

Capturing & Monitoring of *Financial Risks*

***Institute of Risk
Management***

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Outline



1. Introduction & Background

- The MoJ
- MCA 'Upside of Risk' report
- A History of Exposure

2. The Approach

- Aim
- *Business & Financial Risk Monitoring:*
 - *Overview*
 - *The Detail*
 - *Getting the Focus Right*
 - *The Outputs*

3. Questions & Close

Background - The MoJ

- Responsible for:

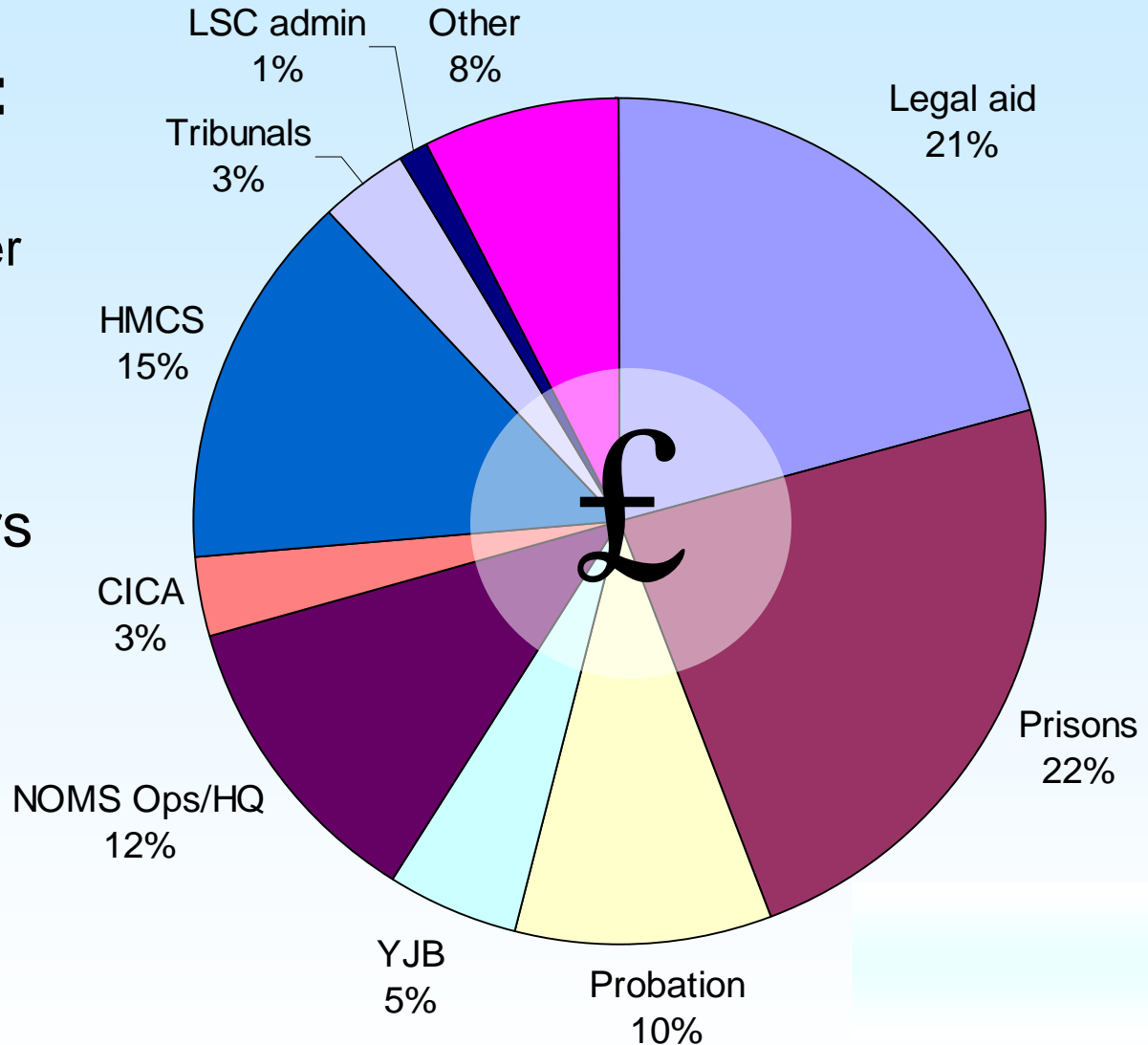
- The Courts
- Prisons/Young Offender Establishments
- Probation
- Legal Aid
- Constitutional affairs

- Gross Cost

(07-08): £9,402m

- Headcount:

circa 100,000 staff



Background - A History of Exposure....

- Significant Impact upon Business & Financial Planning arising from:



- **Downstream costs**
(from OGD
Policy/Activity)

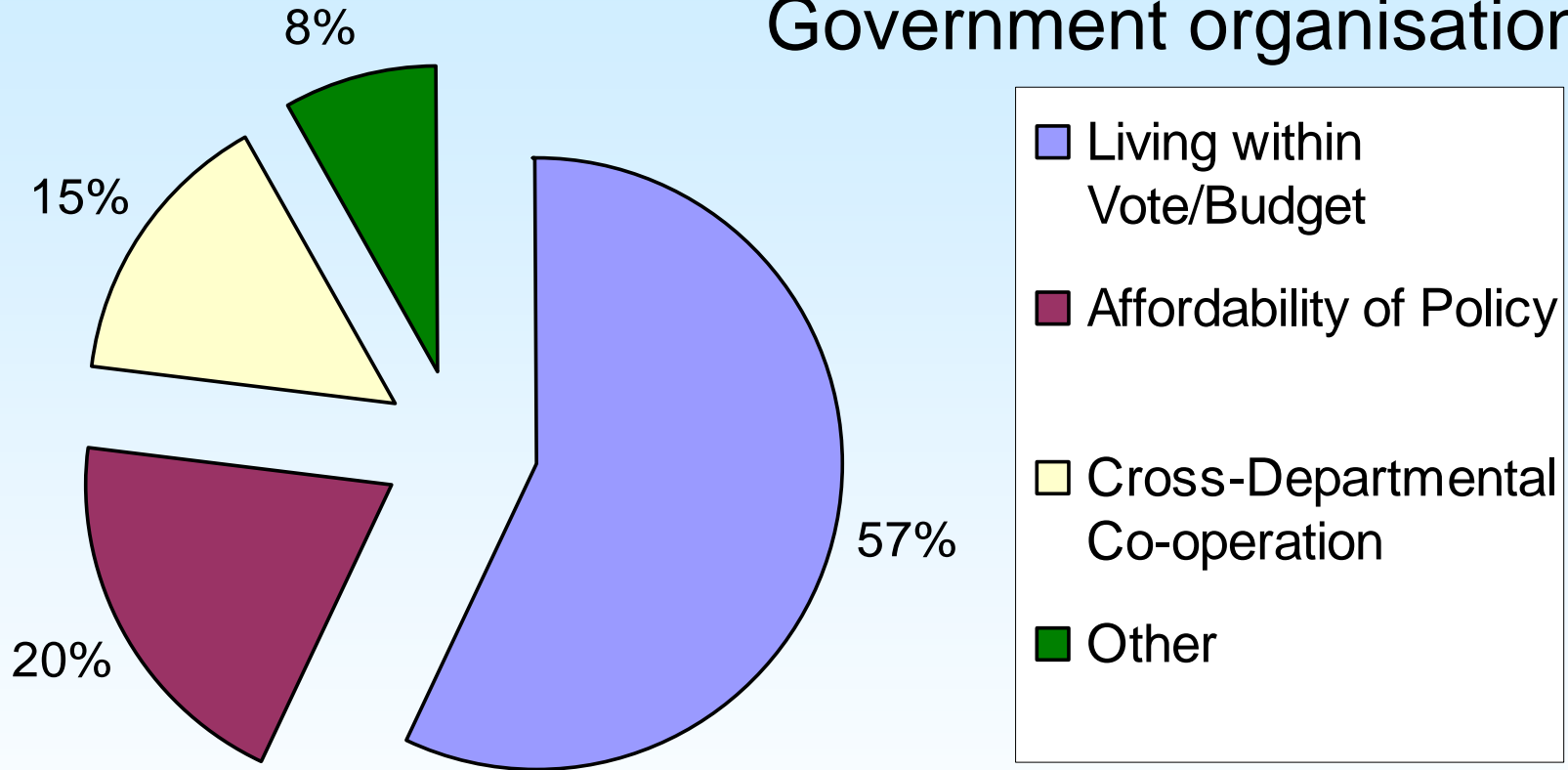
- **Upstream Costs**
(to OGDs from MoJ)

- **Delivery Costs**

They **Hurt** !

Background - MCA 'Upside of Risk' Report...

Finding.... the main **Financial** risks facing Government organisations:



Acknowledged.... 'Any private sector organisation would find the public sector's multiple, conflicting objectives hard to reconcile'

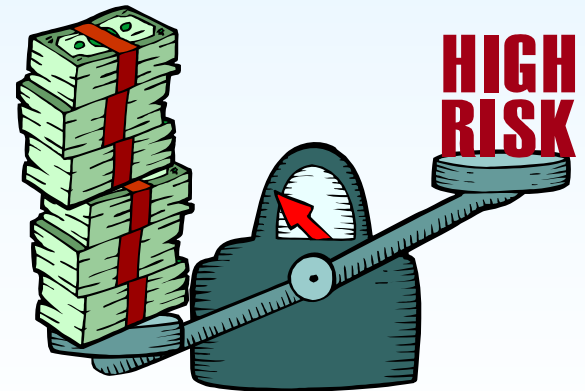
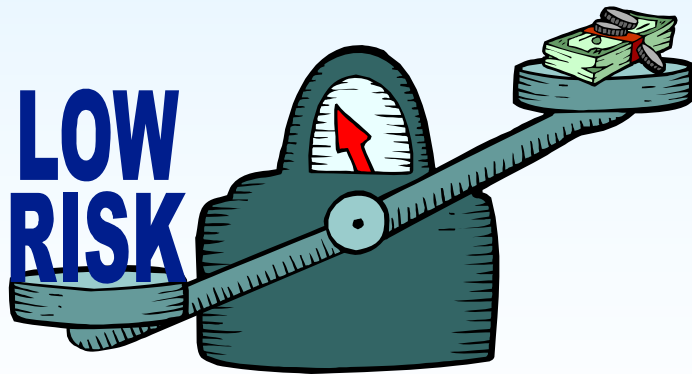
The Approach

Aim

To achieve a more balanced view of
Departmental Financial Position:

**Current
Budgeted
Plans**

**Potential
Unbudgeted
Risks**



Business & Financial Risk Monitoring - Detail

Financial Risk Schedule- Data Entry Worksheet

Business Unit Data Entry Sheet																				
Business Unit Name :									(Downside) Impact Gross								Upside Risk			
(a)	(b)	(c)	(d)	(e)	(f)	(g)		(h)	(i) July 07				(j) Oct 07				(k) Oct 07			
Ref. No.	Type of Initiative	Title of Initiative	Description of Risk	Contact Name	Risk Likelihood	Category of Spend	Budget	FTE	07/08 £m	08/09 £m	09/10 £m	10/11 £m	07/08 £m	08/09 £m	09/10 £m	10/11 £m	07/08 £m	08/09 £m	09/10 £m	10/11 £m

• Key elements of Schedule:

- Type of Risk (*Downstream; Delivery; or Upstream*)
- Variances from previous round
- Mitigating Actions
- Risk Impact Position (NET) (*After Weighting applied*)
- Upside Risk Impact

Getting the focus right..



(Strictly) Risk Assessment - Impact £



- Including :
 - **Category** of spend associated with the risk/initiative, *Near cash, Non Cash or Capital.*
 - **Budget Location** affected by the risk /initiative.

(Strictly) Risk Assessment - Likelihood



On 1-5 Scale, considering:

- **negotiating position** with HMT/OGDs;
- level of **political priority**; or
- **pitfalls** confronting the delivery of initiative

Output - *Data Entry Worksheet*

Business Unit Name :				Mitigation (L)
Variance/Movements between the Operating Plans				Please explain the movements between the two returns (July 07 & Oct 07) and also briefly explain the mitigation measures undertaken and those planned below.
07/08	08/09	09/10	10/11	
£m	£m	£m	£m	
0.0	0.0	0.0	0.0	
0.0	0.0	0.0	0.0	
0.0	0.0	0.0	0.0	

Title of Risk	(Downside) Risk Impact (NET)					Upside Risk			
	07/08 £m	08/09	£m	09/10 £m	10/11 £m	07/08 £m	08/09 £m	09/10 £m	10/11 £m
0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0
0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0
0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0

- **Key elements:**

- Variances from previous round
- Mitigating Actions
- (NET) Risk Impact Position (*After Weighting applied*)
- Upside Risk Impact

Q's & Close



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