democratic, I.T. procurement and human resources, on behalf of the Council. The directorate also manages a number of essential services to our citizens and communities including customer services, the Regional Communications Centre and the delivery of the revenues and benefits services.

A comprehensive engagement and consultation process has taken place with senior managers across Corporate Governance in order to effectively identify and capture the breadth of risks with potential to impact those functions and services.

6. IMPACT

Corporate – Risk Registers form an important component of the system of risk management, notably in the structure of the system. The system of risk management impacts on all aspects of decision making across the Council. The Local Code of Corporate Governance tasks councils with six principles. Principle 4 requires that councils maintain transparent, informed decision-making which is subject to effective scrutiny and the management of risk. The various components of the system are regularly reported to the Committee with details of current practice and planned improvements.

Public – The report is designed for information purposes and no Equalities and Human Rights Impact Assessment has been prepared.

Services are required to carry out regular reporting of performance to committees. Corporate Governance undertakes to report our own performance to the Finance Policy and Resources Committee on a quarterly basis, along with a biannual service risk register update. In addition, the Audit, Risk and Scrutiny Committee will receive service risk registers on a rolling cycle, as part of the Council's overall risk management assurance framework. The Strategic Risk Register represents the highest level of assessment of risk to the Council and will be reported to the Committee annually.

7. MANAGEMENT OF RISK

The report details information on the Corporate Governance Service's risk profile.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

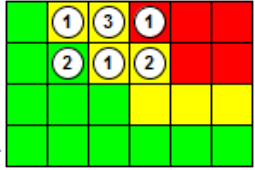
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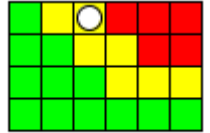
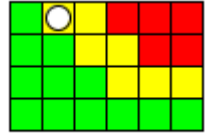
10. REPORT

- 10.1 The Risk Management Strategy which was approved by the Committee in February, requires that all services prepare and maintain a register of operational risks which identify both threats and opportunities with the potential to present and impact on the management of functions and delivery of services. Each identified risk will include a description, named owner, and an evaluation of causes, impact and likelihood of occurrence. Risks are managed through the application of controls and mitigation which are designed to bring threats to a tolerable level and in the case of opportunity risks, to enhance the likelihood and impact of occurrence.
- 10.2 The risks contained in the appended register have been identified and assessed through analysis of the service's functions, services and dependencies. Some risks detail the potential impacts of threats which could arise in any area of the Directorate such as workforce planning, health and safety, or business continuity. Other risks reflect specific threats to the effectiveness of our business, including the delivery of certain IT functions.
- 10.3 The component teams of Corporate Governance will maintain registers of risks which reflect operations at lower levels of business than those reflected in the appended service risk register. These risks will be subject to a similar review regime at the team level. Where a risk at this level appears to be developing and a threat may be realised, managers may escalate such risks to the service register where a higher level of control can be authorised. Similarly, when threats recede as part of this process, the risk may be de-escalated to the team level.
- 10.4 The register is a dynamic document and will be subject to regular review. As risks become controlled, they will be removed from the active review regime and new or emerging risks will be added, to ensure the service continues to monitor the operational environment and identify and manage risks to our success.

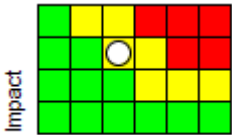
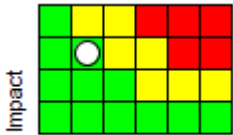
Corporate Governance Operational Risk Register

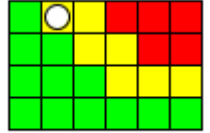



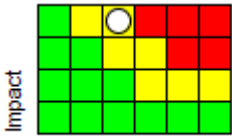
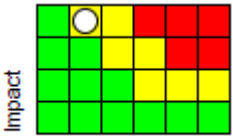
Title	Current Risk Profile
Corporate Governance Operational Risk Profile	 <p data-bbox="622 582 645 639">Impact</p> <p data-bbox="622 646 712 665">Likelihood</p>

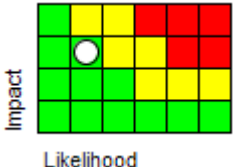
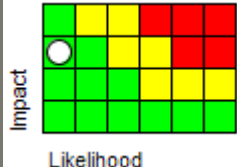
Title	Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix	
<p>The absence of a statutory duty to hold Business Continuity Plans compromises the quality and reliability of the Plans and the testing of them.</p> <p>Drivers</p> <p>Business Continuity Management is not given sufficient priority across the directorate's management structure in service and post incident or disruption planning.</p>	<p>Inadequate disaster recovery planning and business continuity arrangements across the range of Corporate Governance business critical functions.</p> <p>Business Continuity Plans are not tested regularly or subject to timely review</p>	<p>The Service suffers a breakdown in key systems (IT, Financial, HR, Legal and Commercial and Procurement.</p> <p>Potential for serious harm / loss of life to members of the community.</p> <p>Inability to collect income or make required payments.</p> <p>Litigation.</p> <p>Prosecution.</p> <p>Reputational damage</p>	 <p>Likelihood</p>	 <p>Likelihood</p>	
Description	The Council is bound by legislation and in its role as a corporate body as a public service provider. Effective disaster recovery and business continuity arrangements are essential to ensure business as usual is possible at the earliest point following a critical incident		Low	Very Low	
Internal Controls	Internal audit arrangements covering business continuity planning. BCPs are now in place regarding all of the Directorate's critical functions.		Very serious	Very serious	
Mitigating Actions	<p>The Council has a Business Continuity Policy document. This also contains a template to assist Services to produce Business Continuity Plans for critical functions.</p> <p>Critical functions have been agreed by CMT based on one or more of the following criteria being met. Functions which have a significant impact on:</p> <ol style="list-style-type: none"> 1. Human welfare or the environment 2. The finances of the Council 3. The Council's statutory obligations 4. The Council's reputation 5. The Council's ability to respond to emergencies <p>Rigorous testing regime to support continuing fit for purpose. Non-critical BCPs to be reported to Committee and review regime for critical BCPs to be devised.</p>				
Assigned To	Martin Allan	Latest Note Date	20 May 2015	Latest Note	Risk re-scoped and incorporated into revised CG Operational Risk Register 20/05/15.

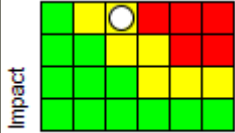
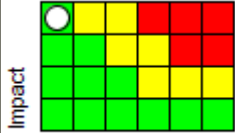
Title		Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix
Absence of effectively maintained and managed Contracts Register		Absence of effectively maintained contracts register. Contract expirations not properly managed. Poor contractor relationship management. Poor contract management skills. Absence of effective health surveillance scrutiny.	Costs become prohibitive. Emergency sourcing of additional support required. Inability to support essential services. Censure by regulatory bodies. Reduced pool of tenderers.		
Drivers					
Insufficient resources are directed at the preparation and maintenance of a contracts register. Failure to understand the significance for effective contracts management.					
Description	Significant proportion of the service's resources are bound up in contractual activity. The service and Council are at risk of exposure to financial loss, legal challenge and reputational damage.		Significant	Very Low	
Internal Controls	Contract Register regularly updated. Standing Orders for Contracts & Procurement in place with defined authorisation levels.		Very serious	Very serious	
Mitigating Actions	Contracts Register being updated for completion 15/16. Updated Procurement Standing Orders, Guidance Documents and Templates, which will include contract management procedures. Additional training for all identified staff involved in Procurement at any level within Services. (PACE, Procurement Achieving Commercial Excellence – programme of work to introduce a hybrid Business Model for Procurement).				
Assigned To	Craig Innes	Latest Note Date	21 May 2015	Latest Note	Risk identified for Operational Risk Register May 2015.

Title		Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix
Risk that financial stewardship is not robust or organisational transformation and innovation is hindered by finance capability.		Skills deficit. Workforce attrition. Inability to support transformational change. The Finance Service does not innovate or adapt to the needs of new organisational requirements. Skills sets do not meet new requirements.	The service and organisation does not meet legislative and stewardship requirements and customer needs. The ability of the service to meet its objectives is negatively impacted.	 Likelihood	 Likelihood
Drivers		Inadequate controls or systems to enable finance to meet stewardship requirements and be responsive to external change impacting the organisation.	Organisational resistance to transformation.		
Description	Service failures can lead to inability to provide core services and to carry out key functions. The Council is undergoing a programme of transformational change. Finance needs to provide services adequate to support those changes.			Low	Very Low
Internal Controls	Internal audit of key financial systems.			Serious	Serious
Mitigating Actions	Reinforce performance management and resource management. Implement workforce planning requirements for core finance functions.				
Assigned To	Steve Whyte	Latest Note Date	28 May 2015	Latest Note	Residual risk added in as very low - serious per J Hashmi which means the risk has reached residual status..

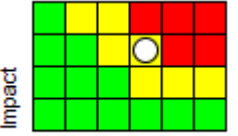
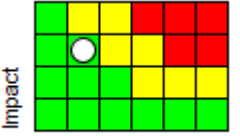
Title	Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix	
Risk that essential overnight system back-up arrangements are unsuccessful.	Poor internal and external ICT processes. Driver: No back up is available or tested.	Systems failure			
Drivers			Lack of understanding or appreciation of the cost of back up failure. Insufficient resources applied to securing and testing fit for purpose back up arrangements.	Likelihood	Likelihood
Description			Serious impact on the delivery of services and core functions if failure occurs.		Very Low
Internal Controls	Robust back-up monitoring arrangements Ad-hoc test recovery of systems		Very serious	Very serious	
Mitigating Actions	Full audit of backup arrangements for all systems. Annual test restore of critical systems. Test recoveries of specific Novell storage.				
Assigned To	Sandra Massey	Latest Note Date	10 Mar 2015	Latest Note	Mitigating actions reviewed with risk owner 6/3/15

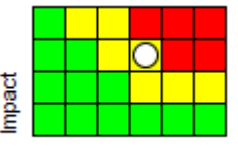
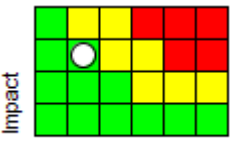
Title		Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix
Risk of major business IT systems failure		<p>Virus attack - inadequate protection in terms of firewall and other barriers to the internal systems.</p> <p>Systems are unsupported.</p> <p>Systems are no longer fit for purpose.</p> <p>Risk of systems failure and communication network failure due to power fluctuations.</p> <p>Loss of data due to inadequate backup facility or procedure.</p> <p>poorly trained, poorly skilled IT staff that lack sufficient knowledge.</p> <p>Poor IT management practices and lack of proper processes for storage and and back up of data in all areas of business.</p> <p>Lack of facilities and keeping IT systems in poor environments.</p>	<p>Poor customer experience.</p> <p>Poor staff experience.</p> <p>Poor use of resources.</p> <p>Customers are unable to access the customer service centre.</p> <p>Staff may not get paid on time.</p> <p>The Council is unable to complete its financial duties or manage its budget.</p> <p>Suppliers may not get paid.</p> <p>The Council is unable to manage its contracts and suppliers.</p> <p>The Council is unable to manage its workforce.</p>	 <p>Likelihood</p>	 <p>Likelihood</p>
Drivers					
<p>Absence of a Council wide IT strategy and supporting governance resources and expertise to manage the full life cycle of IT systems.</p>					
Description	<p>Corporate Governance business systems are critical to the provision of services and the performance of statutory functions.</p>			Low	Very Low
Internal Controls	<p>Robust and customer-led governance structures.</p> <p>Adoption of an enterprise approach to the whole IT eco-system.</p> <p>A full contracts register with a forward plan of contract expiry and renewal.</p> <p>Business continuity plans and disaster recovering.</p> <p>Customer-led business systems reviews.</p> <p>Adoption of best practice security controls.</p> <p>Training and development for all staff in IT operations.</p>			Very serious	Very serious
Mitigating Actions	<p>Understanding the customer needs and reviewing these systematically.</p> <p>Ensure total cost of ownership.</p> <p>Sound contract and supplier management.</p> <p>Best practice change controls.</p> <p>Best practice life cycle management.</p>				
Assigned To	Simon Haston	Latest Note Date	10 Mar 2015	Latest Note	Risk scoped to replace previous systems failure risk around poor security and operational arrangements.

Title		Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix
Risk that software licensing agreements are infringed		Driver: No resources or controls are in place to manage software. Poor or inadequate monitoring of license agreements. Single point of failure re "Software Librarian".	Financial implications Poor relationship with providers Legal challenge		
Drivers Failure to appreciate the necessity for software management controls to prevent exposure to legal challenge and financial penalty.					
Description	Monitoring software licensing compliance offers protection for continuing effective service delivery.			Very Low	Almost Impossible
Internal Controls	Robust monitoring of licensing arrangements. Good liaison with software providers. Dedicated role of Software Librarian to ensure accurate record keeping of software licences.			Serious	Serious
Mitigating Actions	Desktop Lockdown controls to block unauthorised downloading of unlicensed software. Integrate purchasing records with licencing records within Asset Register. Review of licenses being undertaken as laptops built for Smarter Working. ICT Management to review contingency for single point of failure. Procurement of the integrated service management tool.				
Assigned To	Sandra Massey	Latest Note Date	04 Jul 2014	Latest Note	Software Librarian in post. This mitigating action moved to internal control.

Title		Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix
Risk that transition to new data centre leads to failure of Council systems.		Resources not available at the tight time to manage transition effectively.	Operational timescales for successor datacentre implementation are impacted negatively.		
Drivers					
No resources or programme management approaches are adopted.					
Description	Risk refers to the transition ATOS provision to new datacentre provision following the end of the ATOS contract.			Low	Almost Impossible
Internal Controls	ATOS have allocated a transition manager and issued a draft exit plan for ACC review and approval by end of June.			Very serious	Very serious
Mitigating Actions	A Business Case to resource transition has been issued for consultation with the final date for response 28/5/15. Following assimilation of the response this will now be progressed.				
Assigned To	Simon Haston	Latest Note Date	28 May 2015	Latest Note	Risk mitigating actions , controls and notes updated 28/5/15.

Title		Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix
Risk that workforce planning, recruitment, retention, training and development do not support the improvement agenda		Inadequate arrangements for linking workforce planning to business need. Knowledge capture processes not in place or implemented. Recruitment processes inadequate in terms of skills match. Training approaches not matched to business need. Poor employee development opportunities.	Poor service delivery standards. Inability to retain key staff. Excessive use of agency / consultancy resources. Council not seen as employer of first choice.		
Drivers Poor workforce planning leaves the service exposed to under-resourced delivery arrangements and inability to forward plan.					
Description	Workforce planning impacts directly across the service with notable dependencies in Customer Services Operations, IT, Finance (inc Revenues and Benefits), Legal & Democratic Services, Human Resources and Commercial and Procurement.			Low	Very Low
Internal Controls	PBB Workforce Stream; Workforce Planning Strategy. Service Workforce Plans			Serious	Serious
Mitigating Actions	Effective implementation of the Workforce Plan across all parts of the Service.				
Assigned To	Ewan Sutherland	Latest Note Date	21 May 2015	Latest Note	Risk included in operational risk register May 2015.

Title	Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix	
<p>Risk that Health, Safety and Wellbeing incidents including cases of ill health, are not recorded, reported, reviewed and monitored and that areas for improvement are not identified and implemented.</p>	<p>Incidents and work related ill health are not reported. Identified improvements resulting from lessons learned are not identified and implemented. The electronic accident / incident / absence recording and reporting system is not comprehensively used. Realistic targets are not set. Actions to prevent a reoccurrence are not implemented. Compliance is not monitored. The 'Plan, Do, Check, Act' approach based on known and potential significant risk is not adopted.</p>	<p>Non – compliance with HSE legislation / guidance, initiatives and corporate Health and Safety policy. Increased costs to the organisation relating to employee absence. Criminal prosecution resulting in fines or imprisonment. Reputational damage. Compensation claims Attendance levels impacting service delivery.</p>	 <p>Impact</p> <p>Likelihood</p>	 <p>Impact</p> <p>Likelihood</p>	
Drivers					
<p>Failure to conduct post incident evaluations and to embed incident and health surveillance results in inability to develop improvements and minimise risk exposure.</p>					
Description	<p>To improve the health, Safety and Wellbeing culture, it is important that available recording, reporting and monitoring mechanisms are enforced and that post incident activity includes lessons learnt and effective improvements.</p>		Significant	Very Low	
Internal Controls	<p>Audit of H&S processes effectiveness - management assurance.</p>		Serious	Serious	
Mitigating Actions	<p>Investigation of all accidents and incidents, recording, reporting, reviewing and learning lessons. Review of related risk assessments. Discuss findings and identified improvements at Corporate Health and Safety Committee. Use of and further development of of electronic reporting and recording accident system to assist in analysis and ability to access days lost and related costs. H&S trends highlighted at Directorate H&S Group and at SMT. Processes and compliance monitored through audits and management assurance. Implementation of Maximising Attendance Improvement Plan for Corporate Governance including implementation of target reduction, evidenced through performance indicators. Creating a Directorate that is 'H&S risk intelligent.'</p>				
Assigned To	Mary Agnew	Latest Note Date	29 May 2015	Latest Note	Risk re-scoped in discussion with risk owner.

Title	Risk Factors	Potential Impact	Current Risk Matrix	Residual Risk Matrix	
Risk of the Council losing its representation within National Collective Bargaining arrangements through the SLGP not being able to secure an agreement with COSLA on these arrangements.	Negotiations between the SLGP and COSLA over the cost of participation in collective bargaining are not successful.	The Council experiences loss of influence in national collective bargaining, leading to exposure to potentially disadvantageous terms in national pay awards.			
Drivers			Likelihood	Likelihood	
Poor negotiation between the SLGP and COSLA exposes the Council to high cost or loss of influence in collective bargaining.					
Description	The Council ended its membership of COSLA on 31 March 2015. The risk reflects that that we are currently bound contractually in collective bargaining and require to ensure the new arrangements through the SLGP retain a negotiating place in national collective bargaining so that the Council's position is safeguarded as far as possible.		Significant	Very Low	
Internal Controls			Serious	Serious	
Mitigating Actions	Proceed through SLGP to negotiate a cost-effective solution.				
Assigned To	Ewan Sutherland	Latest Note Date	10 Jun 2015	Latest Note	Risk scoped in discussion with HR Manager.