
Report To:	Audit Committee	Date:	11.01.2022
Report By:	Interim Director Finance and Corporate Governance	Report No:	AC/03/22/AP/APr
Contact Officer:	Andi Priestman	Contact No:	01475 712251

Subject: RISK MANAGEMENT MONITORING AND REPORTING PROCESS

1.0 PURPOSE

- 1.1 The purpose of this report is to ask Audit Committee to consider and approve the proposed process for monitoring and reporting of key service, project and corporate risks.

2.0 SUMMARY

- 2.1 A report was presented to the CMT on 24 November setting out the proposed approach for risk monitoring and reporting which would include elected member engagement in the risk management process.
- 2.2 The proposed approach is set out in the process flow diagram at Appendix 1. This diagram also outlines the alignment of the process with the Council's Strategic Planning and Performance Management Framework at a service, directorate and corporate level. Appendix 2 sets out the current impact and likelihood scoring matrix. **Appendix 1**
Appendix 2
- 2.3 Once approved, the Council's risk management strategy will be reviewed and updated to reflect the process for risk management monitoring and reporting. There will also be an opportunity to review other aspects of the risk management strategy such as risk appetite and scoring methodology.
- 2.4 It is intended that a report will be presented to Audit Committee in May 2022 outlining the progress made in implementing the new process and further actions being undertaken.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Audit Committee:
- Considers and approves the risk monitoring and reporting process for key service, project and corporate risks; and
 - Notes that a progress update and the updated risk management strategy will be presented to the Audit Committee meeting in May 2022.

Alan Puckrin
Interim Director
Finance and Corporate Governance

4.0 BACKGROUND

- 4.1 There have been increasing pressures for public sector bodies to adopt formalised approaches to risk management.
- 4.2 In its Code of Practice, Audit Scotland makes it clear that the audited bodies are responsible for developing systems of internal control, including risk management, and for conducting annual reviews of the effectiveness of the system of internal control.
- 4.3 The Council has developed a Risk Management Strategy which delivers a consistent, effective framework and approach for managing risks across the organisation at all levels and support the achievement of the corporate outcomes.
- 4.4 Strategic risks in relation to the implementation of corporate plans and objectives are monitored by the corporate management team and service/operational risks relating to the delivery of service objectives and plans are monitored by Heads of Service.
- 4.5 Annual reports are submitted to Audit Committee highlighting exercises undertaken by the Council in relation to risk management.
- 4.6 The Corporate Risk Register was last formally reviewed by CMT in 2017 as part of the Best Value audit of Inverclyde Council.

5.0 CURRENT POSITION

- 5.1 A report was presented to the CMT on 24 November setting out the proposed approach for risk monitoring and reporting which would include elected member engagement in the risk management process.
- 5.2 The proposed approach is set out in the diagram at Appendix 1. This diagram also outlines the alignment of the process with the Council's Strategic Planning and Performance Management Framework at a service, directorate and corporate level. Appendix 2 sets out the current impact and likelihood scoring matrix.
- 5.3 Once approved, the Council's risk management strategy will be reviewed and updated to reflect the process for risk management monitoring and reporting. There will also be an opportunity to review other aspects of the risk management strategy such as risk appetite and scoring methodology.
- 5.4 It is intended that a report will be presented to Audit Committee in May 2022 outlining the progress made in implementing the new process and further actions being undertaken.

Appendix 1

Appendix 2

6.0 IMPLICATIONS

Finance

- 6.1 There are no direct financial implications arising from this report.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (if Applicable)	Other Comments
N/A					

Legal

6.2 There are no direct legal implications arising from this report.

Human Resources

6.3 There are no direct HR implications arising from this report.

Equalities

6.4 There are no direct equalities implications arising from this report.

Repopulation

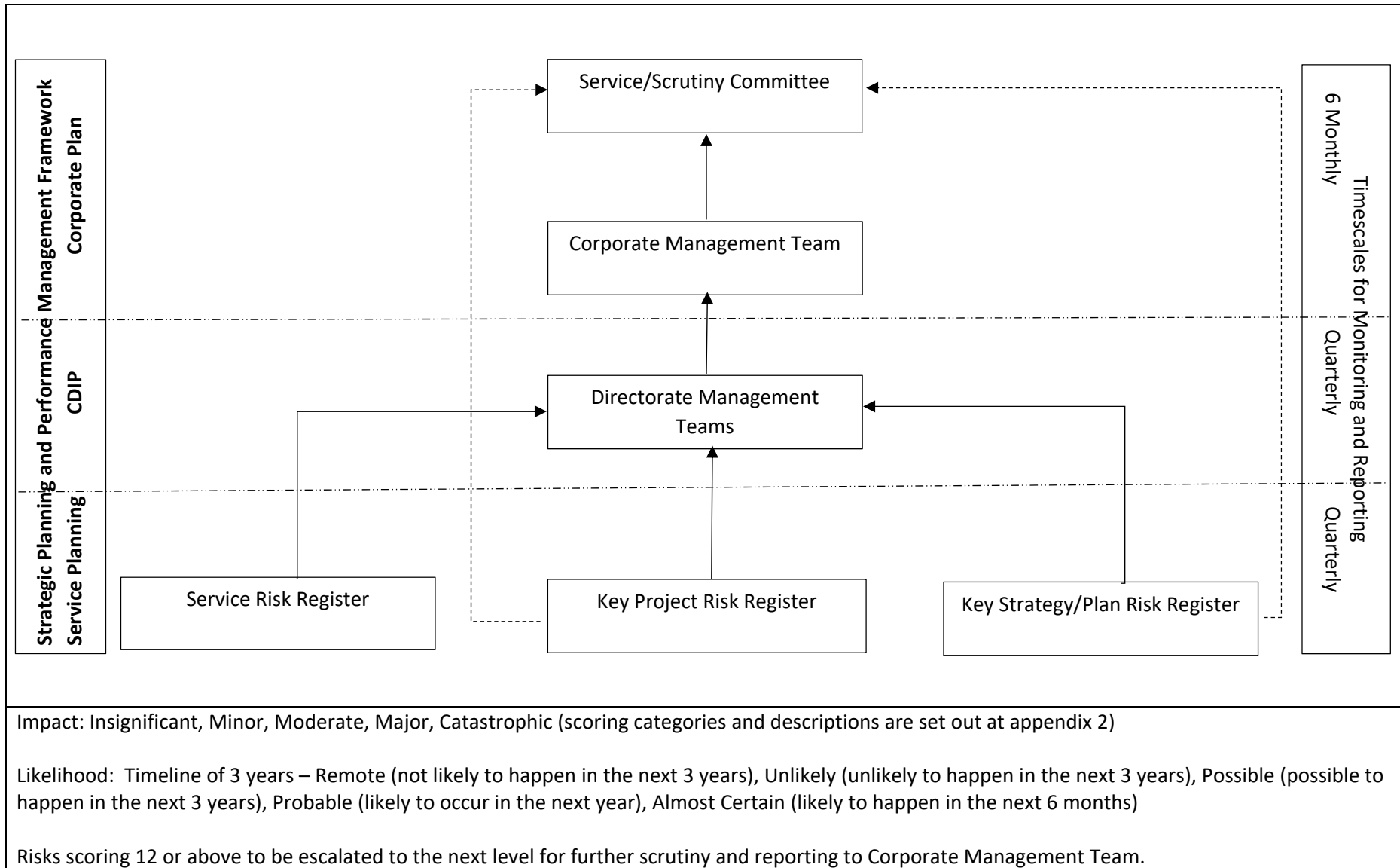
6.5 There are no direct repopulation implications arising from this report.

7.0 CONSULTATIONS

7.1 The Corporate Management Team has been consulted in the preparation of this report.

8.0 LIST OF BACKGROUND PAPERS

8.1 Risk Management Strategy. Strategic Planning and Performance Management Framework. Copy available from Andi Priestman, Chief Internal Auditor.



Risk Impact					
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
Financial	<£100k	£100k-£250k	£250k-£500k	£500k-£1,000k	£1,000K>
Reputation	Individual negative perception	Local negative perception	Intra industry or regional negative perception	National negative perception	Sustained national negative perception
Legal and Regulatory	Minor regulatory or contractual breach resulting in no compensation or loss	Breach of legislation or code resulting in a compensation award	Regulatory censure or action, significant contractual breach	Breach of regulation or legislation with severe costs/fine	Public fines and censure, regulatory veto on projects/withdrawal of funding. Major adverse corporate litigation
Operational/Continuity	An individual service or process failure	Minor problems In specific areas of service delivery	Impact on specific customer group or process	Widespread problems In business operation	Major service or process failure impacting majority or major customer groups

Likelihood					
	1 Rare	2 Unlikely	3 Possible	4 Probable	5 Almost Certain
Definition	Not likely to happen in the next 3 years	Unlikely to happen in the next 3 years	Possible to occur in the next 3 years	Likely to occur in the next year	Very likely to occur in the next 6 months