

**Health Professions Council
Council Meeting – 14th December 2006**

HPC RISK MANAGEMENT - PUBLIC PAPER

Executive Summary and Recommendations

1. Introduction

Action point 6.5 from the September Audit Committee Meeting was to inform the Council about HPC Risk Management to help facilitate Council Members' strategic understanding of risks and the controls (mitigations) that are in place.

2. Decision

The Council is requested to discuss the documents and feedback any concerns to the Executive.

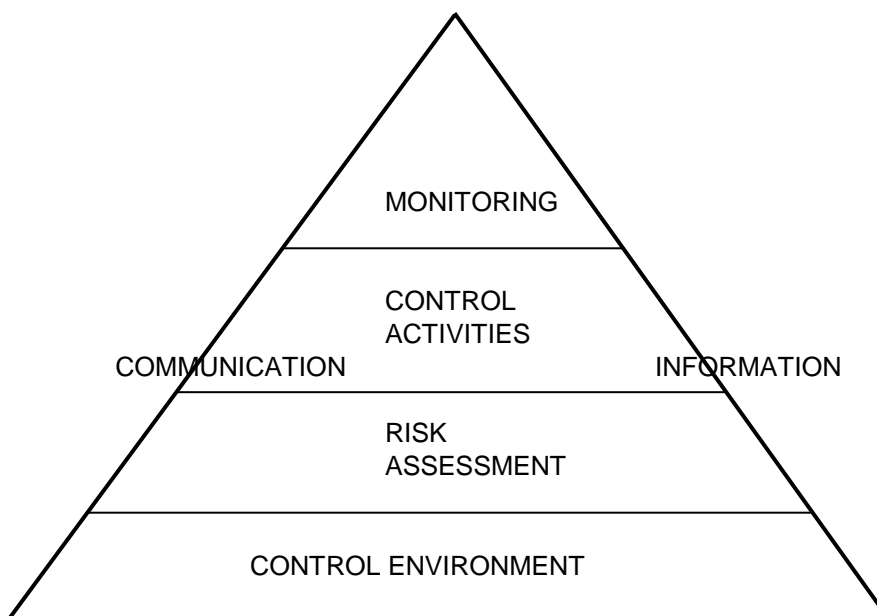
3. Background information

What is Risk Management?

“This is the way that the risks that affect the organisation's ability to succeed are identified and addressed.” (Pickett & Pickett 2005¹)

How are Internal Control and Risk Management related?

Internal controls are “the mechanisms that deal with specific risks” that the organisation faces. The COSO² model suggests that control is about having the following key components in place :



The COSO Model (cited in Pickett & Pickett 2005)

¹ “Auditing for Managers – The Ultimate Risk Management Tool” by K.H S. Pickett and J.M. Pickett, Wiley 2005

² Committee of Sponsoring Organisations

A sound **Control Environment** is where employees understand internal control and have the drive and ethical direction to want to make sure that controls work well in at HPC. This is an ongoing opportunity at HPC. Some employees might perceive controls as “red tape” i.e. a hurdle to meeting the goals on which they are assessed. Controls are aided and reinforced by things like :

- restricted system access (unique password access and system security levels to change database records),
- purchasing approvals (bank mandate and limited list of cheque signatories),
- paper-based and system-based audit trails & exception reporting
- budget accountability for spending and
- segregation of duties (separating key tasks between people to reduce fraud opportunities)

Risk assessment is where people are equipped with the skills & tools to identify risks to the achievement of their business objectives and work out which ones need to be addressed. This is an ongoing opportunity at HPC as the top 10 risks for HPC, the list of key risks at HPC, the mitigations, risk significance and risk probability all change over time.

The Risk Register is the core HPC document outlining risks that the Executive believe the Health Professions Council is exposed to at the time the Register is updated. HPC formally review the risks and assigns Risk Owners in the Risk Register. The Risk Register is reviewed by all Risk Owners and updated twice yearly, usually in February and September. Readers of the Risk Register (not an exhaustive list) would include; the Audit Committee, the financial auditors (NAO, Baker Tilly and PKF), the BSI quality auditors, budget holders, EMT, the Chief Executive and the President. See Appendix Two and Three.

Control activities, where people appreciate the range of measures that are available to address risks identified and prioritised during the risk assessment process. There is an ongoing opportunity at HPC to help employees understand the range of potential risk mitigations and their relative effectiveness. Ongoing vigilance, communication and planning are required.

Monitoring, where there are measures in place to ensure the control model is properly established and risk management (risk assessment and control activities) is actually happening in an acceptable manner. This is an ongoing opportunity at HPC and we rely on the three sets of auditors for advice and feedback, taking into consideration requirements and resource constraints. The Executive also initiate improvements e.g. to the LISA system, to improve controls.

Statement of Internal Control - In the Annual Report, the Government Financial Reporting Manual (FReM), issued by H.M Treasury for use by Government Reporting Bodies and Non Government Dept Reporting Bodies alike, has a requirement for the Accounting Officer (in HPC’s case, the Chief Executive) to write and sign a Statement on Internal Control relating to the period that the Annual Report covers. See Appendix One.

Information and Communications that run throughout the control framework to ensure those persons involved are coordinating their efforts towards the same goals and communicating effectively.

4. Resource implications

Employee time

5. Financial implications

Various, including insurance premium costs (approx £74k per annum) and various supplier costs to achieve the risk mitigations.

6. Background papers

Nil

7. Appendices

- Accounting Officer's Statement of Internal Control
- Risk Register (Main and Top Ten)
- Risk Register Glossary

8. Date of paper

23rd November 2006

APPENDIX ONE

Accounting Officer's Statement of Internal Control (extracted from the Annual Report for the Year Ending 31st March 2006 - highlights and italics added for emphasis)

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Council's policies, aims and objectives, whilst safeguarding the Council's assets for which I am personally responsible, in accordance with the responsibilities assigned to me by the Privy Council.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve, policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Capacity to handle risk

The Council vests the responsibility of its risk management process in its Executive Management Team, which is responsible for formulating methods of mitigating identified risks and for formulating a business continuity plan. The Executive Management Team are responsible for ensuring that employees and visitors to HPC premises are suitably briefed, and trained where necessary.

The risk and control framework

Current risks have been identified and evaluated as to their significance and probability of occurrence. All such risks have been assigned a risk owner who is responsible for managing and mitigating the risk. Risk management is an ongoing process and the Audit Committee reviews the latest Risk Assessment Register twice a year.

Risk mitigation occurs in a variety of ways. Examples include; monitoring regular management information (exception reporting), hedging risk through taking out suitable insurance cover, diversification, maintaining administrative procedures including the segregation of duties, providing employee training, monitoring legislative changes for their impact on HPC operations and maintaining a system of accountability. To elaborate, it includes:

- *ensuring consideration of the Council's strategic objectives in reacting to change brought about by UK legislation and other external pressures;*
- *reviewing operating procedures particularly with regard to having the right infrastructure in place; including employees being properly briefed and trained in order to maintain and improve service standards,*
- *ensuring that corporate governance best practice, as appropriate to the Council, is maintained and updated to meet changing requirements;*
- *constructing comprehensive budgeting and forecasting models to compile an annual Budget and Five Year Plan which are reviewed and agreed by the Council;*
- *ensuring regular reviews by the Finance and Resources Committee of monthly and annual financial performance against forecasts;*

- **ensuring ongoing audits by the Internal & External Auditors, and specialist Information Technology/Service security providers;**
- **obtaining external specialist advice on legislative compliance in a range of areas;**
- **setting performance targets to measure financial and other performance, including individual goals and objectives for departments and managers;**
- **clearly defining procedures for the authorisation and control of revenue and expenditure;**
- **operating within the dictates of the Standing Financial Instructions, financial policies & procedures; and**
- **ensuring clear documentation of operating procedures and processes to maintain ISO accreditation.**

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the external auditors and the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letters and other reports.

Significant internal control problem

A theft of £133,263 by HPC's Finance Director, brought to my attention in May 2005 through the whistle-blowing procedures, cast doubt over the adequacy of the risk and internal financial control framework operated by the Council at that time. As a result of the occurrence, the Council and I sought the immediate resignation of the Council's internal and external auditors. I immediately commissioned an independent forensic investigation into the details of the criminal activities, together with a review of the robustness of internal financial systems. The Council and I received two reports from the forensic auditors and ensured implementation of the recommendations. I also appointed a replacement Finance Manager to run the Finance department, oversee the implementation of the recommendations and to develop improved financial processes.

As a result of the resignation of the internal auditors, there was no internal audit function in place however Baker Tilly Forensic Accountants carried out a review of management controls during the year.

Council and committee member expenses and fees

Following a recent review of how the HPC reimburses Council and Committee member allowance fees and expenses, it was found that the Council would likely have an obligation to pay the associated PAYE and National Insurance on travel and subsistence expenses and National Insurance contribution on Attendance allowance fees paid. On review of the expenses and fees paid in the last three years to March 2005, it was identified that a total of £304,000 should have been paid as PAYE and Employer's National Insurance. A financial provision for this amount was recognised in the March 2005 Consolidated financial accounts. A further provision of £103,624 was recognised in the March 2006 Consolidated financial accounts relating to PAYE and NI in that period.

A new Head of Finance has been appointed and the Council have strengthened both its Finance and Resources Committee and Audit Committee by appointing persons with substantial financial experience to help them be more effective in critically reviewing and managing on behalf of the wider Council the work of the financial staff and auditors.

Internal Auditors

Following the resignation of the internal auditors in May 2005, HPC has been operating without an internal audit function. Reliance was placed on Baker Tilly's forensic work during

the year which covered management controls. The Council and I recognise the need for a robust internal audit function and as such appointed PKF (UK) LLP as internal auditors in May 2006.

Audit Information

I confirm that there is no relevant audit information of which the auditors are unaware, and I have taken steps to ensure that they are aware of relevant audit information. I have established that the company's auditors are aware of the information.

Marc J Seale

Chief Executive and Registrar
Accounting Officer

06 July 2006

HEALTH PROFESSIONS COUNCIL

RISK ASSESSMENT September 2006

Guide - look for Risks rated as Medium or High PROBABILITY (of occurrence in next 12 mths). Then for those ones, look for SIGNIFICANCE (Impact) ratings of Medium or High. SIGNIFICANCE is Net i.e. Gross Risk less mitigations in place.
 Premises in this document covers 184 Kennington Park Rd, 20 Stannary St and 22-26 Stannary St premises.

Ref	Category	Description	Risk owner (primary person responsible for assessing and managing the ongoing risk)	Mitigation I	Mitigation II	Mitigation III	SIGNIFICANCE SEPT 2006	PROBABILITY SEPT 2006	SIGNIFICANCE MARCH 2006	PROBABILITY MARCH 2006
1	Strategic	1.1 HPC fails to deliver OIC	Council	Delivery of HPC Strategy	Publication of Privy Council Annual Report	-	High	Low	High	Low
		1.2 Unexpected change in UK legislation	Chief Executive	Relationship with Government depts	Lobbying	-	Medium	Low	High	Medium
		1.3 Incompatible OIC and EU legislation	Chief Executive	Monitoring of EU	EU lobbying	-	Low	Medium	Low	High
		1.4 CHRE conflict	Chief Executive	President on CHRE Council	Communications	-	Low	Low	Low	Low
		1.5 Privy Council rejects fee increase	Chief Executive	Communications strategy including Consultation	Maintain regular informal contact with Privy Council staff throughout all stages of the project	-	High	Medium	Low	Low
2	Operations	2.1 Inability to occupy premises or use interior equipment	Facilities Mgr & Dir of Corp Services	Invoke Disaster recovery plan	Commercial Combined insurance cover (fire, contents, terrorism etc)	-	Low	Low	High	Low
		2.2 Rapid increase in registrant numbers	Chief Executive and Director of Operations	Scaleable IT systems/registration	22-26 Stannary St fit out.	Manage the rate at which New Professions are regulated	Low	Low	Medium	High
		2.3 Unacceptable service standards	Dir of Operations	ISO 9001 Registration, Process maps, well documented procedures & BSI audits	Hire temporary staff to clear service backlogs	Market Research surveys to prioritise service offerings	Low	Low	High	Medium
		2.4 Postal or telephone disruption	Dir of Comms & Facilities Mgr	Website, newsletter & messages	Invoke Disaster recovery plan	Collection of >80% income fees by DD	Low	Low	High	Low
		2.5 Public transport disruption	Facilities Mgr & Dir of Corp Services	Invoke Disaster recovery plan	-	-	Low	Low	Medium	Low
		2.6 Inability to accommodate HPC employees	Facilities Mgr	Temporary premises rented	22-26 Stannary St fit out.	-	Medium	Low	High	Medium
3	Communications	3.1 Failure to inform public Article 3 (13)	Dir of Comms	Delivery of communications strategy	AGM, Biennial awareness survey	-	Low	Low	Medium	Low
		3.2 Loss of support from the professional bodies	Dir of Comms	Delivery of HPC Strategy	Delivery of communications strategy	Regular Listening Events held	Low	Low	Medium	Low
		3.3 Inability to inform stakeholders following crisis	Dir of Comms	Invoke Disaster recovery plan	Mailing address details kept as current as possible in LISA	-	Low	Low	High	Low
4	Corporate Governance	4.1 Council inability to make decisions	Sec to Council	Regular meetings, agendas and decision processes in place	Well researched and drafted decision papers at meetings	Attendance by external professionals as required	Low	Low	High	Low
		4.2 Council members conflict of interest	President	Disclosure of members' interests to the Secretariat	Disclosure of conflict of interest in the Annual Report & on the HPC website	-	Low	Low	High	Low
		4.3 Poor decision-making eg conflicting advice or conflicting advice and decisions	President	Well-researched & drafted decision papers, Council member Inductions, training & Away Days	President's involvement in the appointments process for lay members	Attendance by external professionals, as required.	Low	Low	High	Low
		4.4 Failure to meet Council/Committee quorums	Sec to Council	Clear communication of expectations of Councillors duties upfront	Adequate processes notifying Council & Committee members of forthcoming meetings	Decisions can be ratified at the next meeting or if urgent but not controversial, by email.	Low	Low	High	High
		4.5 Members' poor performance	President	President's annual appraisal of Council members	Training & support at Away Days and Inductions	Removal under Sch 1, Para 9(1)(f) of the HPO 2001	Low	Low	Medium	Low
		4.6 Poor performance by the President	Council	Standing Orders	Power to remove the President under Sch 1, Article 12(1) C of the HPO 2001	-	Low	Low	High	Low
		4.7 Poor performance by Chief Executive	President	Performance reviews and regular "one to ones" with the President	Contract of Employment	-	Low	Low	High	Low
		4.8 Improper financial incentives offered to Council members/employees	President and Chief Executive	Gifts policy	Council member code of conduct	-	Low	Low	High	Low
		4.9 Safety of Council members	Sec to Council	Personal Injury and Travel insurance	-	-	Low	Low	Medium	Low

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5	IT	5.1 Software Virus damage	Dir of Corp Services	Firewalls and anti-virus SW checks run	Adherence to IT policy, procedures and training	Regular externally run security tests and probes	Low	Low	High	High
		5.2 Technology obsolescence, (HW or SW)	Dir of Corp Services	Open system IT strategy	Good design to "future-proof" user requirements	Upgrade and replacement plan	Medium	Low	High	Low
		5.3 IT fraud or error	Dir of Corp Services	Adequate access control procedures maintained. System audit trails.	Regular, automatic password changes. External reviews. Daily backups.	Computer insurance (against hacking)	Medium	Low	High	Medium
6	Partners	6.1 Inability to recruit and/or retain suitable Partners	Partner Manager	Sound recruitment strategy. Training	HR Strategy: Appropriate compensation package in place.	-	Low	Low	High	Low
		6.2 Incorrect interpretation of law and/or SI's resulting in CHRE review	Dir of FTP & Dir of Ops (visitors)	Training	Legal Assessors advice availability	-	Low	Low	High	Low
		6.3 Safety of Partners	Partner Manager	Personal Injury and Travel insurance	Liability Insurance	-	Low	Low	High	Low
7	Approvals & Monitoring & CPD	7.1 Non-detection of low HEI standards	Dir of Operations	Approvals & Monitoring processes	-	-	Medium	Low	Medium	Low
		7.2 Institutions refusing visits or not submitting data	Dir of Operations	Legal powers (HPO 2001)	-	-	Medium	Low	Medium	Low
		7.3 Inability to manage HEI visits	Dir of Operations	Adequate manpower resourcing, training and visit scheduling	Approvals & Monitoring processes	Temporary staff hire to backfill or clear wk backlogs	Medium	Medium	High	Medium
		7.4 Loss of support from HEIs	Chief Executive	Delivery of Education strategy	Partnerships with Visitors and professional groups.	-	Low	Low	High	Low
		7.5 CPD processes not operational by July 2008	Dir of Operations	Annual Business Plan	-	-	Low	Low	High	Low
8	Registration	8.1 Customer service failures	Dir of Operations	Accurate Manning level forecasts	Adequate manpower resourcing & training	Supporting automation infrastructure eg call centre systems, LISA system enhancements	Low	Low	High	High
		8.2 LISA Registration system failure	Dir of Operations	IT strategy	Adequate IT Maintenance & Development spending	Disaster recovery tests	Low	Low	High	Low
		8.3 Inability to detect fraudulent applications	Dir of Operations	Financial audits, System audit trails	Policy and procedures	Regular, automatic password changes	Low	Low	High	High
		8.4 Backlogs of registration and GP applns	Dir of Operations	Adequate staffing levels to clear backlogs, based on accurate demand-forecasting	Process streamlining	-	Low	Low	High	High
		8.5 Failure to meet the Registration Dept merger project timetable	Dir of Operations	Detailed Project Plan and regular progress reviews (EMT)	Close teamwork with IT and Space planning teams (allied projects)	-	High	Low	-	-

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9	HR	9.1 Loss of key HPC employees (person cover risk)	EMT	Process documentation	Cross training (partial or full)	Succession planning	Medium	Low	High	Medium
		9.2 High turnover of employees	HR Manager	Remuneration and HR strategy	Regular performance reviews	Exit interview analysis	Low	Low	Medium	Low
		9.3 Inability to recruit suitable employees	HR Manager	HR Strategy and adequate resourcing of the HR dept	Careful specification of recruitment adverts and interview panel selection	Hire skilled temporary staff in the interim	Low	Medium	High	Medium
		9.4 Lack of technical and managerial skills to delivery the strategy	Chief Executive	HR strategy and goals and objectives (buy in the skills v staff upskilling on the job v training)	Training needs analysis & training delivery.	Some projects or work initiatives delayed or outsourced	Low	Medium	High	Medium
		9.5 Health & Safety of employees	HR Manager & Facilities Mger	Health & Safety Training, policies and procedures	H&S Assessments (Lawrence, Webster Forrest)	Personal Injury & Travel insurance	Low	Low	High	Low
		9.6 High sick leave levels	EMT	Adequate staff (volume and type) including hiring temporary staff	Return to work interviews and sick leave monitoring	Regular progress reviews	Low	Medium	Medium	Medium
		9.7 Employee and ex-employee litigation	HR Manager	HR legislation & HR Disciplinary policy	Compromise agreements	-	Low	Medium	Medium	Medium
		9.8 Employer/employee inappropriate behaviour	HR Manager	Policy and procedures	Employee Assistance programme	-	Low	Low	High	Low
		9.9 Compliance with Employment legislation	HR Manager	HR Strategy	Obtain legislation updates and legal advice	HR policies and Manager training	Low	Low	High	Medium
10	Legal	10.1 Judicial review of Rules, Standards & Guidance	Chief Executive	Consultation. Stds determined by PLG's. Agreement by Council.	Appropriate legal advice sought	-	Medium	Medium	Medium	Medium
11	Fitness to Practise	11.1 Legal cost over-runs	FTP Director	Processes and strict arrangements with law firm suppliers	Professional Indemnity Insurance (Assessors)	-	Medium	Medium	Medium	Low
		11.2 Legal challenge to HPC operations	Chief Executive	Legal advice and ISO	Communications	-	Low	Low	Low	Low
		11.3 Tribunal exceptional costs, FTP, Registrations and CPD Appeals	FTP Director	Quality of legal advice	Quality of operational processes	Legal Insurance cover for lawyer costs (rather than tribunerals) costing between £125k and £250k	High	High	High	Medium
		11.4 Rapid increase in the number of tribunerals and resultant legal costs	FTP Director	Accurate and realistic budgeting	-	-	Low	Medium	High	High
		11.5 Witness non-attendance	FTP Director	Witness summons	Witness support programme	-	Low	Medium	Medium	Medium
		11.6 "Losing" FTP cases	FTP Director	Decision making at ICP stage/training	Quality Legal advice sought and used	-	Low	Low	Medium	Medium
		11.7 Employee/Partner physical assault by Hearing attendees	FTP Director	Advice sought from the Police	Adequate building security	Periodic use of security contractors and other steps	Low	Medium	High	High
		11.8 Registration Appeals	FTP Director & Ops Director	Training and selection of Registration Assessors, so reasoned decisions are generated	Effective processes and criteria for arranging hearings and cases	-	Low	High	Low	High

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12	Policy & Standards	12.1 Incorrect process followed to establish stds/guidance/policy eg no relevant Council decision	Policy Stds Director	Quality mgt system & processes	Legal advice sought on processes	-	Low	Low	High	Low
		12.2 Inappropriate stds/guidance published eg stds are too confusing or are conflicting	Council/Committees	Use of PLG's, with expertise	Consultation with stakeholders & legal advice sought	-	Low	Low	High	Low
		12.3 Changing/evolving legal advice rendering previous work inappropriate	Policy Stds Director	Use of well-qualified legal professions. Regular reviews.	Obtain legal advice in writing	-	Medium	Medium	High	High
		12.4 Setting standards too high	Education and Training Committee	Appropriate expertise of Education and Training Committee members from the professions	Appropriate expertise of Policy & Stds employees	Consultation with stakeholders and legal advice sought	Low	Low	Medium	Low
13	Finance	13.1 Insufficient Cash to meet commitments	Finance Manager	Maintain an appropriate level of cash reserves - refer Reserves Policy.	Annual and Five Year Plan	Monthly forecasts/reviews	Low	Low	Medium	Low
		13.2 Unexpected rise in operating expenses	EMT	Finance & Resources Committee review of the Monthly variances to date	Budgetary control clarity around permanent and timing differences.	Regular Budget-holder reviews	Medium	Low	Medium	Medium
		13.3 Large Capital Project Cost Over-runs eg IT projects	EMT	Finance & Resources Committee review of the monthly variances to date	Effective project management and project tracking	-	Medium	Low	-	-
		13.4 Loss in value of investment portfolio	Finance Manager	Adherence to Investments and Reserves policies. Long run view.	Monthly monitoring and periodic fund performance benchmarking.	Professional funds management	Low	Low	Medium	Low
		13.5 Inability to pay creditors	Finance Manager	Adequate payment procedures	Adequate cash-flow forecasting	Monthly Aged Creditors review	Low	Low	Low	Low
		13.6 Inability to collect from debtors	Finance Manager	Collection via Direct Debit for >80% of fees income	Misc debt collection reporting & procedures	-	Low	Low	Low	Low
		13.7 Registrant Credit Card record fraud	Facilities Mgr	Daily credit card payment reconciliations - Streamline to LISA and Bank records.	Project to retrieve sensitive paper records in archive, rationalise records kept and retain sensitive current year records in locked cupboards and compliance with cr card record storage stds.	Replacement of Streamline system with Worldpay (online cr card auth and payments received)	Low	Low	Medium	Medium
		13.8 Total receipt of correct fee income	Finance Manager	LISA controls in place (charging & receipts)	Revenue reconciliations	-	Low	Low	Medium	Low
		13.9 Mismatch between Council goals & approved financial budgets	Chief Executive	Adequate quantification of the budgetary implications of proposed new initiatives	Close and regular communication between the Executive and Council.	-	Low	Low	Medium	Low
		13.10 Unauthorised payments to organisations	Finance Manager	Purchase Order compliance	Signatory list reviews	Approved and one-off supplier processes	Low	Low	Medium	Low
		13.11 Unauthorised payments to personnel	Finance Manager	Expense claim processes	Signatory list reviews	Professional Indemnity & fraud insurance	Low	Low	Medium	Low
		13.12 Unauthorised removal of assets (custody issue)	Dir of Corp Services & Facilities Mgr	IT asset labelling & asset logging (issuance to employees)	Fixed Asset register itemising assets. Job exit procedures (to recover HPC laptops etc)	Computer insurance	Low	Low	Low	Low
		13.13 Mis-signing of cheques (forgery)	Finance Manager	Regular reviews of cheque signatories against invoices paid by cheque.	Monthly bank reconciliations	Minimal use of manual chqs	Low	Low	Medium	Low
		13.14 Tax law non compliance	Finance Manager	Professional tax advice sought	Employee training (CPD hours)	-	Low	Low	High	Low
		13.15 Council/Treasury Guidelines/UK GAAP/IFRS	Finance Manager	Periodic reviews of website updates	Employee training (CPD hours)	Reference books held in Finance Dept	Low	Low	-	-

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		13.16 Qualified opinion received by the Auditors on the Annual Financial Statements	Finance Manager	Internal control compliance	Treasury/HMRC/UK GAAP/IFRS compliance	-	Low	Low	-	-
		13.17 Late submission of the Financial Statements/Annual Report, beyond sector standards	Finance Manager and Comms Director	Agreement on the Year End and Annual Report reporting process dates	Process management	-	Low	Low	-	-
		13.18 Fund Manager or Money Market provider insolvency	Finance Manager	Periodic reviews of financial strength (audited annual accounts)	-	-	Low	Low	High	Low
		13.19 Failure to meet the Fee Rise Project timetable	Finance Manager (Project Lead)	Detailed Project Plan and regular progress reviews (EMT)	Hire additional project resources to meet the deadlines	As a last resort, delay the "go live" date	High	Medium	-	-
14	Pensions	14.1 Under-funded pension liabilities (CPSM Retirement Benefits Scheme*)	Finance Manager	Benefits secured by insurance policies issued by the Scottish Life Assurance (SLA)	Periodic review of the actuarial valuation of assets of the fund to cover pension liabilities.	-	Low	Low	Medium	Low

* The Fund wind up is being managed by Capital Hartshead (formerly FPS). Since 1995, eligible employees have belonged to a new scheme - Flexiplan 1.

Top HPC Risks

RISK ASSESSMENT September 2006

	Description	Risk owner (primary person responsible for assessing and managing the ongoing risk)	Mitigation I	Mitigation II	Mitigation III	SIGNIFICANCE SEPT 2006	PROBABILITY SEPT 2006	COMMENTS
11.3	Tribunal exceptional costs, FTP, Registrations and CPD Appeals	FTP Director	Quality of legal advice	Quality of operational processes	Legal Insurance cover for lawyer costs (rather than tribunerals) costing between £125k and £250k	High	High	
1.5	Privy Council rejects fee increase	Chief Executive	Communications strategy including Consultation	Maintain regular informal contact with Privy Council staff throughout all stages of the project	-	High	Medium	Probability flagged up as Medium at this point - Fee Consultation results unknown.
13.19	Failure to meet the Fee Rise Project timetable	Finance Manager (Project Lead)	Detailed Project Plan and regular progress reviews (EMT)	Hire additional project resources to meet the deadlines	As a last resort, delay the "go live" date	High	Medium	Complex timetable, participants with little HPC experience on this and tight deadlines to meet. Detailed steps still being worked on at the time of writing. Fee Consultation results unknown.
7.3	Inability to manage HEI visits	Dir of Operations	Adequate manpower resourcing, training and visit scheduling	Approvals & Monitoring processes	Temporary staff hire to backfill or clear wk backlogs	Medium	Medium	Two experienced staff down at present and others are relatively new. Visits must be planned 6mths ahead to avoid missing the start of academic yr.
10.1	Judicial review of Rules, Standards & Guidance	Chief Executive	Consultation. Stds determined by PLG's. Agreement by Council.	Appropriate legal advice sought	-	Medium	Medium	
12.3	Changing/evolving legal advice rendering previous work inappropriate	Policy & Stds Director	Use of well-qualified legal professions. Regular reviews.	Obtain legal advice in writing	-	Medium	Medium	
11.1	Legal cost over-runs	FTP Director	Processes and strict arrangements with law firm suppliers	Professional Indemnity Insurance (Assessors)	-	Medium	Medium	

HPC Risk Register Glossary

The risk assessment replaces the last HPC Risk Assessment completed. This was dated March 2006.

Category

Risks have been clustered together to aid analysis.

Description

A discrete risk.

Risk owner

The risk owner is the Council, Committees, President, Chief Executive, Executive Management Team, Director or Manager who is primarily responsible for assessing and managing the risk.

Mitigation

Mitigation is the solution that HPC uses to reduce the risk. Up to three groupings of mitigations have been identified.

Significant

Risks are classified into three categories:

High – occurrence would impact HPC’s operations and budget substantially= Red

Medium – occurrence would impact HPC’s operations and budget significantly= Amber

Low – occurrence would impact HPC operations and budget moderately= Green

The risk rating is a net risk rating i.e. an assessment of the gross risk less the mitigations in place to manage it.

Probability

High – probability is assessed as the likelihood of the risk occurring within three months = Red

Medium –likely within one year = Amber

Low – likely after more than one year = Green

	Significance Level	Probability/timing
High	Substantial	Within three months
Medium	Significant	Within one year
Low	Moderate	Over one year