



CORPORATE GOVERNANCE COMMITTEE – 13 MAY 2022

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

RISK MANAGEMENT UPDATE

Purpose of the Report

1. One of the roles of the Corporate Governance Committee is to ensure that the Council has effective risk management arrangements in place. This report assists the Committee in fulfilling that role by providing a regular overview of key risk areas and the measures being taken to address them. This is to enable the Committee to review or challenge progress, as necessary, as well as highlight risks that may need to be given further consideration. This report covers:
 - The Corporate Risk Register (CRR) – summary of risks;
 - Mitigating the risk of fraud.

Corporate Risk Register (CRR)

2. Within the County Council's Constitution, Article 9.03 'Role and Function of the Corporate Governance Committee' states that the Committee shall have responsibility for the promotion and maintenance within the Authority of high standards in relation to the operation of the Council's Code of Corporate Governance with an emphasis on ensuring that an adequate risk management framework and associated control environment is in place.
3. The Council maintains Departmental Risk Registers and a Corporate Risk Register (CRR). These registers contain the most significant risks which the Council is managing, and which are 'owned' by Directors and Assistant Directors.
4. The CRR is designed to capture strategic risk that applies either corporately or to specific departments, which by its nature usually has a longer time span. The CRR is a working document and therefore assurance can be provided that, through timetabled review, high/red risks will be added to the CRR as necessary. Equally, as further mitigation actions come to fruition and current controls are embedded, the risk scores will be reassessed, and this will result in some risks being removed from the CRR and managed within the relevant departmental risk register.

5. The current risks on the CRR (last presented to the Committee on 28 January 2022), risks removed, and a brief reminder of risk scoring are shown in Appendix A attached to this report. The impact and likelihood are shown below each current risk score.

Movements since the CRR was last presented are detailed below: -

Risks added

Corporate Risk B. – All - If the implications of the Russian invasion of Ukraine are sustained, then the County Council and Leicestershire as a whole will be significantly impacted.

Corporate Risk 4.5 – Environment and Transport and Children and Family Services - If Special Educational Needs Assessments are delayed and Education, Health and Care Plans are not issued on time with appropriate placements for children identified, Transport Operations could be failing to provide a timely statutory service.

Corporate Risk 7.4 – Adults and Communities - Social Care Reform, implementation of charging reform and assurance process

Risk description amended

Chief Executive's

Corporate Risk 1.11 – From – If Freeport designation is not achieved there will be serious reputational consequences for the East Midlands region and partners in the Freeport proposal.

To - If transition to the operational stage were not enabled, taking account of financial, governance, HR and other considerations, the County Council would not be fulfilling its role as lead authority and accountable body for the East Midlands Freeport.

Note also that following a review, four risks have had their direction of travel arrows amended – see **bold font**.

Presentation

In accordance with the Committee's request at its meeting on 28 January 2022 a presentation will be provided as part of this item on the Corporate Risk 7.2 (regarding the risk 'If departments are unable to promptly recruit and retain staff with the right skills and values and in the numbers required to fill the roles needed, then the required/expected level and standard of service may not be delivered, and some services will be over reliant on the use of agency staff resulting in budget overspends and lower service delivery') as the Director of Corporate Resources considered appropriate.

Mitigating the risk of fraud

Reporting Fraud under the Local Government Transparency Code 2015

6. Under the Local Government Transparency Code 2015, the County Council is required to publish to its website, annually, summary details of fraud investigations including the total number of frauds investigated and the total amount spent by the authority on the investigation of fraud. Details for 2021/22 have been published can be viewed via the link below: -

<https://www.leicestershire.gov.uk/about-the-council/council-spending/payments-and-accounts/cost-of-fraud-investigations>

Procurement Fraud Training

7. The Commissioning Support Unit has been active during the last quarter in rolling out procurement fraud training to those staff with elements of procurement in their job descriptions. This can range from procurement officers to contract management officers to simply those staff with authority to order goods and services. The Internal Audit and Assurance Service (LCCIAS) will monitor take-up of the training module over the next quarter and target any areas where take-up is low.

National Fraud Initiative 2022-24

8. The National Fraud Initiative (NFI) is a national data-matching exercise that takes place every two years. Preparation has begun for NFI 2022-24, e.g., early engagement with key officers, review of privacy notices. Based on early exercises, the expectation is that the Council will be expected to provide its data in September 2022 with results expected back from the Cabinet Office in February 2023 for further investigation of any potential anomalies. Data sets to be submitted will include data on employees, elected members, creditors, pensions, concessionary travel passes, disabled parking permits (blue badges) and adult social care.

Raising Fraud Awareness

9. Raising fraud awareness remains a key defence against fraud, especially regarding common frauds or emerging frauds. There continues to be a number of mandate fraud attempts where fraudsters impersonate companies in an attempt to get customers such as the Council to amend bank account details into which payments are made. The LCCIAS continues to work with key partners to ensure that the Council's systems are fraud-proofed in this area and that operational staff continue to give a healthy scepticism to all such correspondence, i.e. likely to be fraudulent until proven conclusively otherwise. A more recent development surrounding this type of fraud has seen fraudsters impersonating employees and making requests to change the bank account that their monthly salary is paid into. Fortunately, the controls the Council has in place have prevented any financial loss to date. The LCCIAS continue to work with key partners, e.g. East Midlands' Shared Services, to raise

awareness of this fraud risk and to highlight potential fraud 'red flags' that can often give away that the incoming correspondence is fraudulent.

Recommendations

It is recommended that the Committee:

- a) Approves the current status of the strategic risks facing the County Council;
- b) Makes recommendations on any areas which might benefit from further examination;
- c) Notes the update regarding mitigating the risk of fraud.

Resources Implications

None.

Equality and Human Rights Implications

None.

Circulation under the Local Issues Alert Procedure

None.

Background Papers

Report of the Director of Corporate Resources – 'Risk Management Update' – Corporate Governance Committee, 12 June 2020, 24 July 2020, 25 November 2020, 29 January 2021, 3 June 2021, 23 July 2021, 5 November 2021 and 28 January 2022.

<http://politics.leics.gov.uk/ieListMeetings.aspx?Committeeld=434>

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Appendix

Appendix - Corporate Risk Register Update (April 2022)