

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	25 th September 2019
REPORT TITLE	Corporate Risk Register and Corporate Assurance Map
REPORT NUMBER	GOV/19/379
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TERMS OF REFERENCE	1.1

1. PURPOSE OF REPORT

To present the Corporate Risk Register and Assurance Map to provide assurance on the Council's system of risk management.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 note the Corporate Risk Register set out in Appendix A; and
- 2.2 note the Corporate Assurance Map provided at Appendix B.

3. BACKGROUND

Corporate Risk Register

- 3.1 The Audit, Risk and Scrutiny Committee is responsible for overseeing risk management on behalf of the Council and for receiving assurance that the Corporate Management Team (CMT) are effectively identifying and managing risks. Assurance on the strength of the system of risk management is a key role for the Committee.
- 3.2 The Council's Corporate Risk Register (CRR) captures the risks which pose the most significant threat to the achievement of our organisational outcomes and have the potential to cause failure of service delivery and is a tool with which risk is managed by Clusters and Functions.
- 3.3 The CRR is scrutinised by CMT each month after being updated by risk managers and owners. The Risk Management Framework approved by the Audit, Risk and Scrutiny Committee in February 2018 states that the CRR should also be reported here annually. This Framework is being revised and will be reported to the Committee in December. The CRR was last reported to the Committee in September 2018. An updated version is attached to the report at Appendix A.

3.4 Committee is asked to note that the risks contained in the CRR are those which CMT considers the most significant at the time of writing. Risks are also monitored and managed through Cluster Risk Registers and may be escalated to the CRR where deemed necessary. Where CMT is sufficiently assured that significant risks are being managed, they will agree to de-escalate them back to Cluster level. The CRR attached demonstrates this by recording the de-escalated risks.

3.5 The CRR provides the organisation with the detailed information and assessment for each risk identified including;

- **Current risk assessment (score)** – this is initial assessment of the risk by the risk owner prior to the application of any controls, mitigating actions and activities.
- **Residual risk assessment (score)** – this is the assessment of the risk by the risk owner after the application of the controls.
- **Controls** – these are the activities and items that will mitigate the effect of the risk event on the organisation.
- **Control Assessment** – assessment of the controls identified will determine the control assessment. There are three categories of assessment:
 1. Not effective – less than 50% effective
 2. Partially effective – between 50% and 99% effective
 3. Fully effective – 100% effective

Controls with assessments of Not Effective or Partially Effective will have corresponding actions contained within Assurance Actions.

- **Risk score** – each risk is assessed using a 4x6 risk matrix as detailed below. The 4 scale represents the impact of the risk and the 6 scale represents the likelihood of the risk event occurring.

Impact	Score						
Very Serious	4	4	8	12	16	20	24
Serious	3	3	6	9	12	15	18
Material	2	2	4	6	8	10	12
Negligible	1	1	2	3	4	5	6
Score		1	2	3	4	5	6
Likelihood		Impossible	Almost Very Low	Low	Significant	High	Very High

3.6 Development and improvement of the CRR and associated processes has continued since the CRR was last reported to the Committee:

- CRR was reviewed in conjunction with the refreshed LOIP document to ensure linkages between organisational outcomes and corporate risks.

- CRR is used to formulate the Internal Audit Plan which is approved by this Committee.
- CRR is available for review on the Zone.
- The Corporate Risk Lead provides challenge and support to Risk Owners and Managers on a monthly basis.
- Assurance Map has been created and attached to the report at Appendix B.

3.7 Committee also has before it the recently completed audit of risk management, as part of which the CRR was reviewed. The audit has recommended that the template adopted at corporate level should be implemented for all Clusters, and this is underway in consultation with Chief Officers.

Assurance Map

3.8 The Assurance Map provides a visual representation of the sources of assurance associated with each of the risks contained within the CRR. This evidences the breadth and depth of assurance sources, so that the Committee and Corporate Management Team can determine where these are insufficient, whereas the Corporate Risk Register demonstrates how effectively risk is being managed through the controls which flow out of those sources of assurance.

3.7 The Assurance Map provides a breakdown of the “three lines of defence”, the different levels at which risk is managed. Within a large and complex organisation like the Council, risk management takes place in many ways. The Assurance Map is a way of capturing these and categorising them, thus ensuring that any gaps in sources of assurance are identified and addressed:

First Line of Defence “Do-ers”	Second Line of Defence “Helpers”	Third Line of Defence “Checkers”
The control environment; business operations performing day to day risk management activity; owning and managing risk as part of business as usual; these are the business owners, referred to as the “do-ers” of risk management.	Oversight of risk management and ensuring compliance with standards, in our case including ARSC as well as CMT and management teams; setting the policies and procedures against which risk is managed by the do-ers, referred to as the “helpers” of risk management.	Internal and external audit, inspection and regulation, thereby offering independent assurance of the first and second lines of defence, the “do-ers” and “helpers”, referred to as the “checkers” of risk management.

3.8 Clusters are developing assurance maps to support their risk registers and these will be reported to the operational committees later in the year.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations of this report. The report deals with the highest level of risk and this process serves to identify controls and assurances that finances are being properly managed.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report. The Corporate Risk Register serves to manage many risks with implications for the legal position and statutory responsibilities of the Council.

6. MANAGEMENT OF RISK

- 6.1 The report provides information on the Council's system of risk management and the improvements designed to make the system robust and fit for the changing social, political and economic environment in which we exist. The system ensures that all risks attaching to the Council's business and strategic priorities are identified, appropriately managed and are compliant with the Council's duties under the Equalities Act. Whilst the Corporate Risk Register records the most significant risks to the Council, the Committee is provided with assurance that from this there are effective controls identified. There are no risks arising from the recommendations in the report.

7. OUTCOMES

- 7.1 Each risk on the Corporate Risk Register is aligned to one or more of the themes within Local Outcome Improvement Plan. This will also be completed for the Cluster Risk Registers before they are reported to committees.

Design Principles of Target Operating Model	
	Impact of Report
Organisational Design	The completion of Cluster Risk Registers aligned to the interim transitional structure supports the principles of organisational design.
Governance	Reporting to Committee on the Corporate Risk Register and Cluster Risk Registers allows members to scrutinise the system of risk management to help ensure its effectiveness.
Process Design	In reviewing our risk management processes, there is an opportunity to make sure that the risk to the Council is mitigated.
Technology	It is anticipated that risk registers will be updated using digital methods and will become integrated within a wider assurance framework.
Partnerships and Alliances	Risks to the delivery of organisational objectives can at times be related to arms-length external organisations. These will be reflected in the appropriate risk register(s). Furthermore, risk is overseen by the Assurance Hub which reports to the Audit, Risk and Scrutiny Committee on a regular basis.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Full EHRIA not required
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

None

10. APPENDICES

Appendix A – Corporate Risk Register
Appendix B – Corporate Assurance Map

11. REPORT AUTHOR CONTACT DETAILS

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