

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	8 <sup>th</sup> October 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Corporate Risk Register and Corporate Assurance Map
<b>REPORT NUMBER</b>	COM/20/139
<b>CHIEF OFFICER</b>	Fraser Bell
<b>REPORT AUTHOR</b>	Vikki Cuthbert
<b>TERMS OF REFERENCE</b>	1.1

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### 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 Extended Corporate Management Team (ECMT) 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 ECMT each month after being updated by risk managers and owners. The CRR was last reported to the Committee in September 2019 and the Council's Risk Management Framework requires the CRR should also be reported here annually. An updated version is attached to the report at Appendix A.
- 3.4 Committee is asked to note the updated format of the risk register to include the Current and Target risk scores and the control actions required to achieve the Target risk score. The summary page includes a list of risks contained within the register and the current risk scores are listed and illustrated on the risk matrix.
- 3.5 Committee is asked to note that the risks contained in the CRR are those which ECMT 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 ECMT is sufficiently assured that significant risks are being managed, they will agree to de-escalate them back to Cluster level.
- 3.6 The CRR provides the organisation with the detailed information and assessment for each risk identified including;
- **Current risk score** – this is current assessment of the risk by the risk owner and reflects the progress percentage of control actions required in order to achieve the target risk score.
  - **Target risk score** – this is the assessment of the risk by the risk owner after the application of the control actions
  - **Control Actions** – these are the activities and items that will mitigate the effect of the risk event on the organisation.
  - **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.

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

- 3.7 Development and improvement of the CRR and associated processes has

continued since the CRR was last reported to the Committee:

- The Council’s Risk Management Policy was updated and approved by committee in December 2019
- Risk Management Guidance – complementary documentation which supports the Risk Management Policy was approved by the Corporate Management Team (CMT) in December 2019.
- Work is underway to produce a Risk Appetite Statement (RAS) for the Council. This will be reported to the Committee in December.
- The format of the Council’s risk registers has been and updated. This has created a single register, including corporate, Cluster and operational level risks, which can be escalated and de-escalated as appropriate. Risks are also categorised in accordance with the Risk Management Policy (compliance, operational, strategic, financial, reputational, climate/environmental, EU Exit, COVID-19) and are each also defined as risks relating to the Place, the Institution or Strategy. This alignment allows for whole system review of our risks, using live data, and provides a sophisticated risk profile for the organisation. Cluster level risks and assurance maps are to be reported in the next Committee cycle.
- The Corporate Risk Lead has provided support to Risk Owners and Managers to review, update and consolidate Risk Registers and Corporate, Cluster and Operational level to improve monitoring and reporting across the organisation.

## 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.

3.9 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:

<b>First Line of Defence “Do-ers”</b>	<b>Second Line of Defence “Helpers”</b>	<b>Third Line of Defence “Checkers”</b>
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	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,	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.

risk management	referred to as the “helpers” of risk management.	
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3.10 Clusters will continue to review and update 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.

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
<b>Strategic Risk</b>	The council is required to have a management system in place to identify and mitigate its risks	H	The council’s risk management system requires that risks are identified, listed and managed via risk registers
<b>Compliance</b>	As above	H	As above
<b>Operational</b>	As above	H	As above
<b>Financial</b>	As above	H	As above

<b>Reputational</b>	As above	H	As above
<b>Environment/Climate</b>	As above	H	As above

## 7. OUTCOMES

7.1 The recommendations within this report have no direct impact on the Council Delivery Plan however, the risks contained within the Council's risk register could impact on the delivery of organisational objectives.

## 8. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Equality &amp; Human Rights Impact Assessment</b>	Full EHRIA not required
<b>Data Protection Impact Assessment</b>	Not required

## 9. BACKGROUND PAPERS

None.

## 10. APPENDICES (if applicable)

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

## 11. REPORT AUTHOR CONTACT DETAILS

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