ABERDEEN CITY COUNCIL

COMMITTEE	Strategic Commissioning Committee
DATE	21 November 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Cluster Risk Registers
REPORT NUMBER	COM/19/431
DIRECTORS	Martin Murchie
CHIEF OFFICERS	Martin Murchie, Craig Innes
REPORT AUTHOR	Chief Officers
TERMS OF REFERENCE	General 7.4

1.   PURPOSE OF REPORT

1.1   To present the Cluster Risk Registers and Assurance Maps in accordance with Committee Terms of Reference and to provide assurance on the Council's system of risk management.

2.   RECOMMENDATION

That the Committee note the Cluster Risk Registers and Assurance Maps set out in Appendices A and B.

3.   BACKGROUND

Committee Roles and Responsibilities

3.1   The Audit, Risk and Scrutiny Committee is responsible for overseeing the system of risk management and for receiving assurance that the Corporate Management Team (CMT) are effectively identifying and managing risks. To this end, it reviews the Council's Corporate Risk Register annually, as well as an annual report on the system of risk management which is included in the Annual Governance Statement.

3.2   The Risk Management Framework states that all other committees should receive assurance on the risk management arrangements which fall within their terms of reference. This is provided through the risk registers for the relevant Clusters which fall within the remit for this Committee. These are:-

- Business Intelligence and Performance
- Commercial and Procurement

Risk Registers

3.3   The Corporate Risk Register captures the risks which pose the most significant threat to the achievement of the Council's organisational outcomes and have the potential to cause failure of service delivery.

3.4   The Cluster Risk Registers set out in appendices A and B and reflect the risks which may prevent each Cluster area from delivering on strategic outcomes.

3.5   Chief Officers and Directors have sought to ensure that Cluster Risk Registers link to organisational outcomes as set out in the LOIP and (where applicable) commissioning intentions within the Corporate Delivery Plan.

3.6   Over the coming twelve months, further work will be done to:-

- Embed the Cluster Risk Register within the organisations risk management system which is currently being reviewed.
- Reflect and implement internal audit recommendations on the risk management system.
- Continue to review and improve the development of the Cluster Risk Registers and Assurance Maps.
- Aim to demonstrate clear linkages with the Internal Audit Plan to ensure a risk-based approach to the Council's audit programme.

3.7   The Cluster Risk Register 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

- **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**

	Impact	Score	Almost Impossible	Very Low	Low	Significant	High	Very High
	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		Almost Impossible	Very Low	Low	Significant	High	Very High

2.8 Development and improvement of the Cluster Risk registers has continued since the Cluster Risk Registers were last reported to Committee:

- Cluster Risk Registers have been reviewed in conjunction with the LOIP and (where applicable) Commissioning Intentions within the Corporate Delivery Plan
- Cluster Risk Registers are regularly reviewed by Risk Owners and Managers
- Assurance Maps have been created and are incorporated into each Cluster Risk Register.

Assurance Maps

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

2.10 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.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations of this report. The report deals with risk to the achievement of strategic outcomes 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. Cluster Risk Registers serve to manage many risks with implications for the legal position and statutory responsibilities of the Council.

6. MANAGEMENT OF RISK

6.1 The Committee is provided with assurance from the Cluster Risk Registers presented that there are effective controls identified to manage the risks which would present achievement of strategic outcomes relevant to its terms of reference. There are no risks arising from the recommendations in the report.

7. OUTCOMES

7.1 Each risk on the Cluster Risk Registers is aligned to one or more of the themes within Local Outcome Improvement Plan.

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 Committees on the Corporate Risk Register and Cluster Risk Registers allows members to scrutinise the system of risk management to help ensure its effectiveness. The registers also provide a tool by which to better manage achievement of our strategic outcomes.

Process Design	In reviewing our risk management processes, there is an opportunity to make sure that the risk to the Council's achievement of the strategic objectives, including those which external organisations and other stakeholders contribute to, is appropriately managed and mitigated.
Technology	It is anticipated that risk registers will be updated using digital methods in the medium term and in the longer term they 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   Cluster Risk Register – Business Intelligence and Performance
Appendix B   Cluster Risk Register – Commercial and Procurement

11. REPORT AUTHOR CONTACT DETAILS

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Business Intelligence and Performance Management Cluster Risk Register
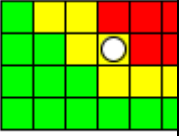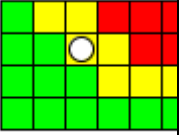
Code	Corp-005	**Information Governance**		
Definition	Information governance protocols and processes do not provide the appropriate framework to facilitate optimum information management in support of decision making and resource allocation based on a Business Intelligence culture.			

Potential Impact	Causes	Control Effectiveness		Current Risk Assessment
		Control	Control Assessment	
• Unlawful disclosure of sensitive information • Individuals placed at risk of harm • Prosecution –penalties imposed • Council exposed to legal action • Reputational damage • Council finances jeopardised • Business Intelligence effectiveness is compromised by underlying data quality issues • Inadequate performance information • Business efficiencies not achieved • Inability to share services and information with partners • Reduced capability to deliver customer facing services Service disruption	• Under-skilled staff / lack of capability (can't) • Non-compliance with information governance policy & procedure by individuals (won't) • Privacy and data protection by default is not appropriately considered in the design of new processes and systems • Lack of visibility and oversight of emerging information risks • Inconsistent approach to information and data governance across the Council (absence of effective embedded information governance roles, systems and processes)	Clear policies, systems and processes in place for ensuring appropriate management, governance and use of information designed and implemented within BAU and change management processes	Fully Effective	
		Information Governance Board led by SIRO provides robust corporate oversight of information assurance arrangements.	Fully Effective	
		Clear roles and responsibilities assigned and embedded for all staff for managing & governing information assets across the Council	Fully Effective	
		Mandatory information governance training for all staff with regular exception reporting	Fully Effective	
		Data Protection Officer directly influences information governance	Fully Effective	
		Effective monitoring and reporting of corporate and information asset level information governance arrangements is in place.	Fully Effective	
		Data Forums	Fully Effective	
		Effective Governance in place around Bring Your Own Device Arrangements	Fully Effective	Very serious
		Enabling functionality of digital/technology systems are fully assessed and compliant	Partially effective	Low

Risk Owner	Martin Murchie	Risk Manager	Caroline Anderson	Residual Risk Assessment
Latest Note	Action 2 will be complete and removed for next update Additional control added for enabling functionality of digital/technology systems to ensure IG compliance in place.		21 October 2019	
				Very serious

Risk Reference	Risk Description and Score		First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
Corp005	**Information Governance** Information governance protocols and processes do not provide the appropriate framework to facilitate optimum information management in support of decision making and resource allocation based on a Business Intelligence culture.		• Mandatory Information Governance Staff Training • Procedures to implement Corporate Information Policy • Operational procedures and guidance notes including Corporate Information and Information Asset Owner Handbooks • Investigations into Data Breach	• Corporate Management Team (CMT) Stewardship undertakes monthly review of Information Governance Risk Register and Quarterly Information Governance Assurance reports • Policy documentation including Corporate Information Policy • Information Governance Group led by Senior Information Risk Owner (SIRO) • Audit Risk and Scrutiny oversight of Information Governance including annual Information Governance Assurance Statement • Data Forums	• Annual Internal Audit Plan approved and overseen by Audit Risk and Scrutiny Committee • Reports from Information Commissioners Office and National Records of Scotland
	Residual Risk Score	**8**			
					Very Low

Code	BIPM001	Risk of negative external inspections	
Definition	**There is a risk that we fail to respond effectively, including with partner organisations, to external inspection and scrutiny**		

Potential Impact	Causes	Control Effectiveness		Current Risk Assessment
		Control	Control Assessment	
• Increased inspection activity as result of risk-based approach; • Loss of confidence in public services from communities; • Damage to organisational reputation; • Corrective actions required by external bodies.	• Lack of visibility and oversight awareness of demands and requirements of inspections and regulation; • Lack of appropriate governance of individual inspections, including escalation of through risk management system; • Failure to mobilise resources to prepare for and respond to external inspections; • Failure to undertake effective self-evaluation; • Failure to manage performance to secure improvement in areas required by external inspections.	Planned approach to all external inspection and regulation	Fully Effective	
		Community Planning and Council Performance Management Frameworks in place and operating effectively.	Partially effective	
		Self-assessment models and assurance mapping in place and regularly undertaken.	Partially effective	
		Appropriate assessment of all external inspections within risk management system.	Full Effective	
		Regular and effective communication with Local Area Network and individual inspection and regulation bodies.	Fully Effective	
		Innovate and Improve programme to build capacity for staff to access the improvement methodology	Fully effective	

Mitigating Actions	
• Innovate and Improve Programme Development Programme to build capacity across the CPA, Council and communities to understand improvement methodology and make a significant impact in achieving improved outcomes; • Co-ordination and integration of data collection, analysis and reporting to support ongoing assurance for known inspections.	

Risk Owner	Martin Murchie	Risk Manager	Reyna Stewart

Latest Note	Annual rolling Best Value Wider Scope review carried out by External Audit completed without any negative findings. The Joint Children's Services Inspection has completed.	October 2019
	The Annual Scrutiny Plan for the Council includes:- • Inspection of justice social work services, by the Care Inspectorate and Her Majesty's Inspectorate of Constabulary in Scotland, during January to March 2020; • Career information, advice and guidance services, by Education Scotland, during September to December 2019 • Engagement on Gypsy Traveller minimum site standards, by the Scottish Housing Regulator, during 2019/20 In addition, the Council is scheduled for a full Best Value Audit during 2021.	

Risk Reference	Risk Description and Score		First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
BIPM001	**External inspection and scrutiny** There is a risk that we fail to respond effectively, including with partner organisations, to external inspection and scrutiny.		• Monitoring of national and local scrutiny plans • Review of peer organisations' inspections and audits • Review by review establishment of executive project teams and support • Self-evaluation models / toolkits associated with types of inspections audits	• Corporate Management Team (CMT) Stewardship undertakes monthly review of risk, performance, transformation, horizon scanning. • Senior Management Team (SMT) undertakes review of cluster level risk and performance. • Internal Audit annual programme of reviews covers areas subject to external scrutiny • ACC Committees review service performance levels • Audit Risk and Scrutiny oversight of Internal and External Audit reports.	• Annual External Audit and report • Annual Internal Audit Plan based on risk and approved and overseen by Audit, Risk and Scrutiny Committee. • Audit Scotland and National Audit reports • Care Inspectorate reports • Education Scotland reports • Her Majesty's Inspectorate of Constabulary in Scotland reports • Scottish Housing Regulator reports • Healthcare Improvement Scotland reports • Scottish Traffic Commissioner reports • Inspector of Crematoria Scotland reports • Scottish Public Services Ombudsman reports • Information Commissioner reports • Surveillance Commissioner reports
	Residual Risk Score	**8**			

Code	Corp-007	**Contract Management**		
Definition	There is a need to have effective contract management across the Council, undertaken by skilled staff working and working to a consistent and proportionate model.			

Potential Impact	Causes	Control Effectiveness		Current Risk Assessment
		Control	Control Assessment	
• Services are not delivered in line with Council requirements and specifications. • Savings targets not met/efficiencies not realised. • Reputational damage. • Disputes/Litigation. • Inability to manage market/respond to urgent issues. • Negative audit outcomes. • Poor supplier relationship management. • Poor performance by the provider. • Difficulties in dealing with changes and issues arising throughout the contract.	• Poor contract management skill levels. • Officers not robustly or properly contract managing. • Poor co-design of the specification initially. • Lack of market management resulting in limited range of providers. • Lack of clarity on who is responsible for contract management. • Lack of awareness in the organisation of the importance of robust contract management. • Dissipated contract management capacity across the Council. • Absence of a properly maintained contracts register. • Contract expectations not being monitored and managed.	Social Care Contracts and Commissioning Team has a contract management framework, including detailed contract monitoring procedures.	Fully Effective	
		ACC Procurement Regulations - Regulation 13.1-13.3 set requirements in relation to contract management.	Fully Effective	
		Implementation of effective contract management procedures across the organisation clearly stating the need for proper contract administration, relationship management and review of contract performance.	Partially Effective	
		Ensuring that contract managers have effective contract management skills and they have full training where pertinent on the Councils internal procurement regulations.	Partially Effective	
		Clarity on who is the contract manager for a particular contract.	Fully Effective	
		Ensuring that consideration is given to how performance will be monitored e.g. outcomes and KPIs, as part of the co-development of specifications.	Partially Effective	
		Contract Registers	Fully Effective	
			Serious	
			Significant	

Risk Owner	Craig Innes	Risk Manager	Graeme Craig	**Residual Risk Assessment**
Latest Note	Control assessments have been reviewed.		24 Oct 2019	

		Serious
		Low

Risk Reference	Risk Description and Score	First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
Corp007	**Contract Management** There is a need to have effective contract management across the Council, undertaken by skilled staff working and working to a consistent and proportionate model.	• Staff training and development • Operational procedures and guidance including Contract Management Guidance and Procurement Regulations • Procedures to implement contract management policies	• Corporate Management Team (CMT) Stewardship undertakes monthly review of Contract Management Risk • Senior Management Team (SMT) undertakes review of Cluster Operational Risk Register • Contract review by Demand Management Board • Oversight by Arms-Length External Organisation (ALEO) Assurance Hub • Audit, Risk and Scrutiny Committee oversight of risk management system • Strategic Commissioning Committee • Policy documentation including Sustainable Procurement and Community Benefits Policy	• Annual Internal Audit Plan approved and overseen by Audit Risk and Scrutiny Committee • Annual External Audit and report • External reports from Scotland Excel including Procurement Capability and Improvement Plans (PCIP) • Scottish Government performance review and reports