

Confidential: REGULATORY RISK REGISTER

As at 25 July 2017

1. RISK SCORING

(i) Risk to regulatory objectives

1. Protecting & promoting the public interest.
2. Supporting the constitutional principle of the rule of law.
3. Improving access to justice.
4. Protecting & promoting the interests of the consumer.
5. Promoting competition in the provision of services.
6. Encouraging an independent, strong, diverse and effective legal profession.
7. Increasing public understanding of the citizen’s legal rights and duties.
8. Promoting and maintaining adherence to the professions principles:
 - Independence and integrity.
 - Proper standards of work.
 - Acting in a client’s best interests.
 - Duty to the court: acting independently in the interests of justice.
 - Confidentiality of client affairs.

(ii) Gross risk: Impact x Probability

<p>Impact (I): The consequences of an event occurring: The event will have:</p> <p>Negligible (1): Very little consequence</p> <p>Moderate (3): Some impact but will not have serious consequences</p> <p>Serious (5): Serious consequences</p>	<p>Probability (P): The likelihood of an event occurring: The event is:</p> <p>Low (1): Very unlikely to occur</p> <p>Medium low (2): Unlikely to occur</p> <p>Medium high (3): Likely to occur</p> <p>High (4): Very likely to occur</p>
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		5	10	15	20
IMPACT	5	5 YELLOW	10 YELLOW	15 RED	20 RED
	3	3 GREEN	6 YELLOW	9 YELLOW	12 YELLOW
	1	1 GREEN	2 GREEN	3 GREEN	4 GREEN
		1	2	3	4
		PROBABILITY			

(iii) Adequacy of controls

Descriptor	Score	Description
Fully effective	5	Controls are well designed for the risk and address the root causes. The Executive and Board are comfortable that controls are effectively applied, monitored and assured
Substantially effective	4	Most controls are designed correctly and are in place and effective. Some more work to be done to improve operating effectiveness, or doubts about operational effectiveness and reliability
Partially effective	3	Controls in place but are not sufficient to fully mitigate risk. There are potential weaknesses in the application of controls and limited assurance or reporting available
Largely ineffective	2	Significant control gaps. Either controls do not treat root causes or they do not operate at all effectively
None or totally ineffective	1	Virtually no credible control and limited confidence in the application or oversight of risk activity

2. RISK REGISTER

Reference	R1	Risk score I(3) x P(1) = 3
Risk	First-tier complaints procedure not being communicated to clients	
Risk to business	Protecting the interests of consumers Increasing public understanding of citizen's legal rights and duties Promoting professional principle: Proper standards of work	
Evidence	None that this is happening.	
Controls	<ul style="list-style-type: none"> October 2011: Complaint procedure guidance issued, on CLSB website. October 2011: Costs Lawyers not working for SRA firm required to file first-tier complaints procedure with CLSB each year. April 2015: Question asked on client feedback facility on CLSB website "<i>Were you aware of your Costs Lawyers complaints procedure?</i>" October 2016: New client survey asks question: "<i>Did that client care letter make you aware of your Costs Lawyers complaints procedure?</i>" 	
Control adequacy	4	
Priority area of risk	No, as no evidence this has happened since 31 October 2011.	
Actions outstanding/status	Feedback from client survey (October 2016 to date) does not indicate: (i) client care letters are not being issued; or (ii) they do not contain all required information.	
Commentary	Continue to monitor outcome of new client survey.	

Reference	R2	Risk score: I(1) x P(3) = 3
Risk	Costs Lawyer (not working for SRA regulated firm) accepting client monies	
Risk to business	Protecting the interest of consumers Promoting professional principle: Integrity Promoting professional principle: Acting in a client's best interest	
Evidence	None that this is happening.	
Controls	<ul style="list-style-type: none"> • Covered under Principle 3.6 of Code of Conduct. • August 2012: Guidance note on Principle 3.6 issued, on CLSB website. • October 2016: New client survey asks question "Did you send any monies to your Costs Lawyer other than in payment of an invoice?" 	
Control adequacy	4	
Priority area of risk	No, as no evidence this is happening since 31 October 2011.	
Actions outstanding/status	Feedback from client survey (October 2016 to date) does not evidence this is happening.	
Commentary	Continue to monitor outcome of client survey.	

Reference	B3	Risk score: I(2) x P(2) = 4
Risk	Minimum level of professional indemnity insurance cover in place	
Risk to business	Protecting the interests of consumers Promoting professional principle: Acting in client's best interest	
Evidence	None that this is happening.	
Controls	<ul style="list-style-type: none"> • Costs Lawyers not working for an SRA regulated firm required to file evidence of insurance cover when applying for a practising certificate. • January 2016: Report from insurers on level of insurance claims, none evidence a lack of insurance cover. • Annual analysis on the levels of insurance in place in excess of minimum. 	
Control adequacy	4	
Priority area of risk	No, as no evidence an insurance claim has not had adequate insurance has been identified since 31 October 2011.	
Actions outstanding/status	<ul style="list-style-type: none"> • On-going annual filing of insurance by a Costs Lawyer not working for SRA regulated firm when applying for an annual practising certificate. • Undertake a random audit middle of 2017. • Analysis of trend in insurance undertaken April 2017. 	
Commentary	2017 analysis evidenced that since 2014, Costs Lawyers not working for a firm of Solicitors have increased PI insurance cover. Policies of value £1m or less have dropped from 80.4% to 69.7%.	