Risk in SLAB

Risk Management Framework

The Scottish Legal Aid Board

www.slab.org.uk

Introduction

What is risk?

There are a number of definitions of risk. Put simply, risk is the **combination of the probability of an event occurring and its consequence**. These consequences can be positive as well as negative and risk should be seen as something that can be pursued as well as avoided.

The running of SLAB is primarily concerned with the management of risk – either through the pursuance of opportunities or managing the threat that an event or action will affect our ability to achieve our Strategic Objectives. This document sets out our approach to risk management and outlines the key objectives, strategies and responsibilities for the management of risk across SLAB.

What is risk management?

Risk Management is the infrastructure that allows us to identify, analyse, assess, treat, monitor and communicate risks in a way that minimises loss or damage and maximises opportunities.

We are committed to achieving the aims set out in our Corporate Plan. In so doing we acknowledge that we will face a variety of risks. The task of management is to respond to these risks effectively to maximise the likelihood of achieving our objectives and best use of resources.

There are five key stages to our risk management cycle.

Figure 1
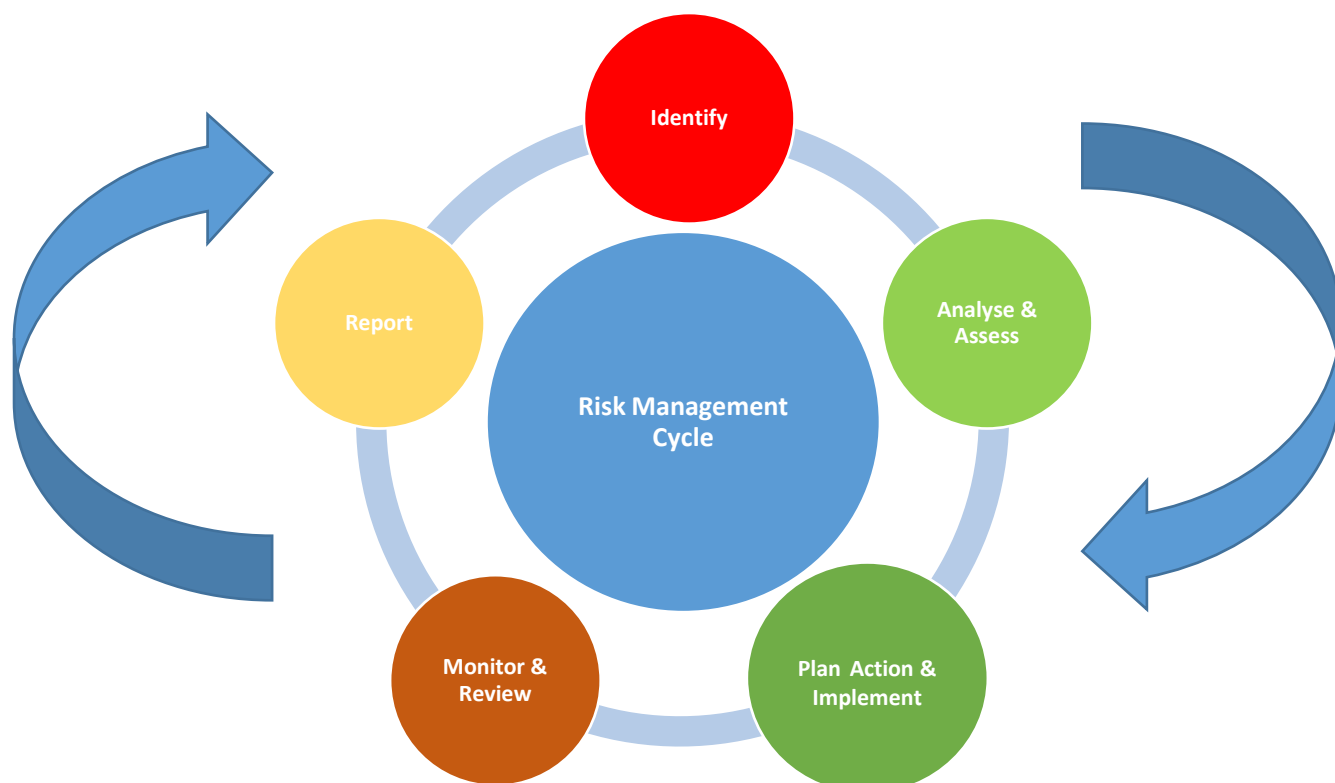
There is no one starting point in the cycle but it must be navigated clockwise.

Stage	Definition
Identify	Risk identification is the process of determining what risks or opportunities might impact on SLAB delivering its objectives.
Analyse & Assess	Assessing the risk using a likelihood and impact scale.
Plan, Action and Implement	Once the risk is identified, plan and implement mitigation responses and further action required.
Monitor and Review	Provide regular ongoing review of the identified risks, to consider whether the risk level has changed and whether actions are proving effective.
Report	Reporting or escalating to the relevant forum.

Staff across SLAB will be required to carry out a range of tasks under each stage of the risk management cycle. A separate practical guidance document for staff covering each stage of the cycle is available via the intranet.

Our approach to risk management

Risk policy statement

The following statements set out our policy approach:

- Responsibility for setting the risk management framework is the Board's.

- We are committed to ensuring that the management of risk underpins all of our business activities and that robust risk management procedures are in place throughout the organisation.

- The promotion of good risk management and a risk aware culture is championed at a senior management level.

- The responsibility for managing risk on a day to day basis is shared at all levels of the organisation.

- We cannot and will not eliminate all risk. Through the application of a sound risk management approach we can achieve a better understanding of the risks faced by SLAB and thus improve our decision-making.

- Our systems and processes are designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives

- We recognise that risk, as well as posing a threat, also represents opportunities for developing innovative ways of working. Innovation and best practice will be shared across SLAB.

- We want to be a 'risk aware' organisation, and only 'risk averse' where the Board has agreed to be.

- We expect management to take action to manage and mitigate the effects of those risks that are considered to be in excess of SLAB's risk appetite.

- SLAB's Risk Management Framework forms part of our approach to good practice in corporate governance.

- All staff are expected to have a basic understanding of the nature of risk with SLAB and the organisation's risk appetite.

Risk management objectives

The following three objectives underpin our Risk Management Framework.

Objective 1

We will promote awareness of risk amongst staff and embed the approach to its management throughout SLAB.

Objective 2

We will use the risk management cycle to identify, assess and take action on risks. We will monitor this action and report to senior management and the Board as appropriate.

Objective 3

We will approach the management of risk as something that provides SLAB with an opportunity to improve our service delivery as well as something that has negative consequences.

Risk management culture

We recognise the values of an effective risk management culture. Systems and process are dependent on the people operating and supporting them. Our approach to risk management focuses on these aspects. We will:

- Integrate risk management with planning at strategic and operational levels.

- Make explicit good risk practices already in operation.

- Devolve responsibility for risk ownership and management as appropriate.

- Ensure that all staff understand our approach to, and their role in, risk management.

- Help staff provide management with early warning of problems.

- Help managers become confident risk takers who exploit new opportunities to improve service or meet objectives.

Risk management structure

The risk management cycle

There is a continuous cycle in risk management as illustrated in **Figure 1**.

Levels of risk

Risks identified will be classified and recorded under the following categories.

Corporate risks – these are the risks that have the biggest potential to have a detrimental impact on the delivery of our Strategic Objectives. These risks will be recorded and monitored through the Corporate Risk Register.

Functional risks – these are risks that may have an impact on SLAB functions but are not serious enough to warrant inclusion on the Corporate Risk Register. These risks will be recorded and monitored through Functional Risk Registers.

Project Risks – These are risks that could have an impact on the delivery or outcome of a project.

Through our risk management processes, we will ensure the relationship and cross over between these risks is monitored and understood, for example, identifying risks and themes that are recorded across multiple functional registers.

Our assessment of risks will also link closely with our consideration of our performance and audit functions.

Figure 2

Strategic Objectives

Corporate Performance	Corporate Risks	Audit Universe
Operational Performance	Functional Risks	Risk Based Audit Plan
	Project Risks	

Roles and responsibilities within the risk management cycle

The Board

The Board is ultimately responsible for the system of internal control, including the Risk Management Framework and for establishing, operating and monitoring the system. The Board sets the risk appetite for the organisation. The Board delegates general oversight of the Risk Management Framework to the Audit Committee.

The Audit Committee

The Audit Committee advises the Board and the Accountable Officer on the strategic processes for risk, control and governance, including the Governance Statement.

The Accountable Officer

The Accountable Officer has personal responsibility for maintaining a sound system of internal control that supports SLAB's objectives, whilst safeguarding public funds. They sign the annual accounts which includes the Governance Statement.

The Executive Team

The Executive Team are responsible for collective oversight and scrutiny of SLAB's Risk Management Framework, corporate risks, and promotion of good risk practices throughout the organisation.

Directors

Directors are responsible for the implementation of the Risk Management Framework within their Directorates and ensuring risks are escalated to the Executive Team as required. They will ensure that risk features as part of meetings with their Managers.

Risk Director

A Director is assigned responsibility for the Risk Management Framework. They will have day to day oversight of the framework and ensuring that regular reviews of the Framework are carried out. They are responsible for interactions with the Sponsor Team on risk related issues and also reporting to the Board and Audit Committee.

Risk Coordinator

The Risk co-ordinator is responsible for co-ordinating the compilation and updating of risk registers at functional and project level, including highlighting and escalating cross functional risks. They are responsible for maintaining and updating the Corporate Risk Register. They are responsible for the promotion of good risk management throughout the organisation, carrying out reviews of risk and ensuring risk is aligned with other corporate functions.

Risk Owners

Risk owners are responsible for managing one or more individual risks. This includes managing each stage of the risk management process for those risks. They must ensure that risks are escalated where necessary and that their staff have the relevant skills and training required and risk objectives are set where appropriate. If a Manager is responsible for managing a project, they will ensure that project risks are managed and discussed at project boards.

Managers/Project Managers

Managers must ensure that their staff have the relevant skills and training required and risk objectives are set where appropriate. They will ensure that risks are identified, managed and discussed at appropriate forum including project boards and team meetings. They may also be risk owners.

Internal Audit

Internal Audit carry out audit work on parts of the Risk Management Framework as required. They use SLAB's risk registers to formulate SLAB's risk universe and then deliver a strategic annual audit plan.

Risk Management Group

The Risk Management Group meets is Chaired by the Risk Director and made up of key staff involved in the management of risk. It meets quarterly (or as and when required) to discuss cross organisational risk issues and risks highlighted for escalation.

All staff

All staff are expected to have a basic understanding of the importance of risk and to report potential risks to line management. They should be aware of the Risk Management Framework and the different roles and responsibilities within it. They will be involved in the discussion of risks at team meetings.

More detail on the duties of each person/group is set out in the table in **Appendix 1.**

Risk registers

Risk registers are a key management tool. A risk register supports the identification, assessment and monitoring of risk. Risk registers also provide useful information on risk trends, action planning and offer a means of sharing lessons and good practice across the organisation.

SLAB's different risk registers

SLAB has three distinct risk registers:

Corporate register – This records risks of a strategic/corporate nature. Responsibility for its management sits with the Risk Director. The content is considered by the Executive Team on a weekly basis and also regularly by the Audit Committee and the Board.

Functional risk registers – These record risks at SLAB function level. Functional level registers will be collated into Directorate level registers. Risks may be escalated to the corporate register as appropriate. Responsibility for individual functional registers sit with a designated Manager and Risk Coordinator.

Project registers – separate risk registers are maintained for each major project which are the responsibility of the relevant Project Manager.

The risk registers will be actively monitored to inform our risk mitigation.

The template for the SLAB risk register is in **Appendix 5.** You can find a copy of this in the Risk Management Folder of the Shared Drive.

The risk management process

Risk identification

Risk identification is an ongoing activity. Individual risks and the impact and/or likelihood of risks materialising will change regularly. Risk identification is the process of determining what risks might prevent SLAB from delivering its objectives.

Risks can be triggered/ identified from a number of sources including:

- Changes to the operating environment/horizon scanning
- Planning
- Monitoring of performance
- Risks identified by internal / external audit.

It is important that risk features in our day to day discussions. This will range from items at team meetings, right through to meetings of the Board and Audit Committee. Any risks identified should be included in the relevant risk register.

Staff guidance includes different methods that can be used to identify risks and how to manage the risk management process in the day to day work of staff.

Risk analysis and assessment

Once a risk is identified the risk will be assessed and rated. This should be done consistently across SLAB and will consider:

1. The **likelihood** of the risk occurring, and
2. If that risk was to occur, what the **impact** (or the consequences) on the organisation would be.

Likelihood is categorised on a scale of 1 to 5 with one being rare and five almost certain.

Impact is also assessed on a scale of 1 to 5 with one being insignificant and 5 being severe. Likelihood and impact are multiplied together to obtain a total gross risk rating.

Risk Rating

IMPACT	Multiplier	LIKELIHOOD				
		Rare	Unlikely	Possible	Likely	Almost Certain
Multiplier		1	2	3	4	5
Severe	5	5	10	15	20	25
Major	4	4	8	12	16	20
Moderate	3	3	6	9	12	15
Minor	2	2	4	6	8	10
Insignificant	1	1	2	3	4	5

Assessing risk appetite

In order to set an appropriate response to a risk, we will consider our risk appetite.

Our risk appetite is the expression of how much risk SLAB is prepared to take in a range of areas. This is set and owned by the Board. We will ensure that our evaluation and assessment of risk takes the Board's risk appetite into account. Our risk registers will include an assessment of risk appetite for each risk.

Risk owners will consider the risk rating before and after existing mitigating action but also the final tolerable risk status. Our appetite for risk will be key to setting the appropriate risk response.

The Board's current risk appetite statements are set out in Appendix 4. The full version of this, including definitions can be found in the Risk Management folder in the Shared Drive.

Risk responses

Our assessment of a risk and our risk appetite will determine a risk rating. This high, medium, or low rating will then determine our response. In general terms this will be as follows:

Risk Rating	Risk score	Risk response
High	20-25	This is likely to be an unacceptable level of risk exposure which requires action to be taken urgently. On very rare occasions this may not be applicable if the Board has expressed a 'hungry' appetite for risk.
Medium	12 – 16	This will generally be an acceptable level of risk and, dependent on risk appetite, one which may require action and active monitoring to ensure risk exposure is reduced.
Low	1 – 10	This represents an acceptable level of risk based on the operation of normal controls. It may be acceptable for no mitigating action to take place.

Risk Responses	Description
Tolerate	We will take an informed decision to tolerate the likelihood and consequence of a particular risk. This will be based on the Board's risk appetite and tolerance. This may not warrant any mitigating action.
Treat	We will reduce the likelihood or impact of an occurrence to an acceptable level using internal control mechanisms. We will monitor our treatment on a regular basis.
Transfer	We will move the responsibility or burden for loss to another party , e.g. through insurance or by paying a third party to take the risk in another way
Terminate	We will take an informed decision not to become involved in an activity or to cease the activity because the risk is too great to tolerate and cannot be cost-effectively treated.

Risk mitigation and net risk rating

The controls and actions that we will take after setting our risk response is our risk mitigation.

The risk which remains after taking account of the relevant mitigations is the 'net' risk.

Target risk rating

Where appropriate, we may set a 'target' risk which is the tolerable level of risk that the organisation should aim for.

Monitoring Risks

Risk management is an ongoing process that will be embedded in everyday activity. The process must be reviewed on a regular basis to remain effective. Risk Owners will review risks on a regular basis and identify whether any revisions are required. The revision may involve a re-assessment of impact and likelihood of planned mitigating actions.

The main ways in which we will monitor risks are:

- Risk reviews carried out by risk owners.
- Through the co-ordination of Directorate risk registers.
- Risk being a standard item on agendas for team/department/Directorate meetings.
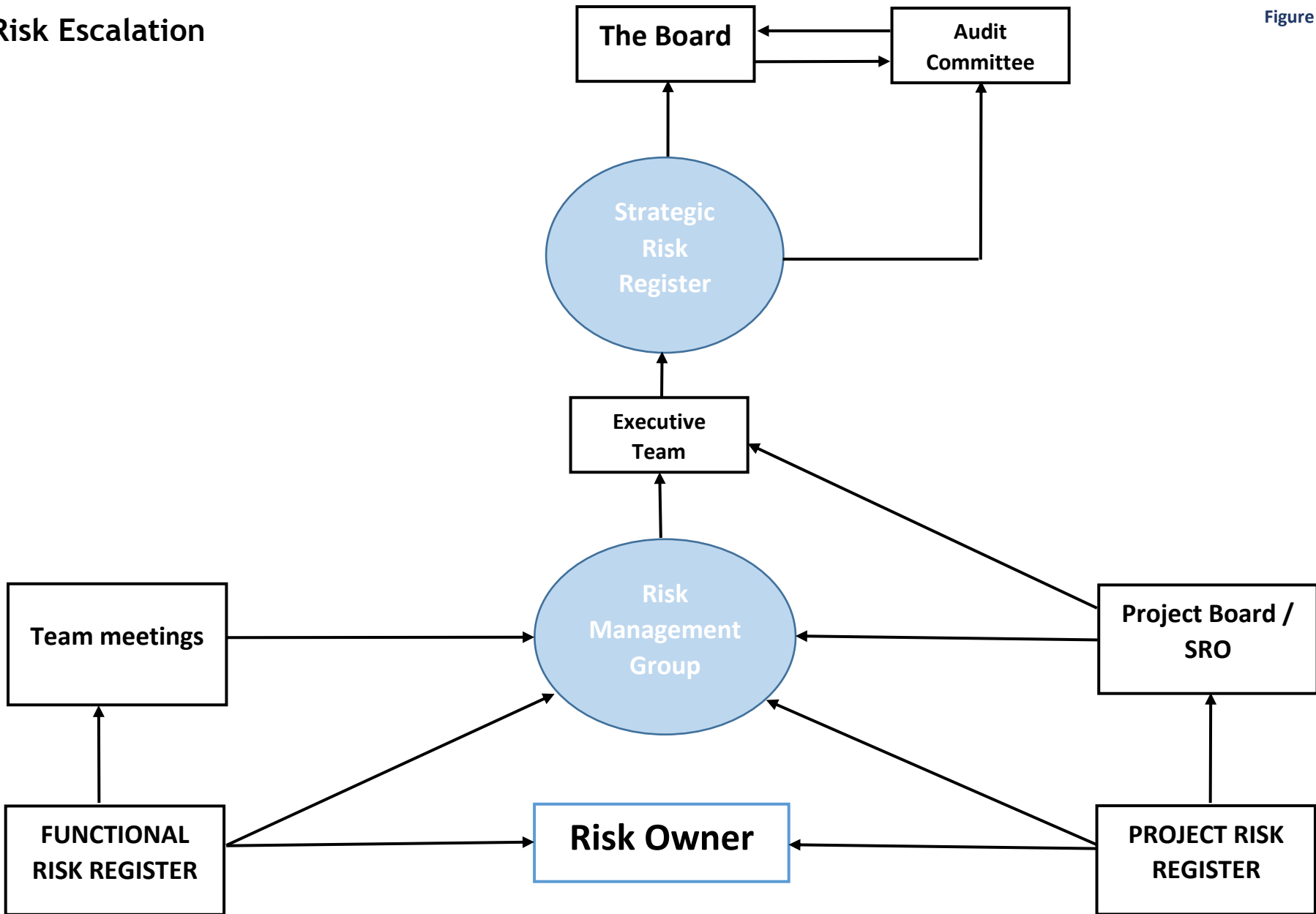- Risk being a standard item for all Project Board meetings.

- Risk being a standard item on corporate governance update meetings with SG sponsor team.
- Discussions at the Risk Management Group.
- Reporting to meetings of the Audit Committee and the Board.
- Internal audit activity

Escalating and Discussing Risks

Figure 4 below sets out the different linkages within the roles and responsibilities and the ways in which risk should be escalated. In general, risks at functional and project level are discussed at team and project meetings. The risk management group is the main escalation forum at functional and project risk level. The risk management group will then escalate to the Executive Team who will decide on whether a risk warrants escalation to a corporate risk.

Risk Escalation

Figure 4

The Board

Audit Committee

Strategic Risk Register

Executive Team

Team meetings

Risk Management Group

Project Board / SRO

FUNCTIONAL RISK REGISTER

Risk Owner

PROJECT RISK REGISTER

APPENDIX 1: Responsibilities

Level	Role & responsibilities	Frequency
SLAB Board	• Setting SLAB's strategic direction and corporate priorities; • Defining the Board's risk appetite; • Approving SLAB's Risk Management Framework; • Monitoring the effectiveness of the system of control regularly and reporting on it at least annually; • Considering reports on the Risk Management Framework from the Audit Committee and Accountable Officer • Reviewing the Corporate Risk Register.	Annual Every six months
Audit Committee	• Oversight and review of the operation of the Risk Management Framework, including the approach to risk appetite; • Ensuring that significant risks are identified and managed appropriately; • Ensuring that everyone in the organisation understands what level of risk they are empowered to take on its behalf. • Reviewing the Corporate Risk Register at every meeting and functional/project risks as appropriate.	Quarterly
Accountable officer	• The Accountable Officer has personal responsibility for maintaining a sound system of internal control that supports SLAB's objectives, whilst safeguarding public funds. They sign the annual accounts which includes the Governance Statement.	As needs arise
Executive Team	• Evaluating and determining SLAB's strategic risks. • Approving changes to the Risk Management Framework for onward consideration by the Audit Committee or Board, including risk appetite and the annual risk based audit plans. • Promoting good risk management throughout the organisation.	Ongoing
Directors	• May be risk owners for specific risks • Responsible for ensuring the RMF is being followed in their Directorates. • Fostering a culture of risk management and risk awareness	Ongoing

	• Ensuring that all identified risks are captured in the relevant functional risk register • Actively manage risks through identification of mitigating controls, taking action and regularly discussing and reporting on risks.	
Risk Director	• Senior risk officer in SLAB • Ensuring regular reviews of the Risk Management Framework are carried out as required, including appropriate levels of training. • Liaison with the Scottish Government Sponsor Team on risk issues • Liaison with the Board and Audit Committee on risk issues.	Ongoing
Risk Management Coordinator	• Being a key senior reference point for staff in providing support and advice on risk management. • Carrying out reviews of risk. • Ensuring risk is aligned with other corporate governance functions e.g. business planning. • Promoting risk and delivering awareness raising and training on risk. • Ensuring cross functional risks are assessed and escalated as required.	Ongoing
Risk Management Group	• Discussing common risk issues across Directorates. • Sharing ideas, best practice and lessons learned. • Discussing developments in risk management practice. • Scrutinising key functional or project risks.	Quarterly
Managers	• May be risk owners for specific risks. • May be an owner of a functional risk register • Ensuring functional risks are recorded and regularly reviewed. • Ensuring functional risks are escalated as required.	Ongoing
Risk Owners	• Managing one or more individual functional or project level risks. • Escalating issues as appropriate.	Ongoing
All staff	• Understanding risk and being aware of the role of risk owners and risk champions. • Good understanding of their role in delivering SLAB's risk management framework.	Ongoing

	• Being risk aware and reporting potential risks to line management for consideration.	
Internal Audit	• Carries out internal audit work on areas of the Risk Management Framework and on individual risks. • Compiles SLAB's audit universe and annual risk based audit plans.	Ongoing
Risk Management Group	• Discussing common risk issues across Directorates. • Sharing ideas, best practice and lessons learned. • Discussing developments in risk management practice. • Scrutinising key functional or corporate risks.	Quarterly

APPENDIX 2: Risk Identification Prompts

We will use a number of prompts to help us identify risks.

This includes:

- **PESTLE analysis**. This identifies risks using the analysis of Political, Economic, Social, Technological, Legal, and Environmental issues.

- **SWOT analysis**. This identifies risks using analysis of Strengths, Weaknesses, Opportunities, and Threats.

- **Process based approach.** This identifies risks through the analysis of:
  - Inputs, including financial, employees, assets, ICT
  - Processes, including management processes, methodology
  - Outputs; including quality, timeliness, demand

Strategic Objective Risk Prompts

We will consider risks in relation to the delivery of our strategic objectives. For each strategic objective, risk managers will consider their team's role in delivering the strategic objective and both the risks and opportunities that present themselves in achieving the team's contribution to the objectives.

Our Strategic Objectives are:

> **1. To deliver improvements to legal aid processes that increase efficiency and improve the experience of system users and customers**

> **2. To advise Scottish Ministers on the strategic development of legal assistance and its contribution to a Scotland in which rights are supported and disputes are resolved fairly and swiftly**

> **3. To ensure that our organisation has the culture and capability to be responsive to our customers, the justice system and developments in legal and advice services**

> **4. To build and maintain effective and collaborative relationships with the legal and advice sector and our public sector partners as we seek to achieve our Purpose and contribute to wider Scottish Government aims**

The key questions that we will consider include:

(i)   What will stop you helping us to achieve this strategic objective?

(ii)   What could you do more of to help deliver this strategic objective?

(iii)   Do you have the right skills and resources to contribute to this strategic objective?

(iv)   What does your Director expect from your team?

(v)   What do you need to do to deliver a high standard of customer service?

(vi)   What are the impacts of your team of failing to contribute to this strategic objective?

The analysis techniques described above e.g. PESTLE analysis can also be used to assess each strategic objective.

APPENDIX 3: Risk Impact Examples

	Description	Financial (Fund)	Financial (GIA)	Performance (accounts)	Business Continuity	Reputational	Asset Loss	Regulatory & Legal	Injury or Illness
1	Insignificant	<£5k	<£5k	Negligible impact on performance	<0.5 days	Minor media interest	Minor damage to single asset	Act or Omission resulting in Legal or Regulatory breach causing insignificant impact loss	Minor injury or illness, first aid, no days lost
2	Minor	£5k-£50k	£5k-£25k	Minor impact on performance	0.5-1 day	Headline media interest	Minor damage to multiple assets	Act or Omission resulting in Legal or Regulatory breach causing minor loss	Minor injury, or illness, medical treatment, days lost
3	Moderate	£50k - £100k	£25k - £50k	Unable to meet 97% target for performance	1-3 days	Headline media interest causing public embarrassment	Major damage to single or multiple assets	Act or Omission resulting in Legal or Regulatory breach causing moderate loss	Moderate injury, medical treatment, hospitalisation, <14 days lost RIDDOR reportable
4	Major	£100k-£250k	£50k-£100k	SLAB unable to process accounts & make payment to the profession	3-7 days	Short-term media campaign	Significant loss of assets	Act or Omission resulting in Legal or Regulatory breach causing major loss	Single death, extensive injuries or long-term illness (>14 days)
5	Severe	>250k	>100k	Complete inability to process accounts & make payment to the profession	1 week+	Sustained media campaign	Complete loss of assets	Act or Omission resulting in Legal or Regulatory breach causing catastrophic loss and legal or regulatory supervision	Multiple deaths or severe disabilities

SCOTTISH LEGAL AID BOARD: RISK APPETITE

Theme	Description	Strategic Objective	Averse	Minimalist	Cautious	Open	Hungry	Risk Appetite Statement	Risk Measure	Risk Tolerance
Stakeholders (Government)	Our ability to effectively manage our relationships with a range of other public bodies and the Scottish Government. The ability to work collaboratively, constructively, and strategically wherever possible.	4				✓		The Board's reputation and ability to ability to deliver against its Corporate Plan and deliver effective reforms to legal aid is heavily influenced by positive and collaborative relationships with SG and our justice partners. The Board's appetite to undertake activity that would risk putting these relationships in jeopardy is therefore low.\n\nThe Board is, however, prepared to be challenging in its relationships with others in a positive way should the interests of the organisation or the legal assistance system be at risk.	We will seek direct feedback from our Sponsor lead at SG twice a year as part of the regular Accountability Meetings. This will cover issues such as:\n\ni. Effectiveness of communication\nii. Effectiveness of joint working\niii. Helpfulness / engagement of contacts\niv. Trust\nv. Value placed on advice and support\n\nWe will seek direct feedback from one to one meetings with the Chair/Chief Executive and SG Director.	Relationships are complex, particularly when one party to the relationship is questioning or challenging.\n\nIsolated instances of issues can be expected and therefore tolerated. However, if issues are risking our reputation or impacting noticeably on the delivery of major projects then this should be dealt with as a priority.
Stakeholders (Other)	Our ability to effectively manage our relationships with the legal profession. The ability to work collaboratively, constructively, and strategically wherever possible.	4				✓		The Board understand the importance of collaborative relationships with the suppliers of legal aid, be it at firm or representative body level. However, we will not be constrained in our functions by the reaction of the legal profession. We are willing to pursue a degree of risk in undertaking activity that may be unpopular or contentious where we have identified scope to achieve significant reward and have fully consulted the profession.	Passage of legislation through Parliament\n\nJustified complaints about our polices, procedures.	We should never fail to actively brief the Justice Committee on the detail of regulations and provide counter arguments to any criticism.\n\nWe will develop a baseline for complaints during 2017-18 after we have improved our recording of complaints.
Strategic delivery	Our ability to effectively advise Ministers on the operation of legal assistance.	2			✓			The Board places great importance on its relationship and reputation with Scottish Ministers and we will want to ensure that the risk of providing poor advice is extremely low. However, we do consider that advising Ministers on the most effective and innovative solutions in the delivery of legal aid requires the acceptance of modest levels of risk in the development of options.	We will seek direct feedback from Sponsor lead twice a year to discuss satisfaction of the Minister.\n\nWe will work with SG to diarise two meetings a year between the CEO/Chair and the Minister. This will inform us of areas in which the relationship could be improved.	We must always act on any feedback from Ministers as a priority.\n\nAdvice submitted to Ministers must always include cost/benefit analysis and options appraisal
Operational Delivery	The delivery of our day to day functions, both operational and corporate, and our work to improve the day to day operation of the legal aid system.	1, 3				✓		We accept that significant improvements to our service and customer experience is dependent on exploring new and innovative ways of working and we accept that this brings an increased level of risk. We will ensure that this risk that we accept is appropriately balanced with the likelihood of delivering improvements and value for money.	Our new performance framework will provide us with indicators of our overall performance on operational delivery.\n\nIndicators of overall performance are 'lagging' indicators - indicators which are the results of activities. For this risk area we will also look to develop 'leading' indicators which should inform what shapes the performance indictors and enable us to better balance the resource needed to assign to development projects vs day to day operations.\n\nJustified complaints about service failure.	We will develop a baseline for complaints during 2017-18 after we have improved our recording of complaints.
Infrastructure	The availability, viability and security of our estates and Information technology infrastructure.	1, 3		✓				Our ability to function as an organisation and to ensure that people are able to access our services is heavily dependent on a functioning estate and our IT and telephony infrastructure. We are only prepared to undertake activities that have a low level of inherent risk.	Business hours lost to failure of infrastructure.	Recovery times should be in line with targets set out in relevant local Business Continuity Plans.
Major Projects and Change Management	Our handling of large and complex projects or change programmes e.g. the Criminal Justice (Scotland) Act.	1, 3				✓		Although the Board's appetite for risk in delivering options to improve the system of legal assistance is 'open' it is only prepared to take a risks that are controllable to a large extent once those options become major projects. The Board recognises the risk to reputation and effectiveness should it be ineffectual at delivering key initiatives.	We will aim to use measures of time, cost, and quality as per standard project management methodology. This is something that requires further development.\n\nFor major projects with an external facing element we will seek direct feedback from stakeholders on what it has delivered.	It is not possible to have set tolerances for each project. These will be recommended by the SRO of the project and approved by the Board?
People and Culture	The skills and experience required from our staff to be able to operate effectively.\n\nEffective leadership.\n\nThe commitment of our staff to SLAB's aims and culture.	3		✓				The effective and efficient delivery of our functions depends on the ability of our organisation, including our staff, to respond to our external environment and our customers. We will therefore only accept low levels of risk to our ability to do this.	Staff satisfaction\n\nSickness levels	A measure of staff satisfaction is currently being developed and a tolerance level will be recommended to the Board following this.\n\nTargets for self certified sick days should be met.
Compliance and finance	Our compliance with key statutory obligations and legislation and our management of GIA and Fund expenditure.	3	✓					We have a low appetite for activity or behaviours that breach legislation, professional standards or ethics or mismanage public funds. This includes activity under the remit of the Information Commissioners, Scottish Public Services Ombudsman and our external auditors.	Performance against Grant in Aid budget and Legal Aid Fund forecast\n\nLevels of internal fraud\n\nDecisions against SLAB from regulatory bodies\n\nExternal audit activity\n\nSG accountability framework	Tolerance for overspend on the Grant in Aid is zero.\n\nNotifiable breaches of the DPA should be zero.\n\nRegulatory fines should be zero.\n\nDecision notices from SIC should be no more than 1 per year.\n\nAccounts should never be qualified\n\nSLAB is fully compliant with full range of statutory obligations monitored through the SG's Public Bodies Unit.

Appendix 5. Useful definitions

Risk Strategy & Appetite	Alignment/conscious decision to use risk management to enable the achievement of business plans, goals and strategic objectives. It includes a risk appetite statement supported by risk tolerances, limited and associated breach protocols to control risk levels throughout SLAB
Risk Governance	A structure through which an organisation directs, manages and reports its risk management activities. It encompasses clearly defined roles and responsibilities, decision rights, the risk governance operating model and reporting lines
Risk Culture	Values and behaviours present throughout an organisation that shape risk decisions. Risk culture influences the decisions of management and employees even if they are not consciously weighing risks and benefits. A strong risk culture helps to encourage strategic decisions that are in the long-term best interest of the organisation.
Risk Assessment & Measurement	Alignment/conscious decision to use risk management to enable the achievement of business plans, goals and strategic objectives. It includes a risk appetite statement supported by risk tolerances, limited and associated breach protocols to control risk levels throughout SLAB
Risk Management and Monitoring	Management's response to manage, mitigate, or accept risk. Risk management efforts create value through the use of risk and control information to improve business performance.
Risk Reporting and Insight	Reporting of risk and related information (e.g. mitigation activities) provide genuine insight into the strengths and weaknesses of risk management activity. Disclosure of risk management information to key stakeholders also supports the decision making process. Effective risk reporting enhances the transparency of risks that could have an impact on achievement of objectives in a timely manner
Data & Technology	Management of risk data that can be translated into meaningful risk information for stakeholders. It includes the development and deployment of risk management tools, software and systems that support risk management activities.

Appendix 6. Risk Register

		RISK REGISTER			**Function:**														
Risk ID	Date Logged	Risk Description: Context and scope of the risk, plus main causes	Risk Impact		Strategic Objective(s) Impacted	Risk Appetite Category	Untreated Impact (1-5)	Untreated Likelihood (1-5)	Untreated Risk Score 1-10 (Low) = Green 12-16 (Medium) =Amber 20-25 (High) = Red	Risk Appetite	Risk Response	Description of Controls in Place	Current Impact	Current Likelihood	Current Risk Score 1-10 (Low) = Green 12-16 (Medium) =Amber 20-25 (High) = Red	Risk movement since last review	Further action, who responsible and timescales		Risk Owner
1									0						0				
2									0						0				
3									0						0				
4									0						0				
5									0						0				
6									0						0				
7									0						0				
8									0						0				
9									0						0				
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