

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 24 AUGUST 2021

PROPOSED DETAILED RISK REPORTING TO SCRUTINY AND AUDIT COMMITTEE

REPORT BY CATHIE WYLLIE – SERVICE LEADER INTERNAL AUDIT

ABSTRACT

This report summarises officers' proposals to present detailed risk information to the Scrutiny and Audit Committee and seeks Members' agreement to the proposals.

1. RECOMMENDATIONS

- (i) Agree, or propose alternative to, the proposed process for presenting detailed risk information to the committee,
- (ii) Agree the programme of risks to be presented through to March 2022.

2. ALIGNMENT TO THE COUNCIL PLAN

The contents of this report provide the committee with a means to understand the key corporate risks that may prevent achievement of the Council Plan, and the steps being taken to mitigate these risks.

3. BACKGROUND

The External Quality Assessment (EQA) of the Council's compliance with PSIAS (Public Sector Internal Audit Standards) was undertaken in 2020 and reported to the Scrutiny and Audit Committee in January 2021 (Report 11/21 refers). One of the actions in the report was that services should present detailed information about risks to the Scrutiny and Audit Committee. This was discussed further at the Risk Management training for members in March and the Scrutiny and Audit Committee self-assessment session in April 2021.

The action from the self-assessment agreed in June 2021 (Report 184/21 refers) was that proposals for presenting detailed risk information would be brought to CLT for approval and thereafter to the Scrutiny & Audit Committee.

CLT considered an options appraisal and proposed process in June 2021 and agreed the proposal outlined in this report. A draft presentation timetable was agreed, subject to being updated with reference to the most up to date Corporate Risk Register (CRR) prior to the August 2021 Scrutiny and Audit Committee meeting. The timetable below has been updated for the Risk Register at August 2021.

4. CURRENT POSITION

Detailed risk information is not presented currently to the Scrutiny and Audit Committee.

5. OPTIONS

Options appraisal considered the following questions:

- Corporate risk register or service risk register?
- What programming method should be used?
- Which risks should be presented?
- Which meetings should they come to?

Advantages and disadvantages of options to address each question were considered. The options appraisal is included at Appendix 1.

6. PROPOSALS

We propose that individual risk presentations will be made to future Scrutiny and Audit Committee meetings following the process below.

A programme to bring one risk to each S&A committee meeting, except the June meeting which has a full agenda due to year end reporting, should be agreed at the start of each year. The risks to be included should be new risks, the highest scoring risks, or risk with large scoring fluctuation.

The following timetable for 2021/22 is proposed based on the Corporate Risk Register at August 2021. This covers one risk that was new at January 2021, and the three highest scoring risks which are all red at this stage.

S&A meeting date	Risk to be presented	Risk score	Risk Target
24 August 2021	Financial Sustainability	16	9
23 September 2021	IT resilience & Cyber-attack (Business Continuity)	16	8
30 November 2021	Pandemic - Covid-19	20	15
25 January 2022	Health & Safety	12	6
1 March 2022	Climate change (New)	9	6

If there are significant changes in risk score ranking, or a new risk is added to the risk register during the year the S&A Committee should review the programme. A short report will be prepared with the programme and any changes to risks and risk scoring asking S&A members to confirm the programme or make changes for the future. It is not anticipated this will require many changes and should not be a time-consuming item at committee.

The risk owner, and/or their nominated team members will make a short (5 to 8 minutes) presentation to S&A on the risk, covering for example

- why the risk is included in the risk register
- internal controls that are already in place
- what the impact of risk realisation might be
- why scoring sits where it does
- the mitigating actions in place, or progress in implementing planned mitigations
- barriers/challenges to mitigation.

Members will then be able to discuss what they have heard and ask questions to further aid their understanding of the risk and how it impacts on Council business. It is envisaged that the detailed template sitting behind each risk in the risk register would provide this information and therefore limited preparation should be required.

7. FINANCIAL IMPLICATIONS

There are no financial implications.

8. RISKS

The proposals above were selected to balance risks that too much or not enough information was being presented to Committee, and the risks that sufficient time would not be available for preparation and presentation.

The main risk remaining with the proposed action is that the most relevant information is not being presented. This risk is mitigated, and will be monitored, by the proposals to allow the programme to be amended during the year.

9. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment is not required, as this report does not impact on people.

Background Papers

NOTE: No background papers as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing this report.

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List of Appendices:

Appendix 1 Options Appraisal

Appendix 1 Options Appraisal

The highlighted line in the tables below is the preferred option

Options for CRR or service risks?	Advantages	Disadvantages	Comment/Conclusion
Presentations on risk management from each service.	Comprehensive cover.	Risk focus may be too operational rather than corporate.	S&A Committee should be notified as service risk registers are developed during 2021, e.g. through the paper bringing CRR twice per year, but recommend focus on detail to S&A should be strategic and therefore driven by CRR.
Use CRR as source.	Keeps information at strategic rather than operational level.		Recommend this option.

Options for Programming method	Advantages	Disadvantages	Comment/Conclusion
Risks to be presented for discussion at meeting to be decided at pre-agenda.	Keeps focus on most volatile or worrying risks.	Unworkable due to timing to ensure officers are available for the meeting and have time to prepare effectively.	Disadvantage means this is not practical.
Risks to be presented for discussion at meeting to be agreed at previous meeting.	Provides sufficient notice for services to organise presentation. Keeps focus on what is most important.	Only looks forward to next meeting and may not consider fuller picture.	This “check” on what comes next would be useful therefore incorporated into a more structured programme in recommended method below.
Rolling programme of risks to be presented agreed at start of Committee year (i.e. for August through to June).	Clear programme for everyone to follow.	Programme may become out of date if risk scoring changes or new risks emerge.	Clarity of programme is good, but need a solution to the possibility of it becoming out of date – see next option.
Rolling programme established for the year and reviewed at S&A meetings if there is a change in risk scores or new risks identified, to confirm programme is still relevant, update with any risk movements and adjust for next meeting if necessary.	Provides sufficient notice for services to organise presentation. Keeps focus on what is most important. Clear programme for everyone to follow. Keeps focus on most appropriate risks.	Requires confirmation report to Committee where there has been a change in scores or new risks added. Service Leader Internal Audit to write report when required with input from Risk & Insurance Adviser.	Recommend this method for programming what will come to Committee.

Options for Which Risks to be presented?	Advantages	Disadvantages	Comment/Conclusion
<p>Programme to cover all risks.</p> <p>Suggest fewer risks presented to meetings with Police and Fire on the agenda and more risks to other meetings if we choose this.</p>	<p>Comprehensive understanding for members.</p> <p>Allows balance of committee duration.</p>	<p>Time consuming at Committee meetings and may cover ground that doesn't need to be discussed</p> <p>Would require presentations at every meeting, with some covering more than one risk.</p>	<p>With 13 risks there is a lot to cover in 6 meetings, so suggest this is not the best way to go.</p>
<p>Programme to cover only "red" risks.</p>	<p>Focus on highest risk areas.</p>	<p>Does not cover all risks.</p> <p>Could potentially have no red risks.</p>	<p>Suggest we cover red and new risks. This would give 5 risks at present.</p>
<p>Programme to cover highest scoring risks, new risks and those with significant movement in scoring.</p>	<p>Focus on highest risk, new and fast-moving areas, providing wider coverage than red only, but a balance between time available and number of risks</p>	<p>Does not cover all risks.</p>	<p>Recommend this as it allows coverage of highest scored risks, and new risks that may not be as well understood as some of the older ones whilst keeping time spent proportionate.</p>

Options for Which meetings should they come to?	Advantages	Disadvantages	Comment/Conclusion
Risks to only come to meetings without Police and Fire on the agenda.	Helps to balance out the length of meetings but would need to have more than one risk at each meeting. Would be workable if only 5 risks as recommended above are to be considered.	Reduces the number of risks that can be accommodated through the year, because there would only be 2 meetings for risks to come to.	Not considered the best option due to small number of available meetings.
More than one risk to come to each meeting.	Would allow more coverage and understanding of more risks. If we are only looking at 5 risks this option would allow no risks to come to the meetings with Police & Fire at them.	Potential time impact on committee duration.	If we choose to do this only at the two meetings that Police and Fire do not come to, we could have 3 red risks at one meeting and 2 new risks at the other. This option was not considered the best due to impact on committee length.
One risk to come to every meeting	Would allow focus and depth of scrutiny. In 2021/22 there are six meetings.	Over the year not all risks could be accommodated. June meeting already has a heavy agenda due to year-end content.	Agreed one to every meeting is beneficial but would not want one at the June meeting due to workload at that meeting.
One risk to come to every meeting except June.	Would allow focus and depth of scrutiny. In 2021/22 there are five meetings excluding June.	Over the year not all risks could be accommodated.	Recommend this as it spreads the presentations evenly through the year, but avoiding the busiest meeting in June, and will allow focus on highest scoring and new risks.

CRR Corporate risk register
SRR Service risk register
PSIAS Public Sector Internal Audit Standards