CYNGOR SIR *POWYS* COUNTY COUNCIL.

AUDIT COMMITTEE
27TH APRIL 2018

REPORT AUTHOR: **Greg Thomas, Business Continuity and Risk Management Officer**

SUBJECT: **Risk Management Toolkit and JCAD Core**

REPORT FOR: **Decision/Discussion**

Summary

1.1 The Accounts and Audit (Wales) Regulations require Local Authorities to put in place and ensure that there is a sound system of internal control, which includes arrangements for the management of risk.

1.2 We are continuously improving and updating our approach to risk management to help better understand and manage the risks the Council faces, prepare for future challenges and to increase the likelihood of achieving objectives. Risk management is a core management discipline that supports organisational delivery. The risks that the organisation faces are changing all the time, so the art of good risk management is to combine planning for what we know might happen with preparation for unknown situations, and to safeguard the organisation and in turn make it more resilient.

Background

2.1 The Council's current Risk Management Strategy was initially approved in 2007, and was last fully reviewed and updated in 2016.

2.2 In October 2017 SWAP undertook an audit of the risk management arrangements in Powys County Council, this audit concluded that current risk management arrangements in Powys County Council place the organisation at high risk of not being able to achieve its objectives and to successfully execute its strategies.

2.3 The audit was only able to offer partial assurance in relation to the areas reviewed and the controls in place. It was found that key risks are not well managed, and that system requires the introduction or improvement of internal controls to ensure the achievement of objectives.

2.4 The current Risk Management and Business Continuity Officer had already drawn up an action plan to improve the risk management process, this has been agreed with the Acting Director, Resources and included many of the recommendations of the report produced by SWAP.

2.5 Part of this improvement plan is the creation of a Risk Management Toolkit and the procurement of the JCAD Core risk management system. These two actions are the subject of this report.

Risk Management Toolkit

3.1 The Council's current Risk Management Strategy was initially approved in 2007, and was last reviewed and updated in 2016.

3.2 A more comprehensive document has been produced as it is necessary for the Council to have a clear statement of its overall policy in relation to managing risk in the delivery of services, have a formal strategy outlining how it will identify and control these risks, and provide a methodology and standard means of assessing risk and encouraging a more consistent approach to how this should be undertaken.

3.3 Based on best practice from other local authorities and guidance from Alarm (public sector risk management association), the Powys County Council Risk Management Toolkit has been created. Should this be adopted by Executive Management Team and Cabinet, it will replace and build on the current Risk Management Policy, Strategy and Methodology.

3.4 The toolkit contains three sections. Section one, introduced the toolkit and the discipline of risk management. Section two contains the specific policies, guidance, and methodologies for Powys County Council. Finally section three gives documents to support effective risk management and a numerical risk assessment framework.

3.5 Should this risk management toolkit be adopted it will ensure that the Council is working towards the ISO31000 standard for risk management. In addition successful implementation of the toolkit will mean that Powys County Council is able to achieve the following:

- *Governance and infrastructure*: Powys County Council adopts a cross organisation management of risk approach with executive level sponsorship, policies, standardised processes and defined accountabilities communicated through the organisation. Management of risk is integral to planning and performance in Powys County Council, and there is a clear vision of risk appetite.
- *Risk identification, assessment and prioritisation:* in Powys County Council, risk and opportunities are identified systematically and consistently across the organisation, programmes, and partnerships. Risks are assessed and prioritised to focus time and resource on the critical risks. Risk assessment takes into account risk correlation, and is both qualitative and quantitative.
- *Risk treatment and control:* controls are tested and actions plans developed, and implemented where necessary – risk management and risk transfer decisions are fully informed.
- *Reporting, monitoring, and communication:* Powys County Council has a strong governance framework in place to facilitate risk reporting and

monitoring at all levels. Reporting is supported by JCAD Core. Powys County Council Management fully understand and monitor the risks the organisation faces and the benefits of effective risk management. Independent assurance is sought where required.

- *Culture:* Powys County Council has a risk aware culture, where colleagues understand the benefits of risk management and have the knowledge, skills, and tools to embed the management of risk process.
- *Partners/Third Parties:* when working with external organisations, Powys County Council has robust risk management processes in place. This framework is jointly applied when working in partnership.

3.6 The Powys County Council Risk Management Toolkit is attached as Appendix A and builds on the current Policy, Strategy, and Methodology, by introducing the following:

- Risk Management Champion – each Service Area will be asked to appoint a Risk Management Champion. These Champions should normally be someone who attends the Service Management Team or one of the PAs, as they have the responsibility for the recording of the risks in their Service Area using the JCAD Core Software.
- Corporate Risk Appetite Statement – a general risk appetite statement has been developed for the Council.
- Service Risk Appetite Statement – each service needs to develop their own risk appetite statements, these should be recorded on the service risk registers.
- Opportunity risk management.
- Greater integration into the programmes and projects.
- Partnership and third party risk management.
- A new risk assessment matrix (for both treats and opportunities).
- New risk recording and reporting system (JCAD Core).
- Training programme for Officers and Elected Members.

JCAD Core

4.1 To assist us in developing a more integrated approach to risk management, JCAD Core, a cloud based, electronic risk management system has been procured. This will replace the many spreadsheets that we currently use.

4.2 The JCAD Core system will be used for:

- Corporate Risk Register;
- Service Risk Registers – all service areas are to have their own risk register;
- Programme Risk Registers – all programmes are to have their own risk register;
- Opportunity Register.

4.3 This system can be used to generate a wide range of reports that show risk control and performance, this feedback will allow for better strategic decisions to be made and to allow for opportunities to be identified. For the first time,

risk data will be able to be viewed live, from any location, this should help to make Powys County Council more risk aware organisation.

4.4 For Service Risk Registers, the Risk Management Champions will be responsible for the input of data. For programme level risk, this responsibility lies with the Programme Manager, whilst the Business Continuity and Risk Management Officer will remain responsible for the Corporate Risk Register. Automated alerts will be utilised, to ensure that all deadlines are adhered too.

4.5 Each Risk Champion and/or Service PAs/Programme Managers will receive a username and read/write access. Other Officers and Elected Members will be able to log in (read only) and securely view the system, at any time. All key users will be provided bespoke training from JCAD Core in terms of using this system. Additional training will be available on an ad-hoc basis from the Business Continuity and Risk Management Officer.

Recommendation:	Reason for Recommendation:
To approve the risk management toolkit as set out in Appendix A to the report.	As part of its arrangements for good Corporate Governance it is necessary for the Council to have a clear statement of its overall policy in relation to managing risks in the delivery of services and also to have a formal strategy outlining how it will identify and control those risks.

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