
STRATEGIC RISK ASSURANCE MAPPING

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to set out Internal Audit's assessment of the sources of assurance for the Audit and Scrutiny Committee (the Committee) on the management of the Council's strategic risks.
- 1.2 Appendix 1 highlights the overall assessment against each of the strategic risks. It should be noted that the assessment is based on the level of assurance that the Committee can rely on. A 'red' assessment therefore highlights where there are gaps in evidence of active/targeted actions/activity rather than an assessment on the management of that risk.

2. RECOMMENDATIONS

- 2.1 To note the risk assurance map at appendix 1.
- 2.2 To consider the implications for audit or scrutiny coverage in the respective audit and scrutiny annual plans in 2021/22 plan and/or beyond. In particular potential scrutiny focusing on waste management and the delivery of the Council's BV Action Plan

3. DETAIL

- 3.1 Internal audit has a key role in relation to the Council's governance to provide assurance over the effective management of risk. In recent years Internal Audit have brought a 'Risk Management Overview' to the Committee on an annual basis. In 2018/19 this was replaced by a risk management audit as the Council had rolled out new risk management arrangements and the CIA was of the view that a compliance audit would provide the Committee with more assurance than the previous overview reports. In September 2019 the Committee agreed that the CIA would provide an annual assurance mapping exercise with this replacing the annual requirement for a risk management report.
- 3.2 In addition the Chief Executive presents the Strategic Risk Register to the Committee on an annual basis (usually June but September in 2020 due to the June Committee being cancelled as a consequence of the COVID pandemic) which provides the Committee the opportunity to scrutinise the register and seek assurance from the Chief Executive that risks are being managed appropriately.
- 3.3 Appendix 1 provides a summary of the Council's strategic risk assurance map which is based on the 'three lines of defence' model.
1. The first line of defence is the '*functions that own and manage risks*'. It is the control environment established by day to day business operations and risk management processes. It is formed by managers and staff who are responsible for identifying and managing risk as part

of their accountability for achieving objectives. This requires an understanding of the Council, its objectives, the environment in which it operates, and the risks it faces. It includes things such as:

- identifying risks and improvement actions
 - implementing controls
 - reporting on progress
2. The second line of defence is the '*functions that oversee or who specialise in compliance or the management of risk*'. This provides the policies, frameworks, tools, techniques and support to enable risk and compliance to be managed in the first line, conducts monitoring to judge how effectively they are doing it, and helps ensure consistency of definitions and measurement of risk. The Council's various committees and Strategic Management Team are key functions in delivering this.
 3. The third line of defence is the '*functions that provide independent assurance*'. This is provided by internal and external audit and any other scrutiny or regulatory body who offer independent challenge and provide an evaluation, through a risk-based approach, on the effectiveness of the Council's governance, risk management, and internal control.

3.4 The table below summarises the assessment against each Strategic Risk.

Strategic Risk	Risk Score (Sept 2020)	Assurance Assessment
1. Population and economic decline	Red 16	Green
2. Condition and suitability of infrastructure and asset base	Amber 12	Green
3. Financial sustainability	Amber 12	Green
4. Governance & leadership	Amber 12	Green
5. Engagement and understanding the needs of the community	Green 6	Amber
6. Service delivery	Green 6	Amber
7. Health & Social Care Partnership	Red 16	Green
8. Civil contingency and business continuity arrangements are not effective	Green 6	Amber
9. Welfare reform	Amber 12	Amber
10. Waste management	Red 16	Amber
11. Service delivery – Cyber Security	Green 6	Green
12. Withdrawal from the EU	Amber 10	Green
13. Impact of COVID -19	Red 20	Green

3.5 The assurance map has identified Waste Management as an area where there may be a mismatch between the level of risk identified and the assurance provided to Committee. This is predominantly due to the Council being in the process of implementing a new waste strategy and the uncertainty being created by the Scottish Government's ban on landfilling Biodegradable Municipal Waste (BMW) from 2025. This was identified as a mismatch when the assurance mapping exercise was carried out and reported to the Committee in September 2019 however at that stage the BMW ban was to be implemented by 1 January 2020 which made it a more imminent concern. It was agreed then that Waste Management should be an area for audit or scrutiny focus at an appropriate time and the CIA's recommendation was that it be considered as a future scrutiny item. This remains the CIA's recommendation however the delay in

ban implementation until 2025 reduces the urgency. However the Committee may wish to consider inviting the Service to provide an update on progress in terms of ongoing preparation work.

3.6 For the remaining areas where assurance has been assessed as amber the CIA's recommendation is:

- **Engagement and understanding the needs of the community** – the amber is predominately due to issues raised in the Council's Best Value Assurance Report. Committee should consider a high level piece of scrutiny work focused on the delivery of the Council's BV action plan. This would involve inviting an appropriate officer to attend the Committee in March 2021 to provide an update on progress against the plan and give the Committee the opportunity to scrutinise progress and pace of delivery.
- **Service delivery** – Also predominately due to issues raised in the Council's Best Value Assurance Report. Recommendation for scrutiny over BV action plan also applies.
- **Civil contingency and business continuity arrangement are not effective** – Internal Audit review already planned in 2020/21 (Disaster Recovery Planning). Revisit of Business Continuity audit to be considered as an audit in 2021/22.
- **Welfare Reform** - Internal Audit reviews already planned in 2020/21 (Scottish Welfare Fund and Welfare Reform). No further work suggested at current time.

4.0 CONCLUSION

4.1 This exercise has confirmed that for the majority of risks in the Council's strategic risk register there are either sufficient assurances in place or internal audit currently have scheduled work to fill identified gaps. It has highlighted that assurances are required in relation to the delivery of waste management and the delivery of the Council's BV Action Plan

5.0 IMPLICATIONS

5.1 Policy – None

5.2 Financial - None

5.3 Legal – None

5.4 HR - None

5.5 Fairer Scotland Duty - None

5.5.1 Equalities – None

5.5.2 Socio-Economic Duty – None

5.5.3 Islands Duty - None

5.6 Risk – The assurance mapping exercise has provided assurance that the Council is managing and monitoring its strategic risks effectively

5.7 Customer Service - None

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APPENDICES

Appendix 1 – Strategic Risk Assurance Map