

HSB 8/06

From: Laura Petrie, Director of Finance

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HSB

HISTORIC SCOTLAND RISK MANAGEMENT

1. HSB have overall ownership of the risk management process and should consider its adequacy as part of the system of internal control. As part of the review of risk I promised to return to the subject in April to allow HSB the opportunity to review and comment on the proposed arrangements. I gave you early sight of the high level Agency risk register and reporting format at the February Board. I attach further copies for your convenience.

Risk Registers

2. Risk management is managed through the risk registers. These are the key documents which record the significant risks along with the responsible owner, the related controls and an assessment of the effectiveness of the controls. The risks are rated on their impact to the Agency and the likelihood of their occurrence. Each group has developed a risk register and there is an overall high level register for the agency.

3. The initial registers were developed as part of a series of workshops. Further work was carried out on the Group registers by the Directors to ensure that the risks recorded reflected their business area. Action plans have also been developed by Directors wherever further action to improve controls was required. There are now group risk registers in place for each business area.

4. There is a high level risk register in draft which HSB need to review and approve. It is drawn from the group risk registers and, at present, records the significant risks which have emerged from these. Before HSB confirm this register there are two principles we need to discuss.

4.1 First - should the risk register contain only those risks which we are in a position to control or minimise the impact on the Agency should the risk materialise? Should we also consider risks to the historic environment which will remain whatever our actions?

4.2 Second - the risks on the Agency risk register are drawn from the extreme or high risks identified and assessed at Group level. There are a number of risks such as the health and safety and the properties in care which are well controlled and assessed as moderate. Should these be included on the risk register whatever their risk rating? Do the Board wish to see the assessment of the controls for managing the risk and the risk rating even if the risk is low?

5. The high level risk register and the group registers will be formally reviewed annually.

Reporting of risk

6. Risk will be reported on a quarterly basis to HSB. The report will advise on all new, amended and removed risks. It will also advise of progress on the action plans. The latest version of the high level risk register will be circulated at the same time Directors will review their Group risks in the month prior to the Board review and report on the same basis.

Further Action

7. The risk register will be redrafted to reflect the outcome of these discussions. The Board will next discuss risk at the June meeting but as part of the normal risk management arrangements. Group Directors will review their risk registers and report in May to allow the overall report to HSB to be collated.

8. Guidance on the risk management process has been developed and will be issued to all Directors and their management teams. Training will be provided in-house to support the group management structure with basic training on the principles of risk management and the Historic Scotland process provided over the summer.

9. I will discuss this further at the meeting on 24 April 2006.

Laura Petrie
Director of Finance

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