

FINANCIAL FAILURE

HSE/02/041

RISK AREA	PROBABILITY OF RISK	INCREASING OR DECREASING	EFFECT/ CONSEQUENCE OF RISK	CONTROL MEASURES AND MONITORING
<p>19 - Insufficient Resources Available</p> <p>HSE bids to DTLR and HMT not accepted</p> <p>Unexpected additional work (e.g. major incident)</p> <p>Policy changes might adversely affect forecast income</p>	<p>H</p> <p>H</p> <p>H</p> <p>H</p>	<p>Increasing</p>	<p>HSE could not meet expectations e.g. full implementation of Cullen recommendations [ministerial embarrassment?]</p> <p>risk of infraction proceedings if Directives not implemented;</p> <p>HSE forced to direct available resource regardless of risk assessment, SH2 or RHS;</p> <p>support from DWP cannot be guaranteed, especially if any pressure is on Admin costs.</p> <p><i>(all medium in the short term but if persistent will wear away at capacity and move towards high)</i></p>	<p>Measures</p> <p>planning events, including zerobase review of HSE activities in Autumn 2001 which provided basis for SR 2002 submission; resource inputs and targets agreed with direct links to the Strategic Plan; resource budgets are managed via a series of delegated authority to those responsible for delivering. Initial resource allocations are thoroughly reviewed at the mid year stage</p> <p>Assurance</p> <p>Budget holders are required to plan delivery of targets and resource outturn within their allocated budget; those plans form a forecast monthly profile for the FY. Budget Holders are required to review resource outturn and progress with targets against their forecast and provide a narrative to explain variances; proposals to adjust plans may also be made. Budget holders submit their monthly reports to PEFD. PEFD carry out a scrutiny and challenge function and prepare a consolidated monthly report to the HSE Board. The report is discussed by the Board and any changes thought necessary will be discussed and agreed by the Board.</p> <p>New measures not yet in place</p> <p>Contingency plans to enable resource outturn to be redirected or reduced;</p> <p>Build up reserve via EYF</p>
<p>20 - Poor control of resources</p> <p>Exceed Administration Costs control limit;</p>	<p>M</p>	<p>Increasing due to over allocation of budgets to address under spends; hot</p>	<p>HSE might exceed its admin limit and/or net resource budget if it over-commits its resources or fails to realise sufficient income. This would lead to criticism of the Accounting Officer and</p>	<p>Measures</p> <p>Planning events, including zerobase review of HSE activities in Autumn 2001 which provided basis for SR 2002 submission; resource inputs and targets agreed with direct links to the Strategic Plan; resource budgets are managed via a series of delegated</p>

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Exceed Net Resource Budget; Underspends; Lack of Expertise	M H H	under spends; hot running and reliance on realisation of forecast income. GAE currently supplemented by payroll which is not sustainable Decreasing High risk for those posts needing a good understanding of RAB and where there is no succession planning.	possibly an appearance before the PAC. Damage to resource management credibility and possible impairment to future HSE resource allocation. <i>(Medium)</i> Planned targets may not be met; HSE might not meet its statutory obligations; resource unnecessarily diverted/withheld. Damage to resource management credibility and possible impairment to future HSE resource allocation. <i>(Medium)</i> in D/Ds e.g. spend on major contracts could spiral out of control or lack of understanding of RAB could lead to over or under commitment. <i>(Medium)</i>	budgets are managed via a series of delegated authority to those responsible for delivering. Initial resource allocations are thoroughly reviewed at the mid year stage Assurance Budget holders are required to plan delivery of targets and resource outturn within their allocated budget; those plans form a forecast monthly profile for the FY. Budget Holders are required to review resource outturn and progress with targets against their forecast and provide a narrative to explain variances; proposals to adjust plans may also be made. Budget holders submit their monthly reports to PEFD. PEFD carry out a scrutiny and challenge function and prepare a consolidated monthly report to the HSE Board. The report is discussed by the Board and any changes thought necessary will be discussed and agreed by the Board. New measures not yet in place the monthly forecasting process is being reviewed with a view to incorporating a much more strategic view of the realistic staffing and post filling position across HSE and the consequent impact on income generation, resource outturn and outputs. The aim is too provide an informed strategy to maximise use of HSE's resources by a calculated risk, avoiding both over and under commitment. That strategy to include forward projections of resource commitments over a settlement period. PEFD are about to start work on the development of productivity measures to better inform income forecasts. Agreed measures will then be used to forecast and monitor income to enable emerging issues to be identified and addressed quickly. Detailed guidance on planning and resource management in a RAB environment is required. A

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				<p>review of the HSE Planning and Resourcing Guide is nearing completion and will be available on the Intranet.</p> <p>Work is also underway to develop training modules, which can be used remotely by Budget Holders and Finance managers. Following discussions with D/Ds, direct training provided by Finance Unit will, in future, be individually tailored to need rather than a generic provision, which may not be wholly relevant.</p> <p>When the CSR is discussed consideration should be given to rationalising the finance community throughout HSE to increase expertise, reduce overhead and introduce arrangements to assure continuity of effective resource management</p> <p>New measures to be in place by 1.10.2002.</p>
<p>21 - Financial Loss</p> <p>Fraud</p>	L	Decreasing due to transfer in title of IT assets	unproductive loss of resources	<p>Measures internal controls; whistle-blowing/"hot" lines</p> <p>Assurance internal and external audit; annual report of fraud discovered</p> <p>New measures issue of Fraud Policy Statement and Fraud Response Plan; development of risk management strategy and register</p>
Major Uninsured Losses	L	increasing due to events of 11	pressure on other operating costs; and support for additional funding cannot be guaranteed	<p>Measures reliant upon operational controls; training, etc</p>

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Major Special Payments arising from Litigation	L	<p>events of 11 September 2001</p> <p>increasing due heightened awareness of litigation</p>	<p>pressure on other operating costs; and support for additional funding cannot be guaranteed; loss of reputation in cases involving advice/guidance failures</p>	<p>Assurance Budget holders are required to plan delivery of targets and resource outturn within their allocated budget; those plans form a forecast monthly profile for the FY. Budget Holders are required to review resource outturn and progress with targets against their forecast and provide a narrative to explain variances; proposals to adjust plans may also be made. Budget holders submit their monthly reports to PEFD. PEFD carry out a scrutiny and challenge function and prepare a consolidated monthly report to the HSE Board. The Board discusses the report and any changes thought necessary will be discussed and agreed by the Board. Management reviews of guidance, working conditions and management reviews of uninsured losses.</p> <p>New measures contingency plans to enable economies to be made from within existing provision; build up reserve via EYF; training to include risk awareness</p> <p>Measures regular and frequent debt collection activities; operational standards, regular discussions regarding individual debtors, etc</p>
Bad Debts	M	<p>decreasing due to effectiveness of controls</p>	<p>increase in operating costs; loss of cash.</p> <p><i>(All High except for last two which are medium)</i></p>	<p>Assurance OPMs for debtor days, aged debtor listings, internal and external audit, and management reviews of debt collection procedures</p> <p>New measures review, with Sol. Office, development of legislation to recover overseas debts</p>