ANNUAL RISK ASSURANCE REPORT

1.0 EXECUTIVE SUMMARY

The report provides an update on risk management activity. It provides assurance the risk management is a live process within the organisation and continues to develop and mature.

1.2 The Council participates in CIPFA /ALARM risk management benchmarking club. Results of this exercise are due to be published shortly however draft reports suggest a further year on year improvement moving from a "working" classification to "Embedded and Integrated".

1.3 Risk registers are held for both strategic risks and operational risks. Both areas have been subject to considerable review during the year. The Council has recently agreed an updated strategic risk register in June 2014. Operational risk registers were integrated into the 14/15 service planning exercise and there is an evidenced link of risk being considered at planning stage.

1.4 Annual Risk Assurance statements are completed by each Head of Service. Each service has confirmed that risk management is an active process within their service area. Testing is carried out to ensure supporting evidence is in place to support statements made.

1.5 Grant Thornton undertook an internal audit of risk management and reported a substantial level of assurance with our processes being assessed as "risk managed".

1.6 There are number of areas for development during 14/15. These include additional work around:
- Risk culture and risk appetite
- Further embedding risk management within service management teams
- Reviewing both SRR's and ORR's to ensure partnership and shared risk is defined.
- Assess risk opportunity where appropriate
- Reviewing risk reduction measures in terms of insurable risk.

1.7 There are no financial implication associated with this report which is for noting only.

ARGYLL AND BUTE COUNCIL   **AUDIT COMMITTEE**

STRATEGIC FINANCE   **26 SEPTEMBER 2014**

ANNUAL RISK ASSURANCE REPORT

2.0   INTRODUCTION

2.1   The report provides an update on risk management activity. It provides assurance the risk management is a live process within the organisation and continues to grow in profile.

3.0   RECOMMENDATIONS

3.1   Audit Committee note the content of the report.

4.0   DETAIL

4.1   Argyll and Bute Council is part of the ALARM CIPFA risk management benchmarking club and takes part in an annual exercise which is designed as a performance tool to assist in raising the standards of risk management within organisations. The survey is based on ALARM's National Performance Model for Risk Management in Public Services. The survey breaks downs risk management activity into seven strands:

   • Leadership and management
   • Strategy and policy
   • People
   • Partnership, shared risks and resources
   • Processes and tools
   • Risk Handling and assurance
   • Outcomes and delivery

4.2   Under each strand, a series of questions have been developed. Responses to these questions are weighted to reflect their relative impact on performance and collated into a final "score" for each section. This identifies the level of maturity the organisation has reached.

4.3   Results and action points from the output of this exercise are due to be published shortly however draft reports suggest a further year on year improvement moving from a "working" classification to "Embedded and Integrated". Action points are in relation to risk culture and appetite, shared risk arrangements and risk reduction measures. (Insurable risk)

4.4   Operational risk registers are reviewed on an updated on a live basis and formally reported each quarter. All services have a register in place. 14/15 service planning protocols were revised to include a specific template

detailing operational risks. The Council continues to use a Demand and Supply approach when preparing risk registers. This provides a useful framework and consistency of approach. This approach also allows for a clear link of risk to service outcomes.

4.5   The Council agreed its strategic risk register in June 2014. The preparation process included input from members, senior management team, chief officers group and the strategic risk group. A number of seminars and training events also took place during the year to discuss the draft strategic risk register and raise general awareness of risk management.

4.6   Annual risk assurance statements are prepared as part of our risk management protocols. The risk assurance statements are been based on the following statements:

- Senior managers promote the importance of risk management.
- Risk management is embedded within the service.
- Risk management is applied to all key business activities within the service.
- Risks appropriate to the service have been identified.
- Mitigating plans and actions are considered in respect of identified risks.
- Risk registers are regularly updated.

4.7   Heads of Service are requested to indicate which level of compliance is appropriate to their service being, non –compliance, partial compliance or full compliance for each of the statements. Heads of Service were further requested to evidence their selection and where appropriate give further detail of actions to be taken.

4.8   Results are consistent with previous year submissions. There were no instances of non-compliance. Submissions are subject to a random evidence testing exercise undertaken by Internal Audit . Evidence obtained supports assurance statements that risk management is being regularly discussed by departmental management teams and by service management teams. Risk registers are being reviewed and updated where appropriate and consideration is given to mitigating plans and actions.

.   4.9   Our internal audit partners undertook a review of our risk management activity and provided a substantial level of assurance and assessed our activity as Risk Managed. The review considered the way in which risk is managed within the Council, drawing on a risk maturity assessment tool. The review also included a desktop exercise which reviewed terms of reference, the risk management policy and guidance, committee reports on the strategic risk register and the operational risk registers prepared by a sample of departments. We also reviewed the risk monitoring facilities on the Council's performance monitoring system, Pyramid.   Interviews were also undertaken with key contacts, including the Head of Strategic

Finance and risk officer.

4.10 There a number of actions arising from the CIPFA benchmarking exercise, annual risk assurance exercise and the Grant Thornton review. There is a consistency of finding relating to risk appetite and risk culture, risk opportunity and risk reduction measures (relating to insurable risk). Upon formal publication of all findings, a risk management action plan (RMAP) will be prepared addressing all of the issues raised. Some of this work is already in progress as the strategic risk group has requested options for developing a risk appetite framework and the Audit committee is currently exploring a risk assurance mapping exercise.

5.0 CONCLUSION

5.1 Risk Management activity continues to improve and mature and assurance can be taken from in year assessment of "Risk Managed" and "Embedded and Integrated". The RMAP for 14/15 will target further developments to our processes.

6.0 IMPLICATIONS

6.1 Policy

6.2 Financial: None directly from this report but effective risk management assists with effective governance and stewardship of council resources

6.3 Legal

6.4 HR

6.5 Equalities

6.6 Risk – effective risk management assists with effective governance.

6.7 Customer Service

Kevin Anderson
26 September 2014

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