
Report to **Audit & Finance Committee**

Date of Meeting: **19 January 2017**

Subject: **Corporate Risk & External Audit Actions**

Report by: **Head of Strategy & Customer Services**

1.0 Purpose

This report provides the 2016/17 half year update on Clackmannanshire Council's Corporate Risk Log and progress on actions assigned by the Council's external auditors (Deloitte UK).

2.0 Recommendations

- 2.1. It is recommended that Committee notes the report, commenting and challenging as appropriate.

3.0 Considerations

3.1. Corporate Risk Management Process

- 3.1.1. The corporate risk log is owned by the Corporate Management Team and the Head of Strategy & Customer Services is responsible for the corporate risk management approach. The Council follows a systematic risk process, reporting corporate and service risks to Committee on a regular basis. Processes are assessed via internal and external governance and audit mechanisms, and peer-reviewed by other local authorities.
- 3.1.2. In 2015, the Association of Local Authority Risk Managers (ALARM) published a 'top 10' of significant risks, compiled from a survey of UK public bodies. Mapping to our log demonstrated that, despite slight variation in groupings, all significant risks were already reflected locally. Though this does not reflect the effectiveness of risk management, it does provide some assurance that we are achieving the aim of being 'risk aware', rather than 'risk averse'.
- 3.1.3. Each corporate risk log review involves gathering information from internal and external sources, a meeting of the Corporate Risk & Integrity Forum and individual meetings with Corporate Management Team members, to:
- Review existing corporate and service risks with their owners;
 - Analyse dependencies, 'knock-on effects' and wider perspectives;
 - Investigate emerging externally-identified risks for local relevance;
 - Evaluate emerging internally-identified risks, such as those highlighted during the Annual Governance Statement process.

3.1.4. Risks with implications for 3 or more of the 6 Council services, or assessed as significant (red) for a specific service, are considered for escalation to the corporate log, where they are managed until their significance reduces. Risks are recorded on the Covalent performance management system and associated with priority outcomes, actions (or action plans), and existing controls (strategies, policies, procedures, etc.).

3.1.5. We identify our approach to managing each risk as:

- Treat: actions will be completed to reduce the risk,
- Tolerate: actions within our control are complete and plans are in place,
- Transfer: the risk will be passed to another party, such as insurers,
- Terminate: the activity that is causing the risk will be ceased.

3.2. Corporate Risk Log – Appendix A

3.2.1. At the 2016/17 half year stage, 4 risks have increased and 3 have decreased. Increases have occurred in the areas of Financial Resilience and the closely related area of Organisational Change. Risks around Industrial Unrest and Welfare Reform have also been assessed as more significant, and changes have been made to how Partnership risks are expressed in the log.

3.2.2. Previously, there was a single Partnerships risk covering Shared Services, Health & Care Integration and Community Empowerment. Differing actions and controls, however, have resulted in this being separated into 3 individual risks, with only 1 (Shared Services) being assessed as significant enough to remain on the corporate log.

3.2.3. Financial Resilience and Organisational Change remain significant risks, with increasing challenges in identifying new savings proposals within existing policy parameters. Further insight into likely Welfare Reform impact has increased the score and, though further powers will be devolved to the Scottish Government, it is expected that the situation will worsen before the implementation of mitigating actions.

3.2.4. Health & Safety arrangements were highlighted in the Annual Governance Statement and the Council invited its insurance claims handlers (Gallagher Bassett) to conduct a review. Focus groups, interviews and site visits were conducted and we await their report and recommendations. Effective use of Demographic and Demand data is being promoted to services to focus improvement activities, and more effectively predict demand for services.

3.2.5. Information Management actions are also being completed, with direction provided in relation to record retention, the corporate file structure and e-mail archiving. As corporate Governance processes mature and assurance on controls improves, the score of this risk has decreased, and the governance strategy and processes are being reviewed. Workforce Plans are also in development at both a corporate and service level.

3.2.6. As mentioned, issues relating to the separation of Shared Services have been identified internally, as well as being mentioned in the External Audit report to Audit & Finance committee in September. Social Services and Education Senior Management Teams are now in place, with attention focusing on both the challenges and opportunities presented in the current environment.

- 3.2.7. Work continues with partner organisations on the Integrated Children's Services Plan, with positive follow-ups reported by the Care Inspectorate. WRAP (Workshop to Raise Awareness of Prevent) training in relation to Extremism and Radicalisation is also being rolled out across the Council. A Police Scotland Serious Organised Crime self-assessment has been completed and the Corporate Management Team are progressing improvement actions.
- 3.2.8. Risks on Health & Care Integration and Community Empowerment have been assessed as being at a level sufficient for these risks to be Transferred to other logs. Risk management mechanisms have been established as per statutory Health & Care Integration requirements and this risk will be managed by Social Services, the Joint Management Team and the Integration Joint Board. Initial Community Empowerment implications relate to resource requirements for Asset Transfer, and are being managed by Development & Environmental Services.
- 3.2.9. The 4 risks highlighted as being Tolerated remain broadly the same, though plans relating to each scenario are reviewed and tested on an ongoing basis, and Industrial Unrest has been assessed as having increased in likelihood. Most of these areas increase in likelihood during the winter months, but this is balanced by increasing knowledge, experience and lessons learned from incidents within and outwith the local area. Plans and contingencies continue to improve and develop both internally and with Resilience Partnerships.

3.3. External Audit Actions – Appendix B

- 3.3.1. Deloitte UK's audit of the Council's 2015/16 accounts resulted in recommendations in the 4 areas of Council Tax, Highways, Budget Monitoring and Criminal Justice. At the time of writing this report, no 15/16 Due Dates have passed, and over half of the work on these actions has already been completed. Where possible, actions from 2013/14 and 2014/15 have also been completed, though 1 will not be due for completion until a 5-year assessment cycle is complete. External Audit remains a key source of insight into the effectiveness of corporate risk management.

4.0 Sustainability Implications - *This report has no direct sustainability implications*

5.0 Resource Implications

5.1. *Financial Details - This report has no direct financial implications*

5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.

Yes

5.3. Finance have been consulted and have agreed the financial implications as set out in the report.

Yes

5.4. *Staffing - This report has no direct staffing implications*

6.0 Exempt Reports

6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

(2) **Council Policies** (Please detail)

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No

9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

- Appendix A – Corporate Risk Log
- Appendix B – External Audit Actions

11.0 Background Papers

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

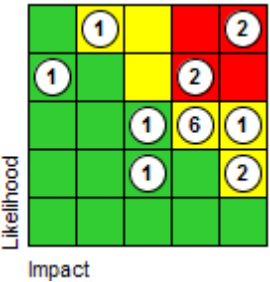
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Appendix A – Corporate Risk Log Summary

Summary of Changes	Distribution of Risk Scores
<p>At the 2016/17 half year stage (out of a total of 17 risks):</p> <p>Status</p> <ul style="list-style-type: none"> ● 4 risks are red (5 in the 2015/16 end of year report) ▲ 10 risks are amber (increase from 9 in previous report) ● 3 risks are green (increase from 2 in previous report) <p>Approach</p> <p>11 risks are being Treated (increase from 11 in previous report) 2 risks will be Transferred to service logs (1 was Transferred after previous report) 4 risks must be Tolerated (same as in previous report)</p> <p>Change in Scores Since Last Review</p> <ul style="list-style-type: none"> ▲ 4 risks have increased ▬ 7 risks remain the same ▼ 3 risks have decreased N 3 risks have been newly added (2 of which will be removed after this report) 	

Code	Title	Score	Status	Approach	Change
COU CRR 008	Insufficient Financial Resilience	25	●	Treat	▲
COU CRR 034	Insufficient Pace and Scale of Organisational Change	25	●	Treat	▲
COU CRR 032	Council & Community Impact of Welfare Reform	16	●	Treat	▲
COU CRR 012	Health & Safety Non-compliance	16	●	Treat	▬
COU CRR 005	Inability to Respond to Changing Demographics	15	▲	Treat	▬
COU CRR 009	Information Not Managed Effectively	12	▲	Treat	▼
COU CRR 033	Major Governance Failure	12	▲	Treat	▼
COU CRR 044	Unforeseen Impacts of Shared Services Separation	12	▲	Treat	N
COU CRR 031	Failure to Prepare for Severe Weather Events	12	▲	Tolerate	▬
COU CRR 022	Public Health Emergency	12	▲	Tolerate	▬
COU CRR 040	Failure of Public Utility Supply	12	▲	Tolerate	▬
COU CRR 011	Harm to Child(ren)	10	▲	Treat	▬
COU CRR 038	Failure to Prevent Extremism and/or Radicalisation	10	▲	Treat	▬
COU CRR 023	Industrial Unrest	10	▲	Tolerate	▲
COU CRR 037	Failure to Address Serious Organised Crime	9	●	Treat	▼
COU CRR 043	Lack of Representation in Integrated Health & Care Service	6	●	Transfer	N
COU CRR 042	Community Empowerment Resource Requirements	4	●	Transfer	N

Approach Treat

Insufficient Financial Resilience		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Deputy Chief Executive	COU CRR 008			Current Score	25	Target Score	5
Description	The Council does not have sufficient funds to meet its liabilities and cannot meet essential service demands or customer needs, or respond to external agendas.						
Potential Effect	Reputational damage, legal implications and severe and extended loss of service provision. Possibility of Alliance partners also being affected contributes to the potential impact, given the interdependencies.						
Latest Note	Independent analysis suggests Clackmannanshire is experiencing the greatest budget pressure of all 32 councils. The funding gap for 17-18 is estimated at £10.5m, with lower settlements to 2020/21, requiring more significant budget reductions. Given that £29m savings have been made in 5 years, it is proving extremely challenging to identify new proposals within existing policy parameters. In Dec 2016 around £4m potential savings had been identified by officers which leaves a significant savings balance to find, and redesign and restructure proposals are in development. Voluntary approaches to severance have not to date achieved required savings and have not facilitated the significant service redesign which the financial situation necessitates. Extrapolating rates of uptake of VS and VR to date into 17-18 would leave Council with a significant shortfall in its budget which could not be fully covered by use of reserves.						
Related Actions	External Audit Action Plan (2015/16 Audit, Deloitte UK)		COU EXA 156	Existing Controls	Financial Management Strategy		
	Ongoing work by services to identify savings proposals, supported by the Accountancy team		CRR COU 003		Interim Procurement Strategy		
	Making Clackmannanshire Better Corporate Change Programme		MCB PRG 20162017		Budget Challenge & Financial Monitoring		

Insufficient Pace and Scale of Organisational Change		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Chief Executive	COU CRR 034			Current Score	25	Target Score	5
Description	The Council fails to proactively drive the fundamental redesign of services and organisational planning/ development with the speed required to address the funding gap due to ineffective change management.						
Potential Effect	Failure to maintain the required level of provision for statutory services. The corporate business improvement programme does not establish sustainable service delivery and a sustainable cost base for the future.						
Latest Note	Changes have been made to 2016/17 savings and a Strategy and Resources Group has been established to consider impacts. Monthly elected member and TU briefings continue. Monitoring of 2016/17 savings continues, with a shortfall anticipated and part-compensatory savings to be considered, though there have been a number of VS and VR acceptances. Proposals for 2017/18 are being identified and the high-level timetable has been refreshed. Council approved an Interim Workforce Strategy in October 2015 and services are drafting Workforce Plans.						
Related Actions	Making Clackmannanshire Better Corporate Change Programme		MCB PRG 20162017	Existing Controls	Union & Member Communications		
					Business Planning Process		
					Interim Workforce Strategy		

● Low - 9 or below
 ▲ Medium - 10 to 15
 ● High - 16 or above
 ▲ Increased score
 ■ Consistent score
 ▼ Decreased score
New risk

Council & Community Impact of Welfare Reform		Priority Outcome	1. The area has a positive image and attracts people and businesses; 5. Vulnerable people and families are supported	Status		Change Since Last Review	
Head of Housing & Community Safety	COU CRR 032			Current Score	16	Target Score	6
Description	The welfare reform agenda increases deprivation in the area, removes between £8 million and £10 million from the local economy and requires the Council to provide additional services and support due to a national priority of reducing welfare expenditure.			Likelihood		Impact	Likelihood
Potential Effect	Potential reversal of efforts to reduce deprivation and improve economic development in the area, as well as reputational, budget and staffing implications of providing new services (the impact of the transfer to Universal Credit cannot yet be quantified).						
Latest Note	Delays in Universal Credit roll out and the changes to supported accommodation benefit allowances mean that the worst of the effects are yet to come. However, the impact is now considered to be significant (previously moderate) given what is known about the changes proposed.						
Related Actions	Review and redesign the Housing Support Service		HCS SBP 072	Existing Controls	Scottish Welfare Fund (Crisis & Community Grants)		
	Review and implement the Audit Scotland Housing Benefit requirements		HCS SBP 077		Housing Options Service		
	Review the Housing Allocation Policy		HCS SBP 079		Restructured Housing Management Service		

Health & Safety Non-compliance		Priority Outcome	7. Health is improving and health inequalities are reducing; 9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Head of Resources & Governance	COU CRR 012			Current Score	16	Target Score	4
Description	A Health & Safety incident or statutory breach results in the injury to or death of a staff member or customer due to lack of awareness of or non-compliance with policies and procedures. Such incidents may also arise from the actions of third parties, whose activities may be outwith the direct control of the Council.			Likelihood		Impact	Likelihood
Potential Effect	The effects on individuals and their families, financial penalties (including HSE intervention fees), criminal proceedings, adverse publicity, increased insurance or damage to Council assets.						
Latest Note	Recent incidents/accidents, statistics and HSE investigations suggest compliance with H&S duties is still not deployed uniformly. Work is ongoing to ensure managers are aware of statutory duties to identify and manage H&S risks in their areas. The Council insurance claims handlers have been requested to conduct a Council wide review of the H&S Management System in order to identify gaps and make recommendations for improvement.						
Related Actions	Review of corporate Health & Safety arrangements by Gallagher Bassett		CRR RAG 011	Existing Controls	Health & Safety Management System		
	Governance Improvement Plans across all services		CRR RAG 001		Maximising Attendance & Employee Wellbeing Policy		
				Health & Safety Handbook for Managers			

Inability to Respond to Changing Demographics		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Chief Executive	COU CRR 005			Current Score	15	Target Score	5
Description	The Council is unable to appropriately redesign services due to not acting on predictions of changing needs and demand in areas such as the 'ageing population' (including more single-person households), increasing school roles and changing needs relating to health, complexity of care needs and socio-economic behaviour.						
Potential Effect	Inappropriate allocation of resources and assets, misalignment of corporate objectives with customer needs, inability to demonstrate Best Value, and possible financial and reputational consequences of responding to situations that have not been planned for.						
Latest Note	We continue to analyse data to understand changing demographics in Clackmannanshire and how this impacts services required and provided by the Council. In particular, an in-depth Strategic Needs Analysis was recently undertaken for Health and Social Care services. Work to better understand the nature and level of services required is being explored through the Putting Customers First consultation as well as via ongoing dialogue with communities.						
Related Actions	Making Clackmannanshire Better Corporate Change Programme		MCB PRG 20162017	Existing Controls	Customer Consultation & Communication		
	Social Services Scrutiny Review		CRR SOS 004		Budget Challenge & Financial Monitoring		
				Community Engagement Process			

Information Not Managed Effectively		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change	
Head of Resources & Governance	COU CRR 009			Score	12	Target	8
Description	Information is not protected due to a lack of compliance with information sharing, records management or ICT protocols. Information is not managed due to lack of compliance with records management protocols and good practice. Data is of poor quality, is duplicated, or is held across multiple systems. Lack of Business Intelligence and Management Information.						
Potential Effect	Possible legal and reputational issues relating to data breaches, increased difficulty and time to access information and loss of tacit information when staff leave or are absent, resulting in duplication or non-completion of (possibly statutory) duties. Loss of productivity when systems do not operate or integrate appropriately, causing frustration and impact on staff morale. Uninformed decision-making when organisational knowledge is not available when needed, due to 'single points of failure', poor succession planning, lack of awareness of the knowledge held by different service areas, or system failure.						
Latest Note	Council has prepared a records management plan as required by Public Records Scotland Act. This has led to a Records management policy, and various operational improvements such as a corporate file structure and retention policies being approved by CMT. These are being implemented from November 2016 and should result in a reduction in likelihood.						
Related Actions	2016/17 Internal Audit Plan		CRR RAG 010	Existing Controls	Information Management Strategy		
	Develop a records management plan and implement a records management policy.		RAG 15 008		Digital Strategy		
				Interim Workforce Strategy			

Major Governance Failure		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Head of Resources & Governance	COU CRR 033			Current Score	12	Target Score	5
Description	A significant failure of compliance with statutory duties due to a lack of awareness or understanding of corporate policies or codes of conduct, or through non-adherence, including through management or elected member override of controls of procedures.						
Potential Effect	Significant reputational damage, injury or loss of life, legal action, financial loss or disruption to service delivery.			Likelihood		Likelihood	
Latest Note	A number of internal and external controls exist in addition to a system of scrutiny justifying a reduction in the impact of a major governance failure as the Council would have the means to limit damage and address any issues as well as a series of demonstrable processes that would mitigate any suggestion that there has been a lack of oversight			Impact		Impact	
Related Actions	Review/revise Governance Strategy and related documents		RAG 16 001	Existing Controls	Scheme of Delegation		
	Governance Improvement Plans across all services		CRR RAG 001		Audit & Finance Committee		
	2016/17 Internal Audit Plan		CRR RAG 010		Governance & Audit Processes		

Unforeseen Impacts of Shared Services Separation		Priority Outcome	3. People are better skilled, trained and ready for learning and employment; 5. Vulnerable people and families are supported;	Status		Change Since Last Review	N
Head of Social Services; Head of Education	COU CRR 044			Current Score	12	Target Score	8
Description	It has been highlighted by external audit bodies that Education and Social Services may face significant pressures in rebuilding stand-alone services now that shared service arrangements with Stirling Council have come to an end. The key issues highlighted relate to: additional costs, service continuity & quality, outcomes for service users, loss of expertise, management structures and capacity.						
Potential Effect	The services could lack strategic direction, fail to adequately assess or meet customer needs (including fulfilling statutory duties), incurring further costs or potentially negative impacts on customers and fail to achieve stated objectives and outcomes, with associated audit, legal and reputational impacts.			Likelihood		Likelihood	
Latest Note	Heads of Service have been appointed and Senior Management Teams established in both services, and internal support is available in relation to financial, workforce, performance and risk management, as well as both internal and external governance, audit and inspection processes. Plans and improvement actions are already being progressed in different areas of child and adult services and the opportunities presented from the separation of shared services are being fully explored.			Impact		Impact	
Related Actions	Governance Improvement Plans across all services		CRR RAG 001	Existing Controls	Governance & Audit Processes		
	Review of Social Services Commissioning		MCB SOS 050		Social Services Senior Management Team		
	Use all resources efficiently and effectively, including financial, administrative and business support, ICT and staff resources		EDU_SA16		Education Senior Management Team		

Low - 9 or below Medium - 10 to 15 High - 16 or above

Increased score Consistent score Decreased score **N**ew risk

Harm to Child(ren)		Priority Outcome	5. Vulnerable people and families are supported; 6. Substance misuse and its effects are reduced	Status		Change Since Last Review	
Head of Social Services; Head of Education		COU CRR 011		Current Score	10	Target Score	5
Description	A lack of intervention or action by the Council results in failure to prevent the serious harm of a child/children.						
Potential Effect	The effects of the injury or death on the individual, family, friends and staff members, and reputational harm or criminal proceedings, with associated costs, as well as the impact of reputational damage and negative publicity on morale, workforce development and sustainability.						
Latest Note	The Care Inspectorate continue to report positive follow-ups in relation to the Integrated Children's Service Plan. The Children & Young People Strategic Partnership Group monitor performance with an overview by the Public Protection Forum.						
Related Actions	Integrated Children's Services Plan		CRR SOS 003	Existing Controls	Public Protection Forum		
	Implement the process in relation to the role of the Lead Professional under the Children & Young Persons legislation and the transition between the Lead Professional and Named Person service.		SOS SSS 050		Children & Young People Strategic Partnership Group		
	Roll out of the Outcomes Framework for all children in Children's Services to evidence outcomes for children and families		SOS SSS 051				

Failure to Prevent Extremism and/or Radicalisation		Priority Outcome	1. The area has a positive image and attracts people and businesses; 4. Our communities are safer	Status		Change Since Last Review	
Head of Strategy & Customer Services		COU CRR 038		Current Score	10	Target Score	4
Description	A terrorist incident (or other malicious attack) causes physical or financial harm to individuals or groups in Clackmannanshire, potentially caused by the radicalisation of someone from the area (who could be involved in an incident either here or elsewhere). The fear of these issues could also have an impact on quality of life.						
Potential Effect	Casualties and fatalities, damage to property and infrastructure, need for evacuation or temporary housing for those affected and potential for wider economic damage. Financial harm to individuals, businesses or the Council. Direct or indirect disruption to Council services and reputational and/or legal implications.						
Latest Note	The members of staff trained as WRAP facilitators have been authorised by the Scottish Government to train additional facilitators within the Council. this will significantly accelerate the delivery of WRAP training. A Priority 1 list of 1500 employees has been identified for WRAP training. An e-learning package is now available and mandatory for all staff.						
Related Actions	Implement the Clackmannanshire Council CONTEST Delivery Plan, based on the Government's CONTEST Strategy		CRR SCS 005	Existing Controls	Forth Valley Local Resilience Partnership		
					CONTEST Working Groups (FV & Clacks)		
					WRAP Training (High Priority Staff)		

Failure to Address Serious Organised Crime		Priority Outcome	4. Our communities are safer; 6. Substance misuse and its effects are reduced	Status		Change Since Last Review			
Head of Strategy & Customer Services	COU CRR 037			Current Score	9	Target Score	6		
Description	Public bodies fail to address the issues around serious organised crime involving drugs, violence, fraud, corruption, money laundering and/or human trafficking.			Likelihood		Impact			
Potential Effect	Physical or financial harm to individuals, businesses, communities or the Council. Direct or indirect disruption to Council services and associated reputational and/or legal implications.						Likelihood		Impact
Latest Note	A self-assessment provided by Police Scotland's Counter-corruption Unit has been completed and was discussed in detail by the Corporate Risk & Integrity Forum in September. While many controls are in place, areas for improvement have been identified and awareness will be raised with all staff, partners and local communities.								
Related Actions	Implement actions and requirements of the National Fraud Initiative		CRR RAG 008	Existing Controls	Serious Organised Crime Delivery Plan				
	Implement actions from Divert and Deter strands of Let Scotland Flourish Strategy		CRR SCS 006		Let Scotland Flourish Strategy				

Low - 9 or below Medium - 10 to 15 High - 16 or above

Increased score Consistent score Decreased score New risk



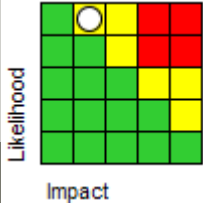
Approach Transfer




Lack of Representation in Integrated Health & Care		Priority Outcome	5. Vulnerable people and families are supported; 7. Health is improving and health inequalities are reducing	Status		Change Since Last Review	N
Head of Social Services	COU CRR 043			Current Score	6	Target Score	6
Description	The size of Clackmannanshire Council in relation to the other organisations involved and relationships with other partners results in the particular needs of Clackmannanshire, such as demographic and deprivation factors, not being adequately represented in the joint decisions made.						
Potential Effect	Decisions and resource allocation do not meet the needs of the people of Clackmannanshire, resulting in the Council not achieving social and economic outcomes relating to protecting vulnerable groups and reducing health inequalities, with negative implications for service users and negative audit/inspection reports (and associated reputational damage).						
Latest Note	The likelihood of this risk occurring is extremely low due to governance arrangements within Clackmannanshire Council, across the Health & Care partnership and from external inspection/audit bodies, such as the Care Inspectorate and Audit Scotland. Social Services activity is scrutinised by Council and Committees internally and the authority is represented on the Health & Care Joint Management Team and Board. It is, therefore, recommended that this risk is transferred to the Social Services risk log for management and reporting via the Business Planning process.						
Related Actions	Health & Social Care Strategic Plan		SOS RIS 024	Existing Controls	HSC Governance Arrangements Council & Committee Structures & Remits Inspection and external audit		





Community Empowerment Resource Requirements		Priority Outcome	2. Our communities are more cohesive and inclusive	Status		Change Since Last Review	N
Head of Development and Environment	COU CRR 042			Current Score	4	Target Score	4
Description	Though there are a number of implications for the Council from the Community Empowerment Act, the most immediate is likely to be the resources required for the Asset Transfer element, which requires authorities to compile a list of all Council assets (conducted by Development Services but probably requiring input from all services).						
Potential Effect	Potential disruption to other work being carried out in services or, if this statutory task is not completed, potential audit/legal implications, with associated financial and reputational implications.						
Latest Note	As the Asset Transfer element of Community Empowerment has resource implications mainly for Development Services, and the risk is not severe at a corporate level, it is recommended that this risk be transferred to the Development & Environmental Services risk log for management and reporting via the Business Planning process.						
Related Actions	Undertaking workforce planning and take forward agreed outcomes.		DAE SBP 033	Existing Controls	Development & Environmental Services Business Plan		

Approach Tolerate

Failure to Prepare for Severe Weather Events		Priority Outcome	1. The area has a positive image and attracts people and businesses; 4. Our communities are safer	Status		Change Since Last Review	
Head of Development and Environment	COU CRR 031			Current Rating	12	Existing Controls	
Description	Inability to respond to impact of severe weather events on workforce or community due to lack of appropriate planning. This is most likely to include flooding from rainfall or coastal surges, hazardous winter weather or heatwaves (all of which, due to climate change, are likely to become more frequent and severe).			Likelihood 	Winter & Flood Management Plans		
Potential Effect	Widespread community dislocation, damage to properties, businesses, roads and utility infrastructure (including telecoms or power loss), or inability of staff to get to workplace. Increased workload in Emergency Planning, Housing, Roads and Customer Services, resulting impact on service delivery, reputation and finances.				Business Continuity Plans Forth Valley Local Resilience Partnership		
Public Health Emergency		Priority Outcome	7. Health is improving and health inequalities are reducing; 9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Head of Strategy & Customer Services	COU CRR 022			Current Rating	12	Existing Controls	
Description	Significant numbers of Council staff and customers become ill due to the occurrence of a public health emergency, such as a flu pandemic.			Likelihood 	Pandemic Flu Plan		
Potential Effect	Depending on the nature of the health emergency, potentially short- and long-term health implications for members of the public and staff absence if either ill themselves or caring for family and/or friends. Substantial disruption to back-office support functions and front-line service provision, including to customer groups already considered vulnerable.				Business Continuity Plans Major Incident Operational Procedures		
Failure of Public Utility Supply		Priority Outcome	4. Our communities are safer; 5. Vulnerable people and families are supported	Status		Change Since Last Review	
Head of Strategy & Customer Services	COU CRR 040			Current Rating	12	Existing Controls	
Description	Loss of gas, electricity, water or communications over a significant area due to failure of a provider's infrastructure as a result of a local or national event.			Likelihood 	Emergency Response Plan		
Potential Effect	Fatality, injury or health risk caused by escape of gas or loss of electrical supply. Requirement to evacuate areas and find alternative accommodation, including for vulnerable people. The Council has limited capability to reduce the risk of failure or disruption of external provider's infrastructure, other than following best practice in excavation work. Disruption to local agencies and businesses in providing normal services and potentially large costs associated with actions relating to care for people. Failure of telecoms infrastructure preventing contact with health, care and emergency services.				Business Continuity Plans Major Incident Operational Procedures		

Industrial Unrest		Priority Outcome	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	
Head of Resources & Governance	COU CRR 023			Current Rating	10	Existing Controls	
Description	Industrial action by Council staff (including shared service staff employed by Stirling Council), partners or suppliers arises, normally in relation to local or national budget-related changes to terms and conditions, or restructuring.				Trade Union Communications Protocol		
Potential Effect	Impact on staff morale and productivity with associated impact on service delivery, costs and reputation, as well as impact on customers dependent on services. In the case of partner or supplier strike action, we may decide not to complete all aspects of normal service delivery during strike action. Business Continuity & Resilience planning mitigate the impact of strike action to a tolerable level.				Business Continuity Plans		
				Forth Valley Local Resilience Partnership			

 Low - 9 or below
  Medium - 10 to 15
  High - 16 or above

 Increased score
  Consistent score
  Decreased score
  New risk

Appendix B – External Audit Actions

21 actions assigned from 2013/14 to 2015/16 (16 complete), overall progress:

85%

Audit of 2015/16 Accounts

4 actions assigned, overall progress:

53%

Council Tax Income				Service Manager Strategy & Revenues			
Observation	Due Date	31-Mar-2017	Priority	3	Code	COU EXA 501	
From our evaluation of the controls, we noted that there are plans in place to automate the linkage between the Council Tax Northgate system and the Assessor and that currently this is not reconciled on a regular basis.							
Latest Note	Progress	20%	Status		Expected Outcome		
Records are reconciled manually on a monthly basis which allows the manual update of property records. The Council has purchased reconciliation software from Northgate and it is currently being tested. This will report anomalies by exception and allow manual amendments to be made.							

Highway Network Assets				Chief Accountant			
Observation	Due Date	31-Mar-2017	Priority	2	Code	COU EXA 502	
The Council should consider the identified risk areas as noted on page 19 (link to report in parent action description) and action required over the next six months to ensure that appropriate plans are in place to bring Highway Network Assets on Balance Sheet at the appropriate valuation.							
Latest Note	Progress	60%	Status		Expected Outcome		
Preparatory work has been carried out by the Roads Service. The Accountancy team will work with the service to ensure that the requirements are met for the 2016/17 accounts.							

Budget Monitoring				Chief Accountant			
Observation	Due Date	31-Mar-2017	Priority	2	Code	COU EXA 503	
While a number of the variances noted in the year have arisen as a result of changes which would be unforeseen at the time of setting the budget, there is scope for the Council to consider whether the budget process and forecasting is adequately robust, taking into account historical trends, particularly in Social Work.							
Latest Note	Progress	60%	Status		Expected Outcome		
The new finance system will drive the budget process forward. Access to real time information will aid services forecasting and allow early intervention as required between the Accountancy team and the services. As services redesign the historical trends will become less useful for forecasting purposes. Social Services have developed an action plan, reported to Audit & Finance Committee in September, specifically to address this issue.							

Criminal Justice Social Work Services				Head of Social Services			
Observation	Due Date	31-Dec-2016	Priority	3	Code	COU EXA 504	
The Council should carry out a review to ensure that service level agreements are in place where services are provided by independent sector providers.							
Latest Note	Progress	75%	Status		Expected Outcome		
One of the two SLAs is already in place and the other is being drafted, and will be in place once finalised and agreed.							



Complete In Progress Overdue



Will complete within target Will complete outwith target



Audit of 2014/15 Accounts

4 actions assigned (3 complete), overall progress:

 75%

Accrued expenses - post year-end invoice reflection in accounts					Chief Accountant	
Observation	Due Date	30-Jun-2016	Priority	3	Code	COU EXA 401
Invoices received after year-end of low value are not always reflected in the year-end accounts. We recommend that all post year end invoices relating to pre year end are accounted.						
Latest Note	Progress	<input type="text" value="100%"/>	Status		Expected Outcome	
Completed within target.						



Property, plant & equipment revaluations - management & challenge of advice					Chief Accountant	
Observation	Due Date	30-Jun-2016	Priority	3	Code	COU EXA 403
We recommend that the Council ensure there is an experienced internal contact who can manage and challenge the advice of externally sourced valuation.						
Latest Note	Progress	<input type="text" value="100%"/>	Status		Expected Outcome	
Complete as at September.						

Property, plant & equipment revaluations - modern equivalent asset					Chief Accountant	
Observation	Due Date	30-Jun-2020	Priority	2	Code	COU EXA 404
With regard to MEA considerations for land, we recommend that the valuer should, where possible, determine the land value reflecting an appropriate site size for a MEA facility and if possible determine a site value reflecting least cost to replace basis.						
Latest Note	Progress	<input type="text" value="0%"/>	Status		Expected Outcome	
This will be covered in any future engagement with valuers, related to COU EXA 403 which is expected to be completed by the target date. Deloitte UK confirmed in their report to Audit & Finance Committee in September 2016 that this recommendation is not due until the next full valuation is performed, and this is completed in a five-year cycle (previous in 2015).						

Audit of 2013/14 Accounts

13 actions assigned (all complete), overall progress:

 100%

Clackmannanshire Council Sundry Trust Funds – appointment of independent trustee					Head of Strategy & Customer Services	
Observation	Due Date	31-Mar-2015	Priority	2	Code	COU EXA 303
We recommend that consideration is given to the appointment of an independent trustee to the Board of each charity. This would remove the formal audit requirement under Section 106 of the Local Government (Scotland) Act 1973.						
Latest Note	Progress	<input type="text" value="100%"/>	Status		Expected Outcome	
Independent trustees have now been appointed to all remaining trusts on the Councils Sundry Trust Fund Accounts.						