

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	24 November 2016
DIRECTOR	Richard Ellis
TITLE OF REPORT	Review of the System of Risk Management
REPORT NUMBER	CG/16/129
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

To present the Committee with the output of the Good Governance Institute's (GGI) evaluation of the Council's risk management system and the next steps with regard to implementing the agreed actions arising from their report.

2. RECOMMENDATION

It is recommended that the Committee consider the attached report and Implementation Plan and agree:-

- i. To receive updates on the implementation of actions to address the agreed recommendations arising from the review of the risk management system.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising as a result of this report.

4. OTHER IMPLICATIONS

There are implications associated with the Council's approach to risk management in light of the changing economic and socio-demographic profile of Aberdeen. The attached report sets out how we need to manage our readiness to control risks within agreed tolerances and to embrace opportunities within a risk appetite to be determined. This impacts on our continuing delivery of effective essential services and the management of our core functions within the framework of the Aberdeen – the Smarter City priorities.

5. BACKGROUND / MAIN ISSUES

- I. 2016 saw the inception of a wide-ranging Governance Review which is due to conclude May / June 2017. The review is structured around the CIPFA Principles of Good Governance, compliance with which will inform the Council's annual statement of governance. The review aims to deliver the following outcomes:
 - A governance framework which supports the Council in implementing the Strategic Business Plan.
 - Reassurance to Audit Scotland in respect of their Best Value Audit findings from July 2015.
- II. One of the six CIPFA Principles is:
 - Managing risks and performance through robust internal controls and strong public financial management.
- III. The review of our risk management arrangements is therefore a key component of the Governance Review and in light of a number of issues which have arisen in recent months, a high priority for our governance improvement agenda.
- IV. The GGI previously carried out work for the Aberdeen Health and Social Care Partnership around developing risk appetite and assurance. Due to this experience of local circumstances and their specialist knowledge of public sector risk management, the Council agreed to engage the GGI to conduct a detailed evaluation of our risk management system. This included a requirement to define a process whereby the Council's appetite for risk will ultimately be determined.
- V. The GGI reviewed risk management documentation, carried out observations of CMT, committee meetings and meetings of the ALEO Governance Hub. They conducted interviews with a range of officers drawn from across the Council. The GGI reported their findings in September and the report was considered at an extended CMT workshop on 4 October. A project implementation plan is now in place to take forward the agreed recommendations of the report (Appendix 2).
- VI. Early in the review, a specific requirement to consider assurance mapping in our risk management processes was added to the project brief. Assurance mapping is a technique which identifies internal and external sources of assurance that the effectiveness of our risk controls is robust. These assurances must be relevant, timely and offer an indication of their respective strengths. Assurance mapping allows us to identify gaps in required assurance and through clear linkages with the internal audit function, provides for an enhanced risk-based audit planning process. Taking forward the agreed actions on assurance mapping will be a high priority of the implementation plan.

6. IMPACT

Improving Customer Experience –

We aim to deliver services which better meet customer expectations and this requires an innovative approach to service design and delivery. Innovation comes with risk. A clearly defined set of risk tolerances within an established risk appetite, will permit a better informed approach to that process.

Improving Staff Experience –

The redefined system of risk management will clearly establish delegated authority around risk tolerances. This will allow managers to take informed decisions which take account of the management of risk and present service committees with properly evaluated recommendations.

Improving our use of Resources –

Our resources will continue to be stretched over the next few years, whilst demands are forecast to continue to increase. Coupled with this, increasing policy changes and requirements imposed by Government and its agencies, mean that a consistent approach to resource management that takes account of the management of risk, is required.

Corporate – The actions taken in response to the GGI's review of the risk system are clearly corporately supportive of Aberdeen – the Smarter City vision, as well as our directorate and service planning processes.

Public – This report provides members with an opportunity to apply scrutiny to the development and improvement of our risk management arrangements. No EHRIA or PIA are therefore required.

7. MANAGEMENT OF RISK

The report details planned improvements to the risk management system.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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