

CYNGOR SIR POWYS COUNTY COUNCIL.

SLT
Wednesday 18th November 2020

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REPORT TITLE: Risk Management

REPORT FOR: Decision

1. Purpose

- 1.1 The purpose of this report is to outline the Councils response to a recent SWAP Internal audit report on Risk Management and seek agreement on recommendations and future actions.
- 1.2 The intention of presenting this report to SLT is so that Heads of Service can fully understand the implications of the recent risk audit and the improvements required from services to become compliant and deliver objectives.

2. Background

- 2.1 Risk Management identifies potential problems before they occur so that risk-handling activities may be planned and invoked to mitigate adverse impacts on the achievement of business objectives. An effective risk management system is vital to ensure the successful delivery of the Council's corporate priorities and the delivery of an efficient and effective public service for the citizens of Powys.
- 2.2 At a time when the Council is facing unprecedented challenges, the effective management of risk is needed more than ever. A risk-managed approach to decision making will help us to achieve the well-being objectives in Vision 2025, deliver services more efficiently and using innovative and cost-effective means, and help the Council manage its Covid-19 response.
- 2.3 Individuals roles in Risk Management is clearly stated in the Risk Management Framework.

SWAP Audit report

- 2.3 The report states 'In general, the policy approved by the Council for risk management is fit for purpose. The system (JCAD) used to deliver the policy is also fit for purpose, but it is not fully embedded across the authority and the potential functionality may not be fully utilised.

2.4 Audit's opinion was 'In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

2.5 Issues highlighted, with comments and actions are detailed in the below table. These actions are relevant to all services and the timetable for implementation needs to be agreed by all.

Issue/Finding	Comment	Action	Suggested timescale for delivery
<p>Service Risk Registers - There were areas of good practice found, but also a significant variation in the legitimacy and quality of the risk recorded. In addition, there were errors on the scoring of the risk, mitigation (control) and tolerance information. These errors display a lack of understanding of the risk management process. E.g. Some risks had a reduction in the residual score without any controls in place. Other were being tolerated but had mitigating actions against them. See appendix B.</p>	<p>Our risk registers are key to safeguarding the organisation and building resilience into our services. Our framework has two levels of challenge. Firstly, the challenge and moderation of the risks by the Services through management teams to ensure that the risks are valid, the appetite is quantified, and the mitigating actions are SMART e.g. close monitoring is not an adequate mitigation measure, it is tolerating. Secondly, Senior Management and the cabinet who are responsible for the oversight and monitoring. The Audit Committee are there to provide the necessary challenge and scrutiny and call the Council to account where the</p>	<ul style="list-style-type: none"> •Each service reviews its risk registers to ensure that the information within them aligns with the definitions within the framework. 	31 st Dec 2020
		<ul style="list-style-type: none"> •Service Risk Registers are reviewed, as a minimum of 3 monthly, in SLTs and a standing item on performance review meetings agenda. 	On-going
		<p>Recommend that the services start using the JCAD reports system to determine if owners are keeping up with their reviews.</p>	31 st Dec 2020
		<ul style="list-style-type: none"> •Strategic Planning and Risk Officer to be invited to a 3 monthly review meeting to improve understanding and challenge. 	Commencing Jan 2021
		<ul style="list-style-type: none"> •Service Risk Champions regularly review their service risk register. 	On-going

<p>There is limited evidence of regular reviews and appropriate challenge on a regular basis.</p>	<p>risk management framework is failing. As well as the risk all mitigating actions whether Treat, Tolerate, or Transfer need reviewing on a regular basis. As of Quarter 2 20/21 the Strategic Risk Register is going to scrutiny.</p>	<ul style="list-style-type: none"> •Services use the risk management scoring framework when setting the risk profile. •Recommend Audit/Scrutiny committees look at service risk registers every quarter on a rolling basis. 	<p>On-going</p> <p>Commencing Jan 2021</p>
<p>Risk Management is not fully embedded into the culture of the organisation.</p>	<p>The risk champions, and risk officer undertook training on the Fundamentals of Risk Management in Feb 2020.</p>	<ul style="list-style-type: none"> •Create a risk management course or training for all staff specifically the management induction programme. •Set up 30 minute JCAD/risk Management sessions on Teams for new users and anyone who needs a refresher. •Strategic Planning and Risk Officer to be invited quarterly to services SLT meetings to improve understanding and challenge. •Service Risk Champions regularly review their service risk register. 	<p>Jan 2021</p> <p>Dec 2020</p> <p>Commencing Jan 2021</p>
<p>No risk management maturity target set.</p>	<p>The assessment is based on the five levels of maturity (1 being the lowest) and uses seven key questions to measure this, see appendix A for details. SWAP</p>	<ul style="list-style-type: none"> •Set a target level of 3 for all areas except partnership. A target of 2 set for partnership. It is assumed the actions set out in this report will ensure we 	<p>Review June 2021.</p>

	assessed the Council as a level 1 for partnership, level 2 for leadership, risk strategy people, risk handling & outcomes and a level 3 for process.	improve our target level.	
It is difficult to understand the impact of mitigation, i.e. how the inherent risk score is reduced by the delivery of the action. Also with some risks the controls implemented do not decrease the inherent risks. The Authority should be entering what they aim to reduce the residual risks to, by implementing controls. Setting a target is important as this would help to prevent the Authority from over or under mitigating the risks.	In some situations the residual risk remains the same even though control measures have been identified. Which raises queries about whether the best treatment was applied to the risk.	<ul style="list-style-type: none"> •Risk owners should aim to provide an explanation in the notes section of the risk as to how the inherent risk score will be reduced by the delivery of the mitigating actions. Also, if applicable explain why the residual risk scoring remains the same (to be developed as part of the training and service SLT meetings) •Investigate setting a target risk score and how and when it should be introduced and include SLT in the engagement process. 	Mar 2021
There are no service level risk appetite statements within the risk registers, nor within the Councils Risk Management Framework.	Risk Appetite was key part of the in-house training delivered to Risk Champions in February. The action was part of T&C's Integrated business plan due to start in March	•Review Risk Management framework including the Council risk appetite statement working with Risk Champions.	Jan 2021

	<p>2020 however was put on hold. Risk Officer contacted Audit requesting assistance in researching ways other organisations are setting up their appetites and how this could work in Powys.</p>		
<p>There are no specific partnership risk registers on the JCAD system</p>	<p>The Councils main partnerships; Freedom Leisure and HOWPs were mentioned within the service risk registers. PCC scoring matrix was amended last year to align with one of our main partnerships, PTHB to make recording partnership risks easier.</p>	<ul style="list-style-type: none"> •Agree to record partnership risks in related service risk register and HofS/EMT/Portfolio Holders communicated a clear, direct message to staff, partnership risks that relate to PCC achieving its outcomes need to be included in service risk registers. •Recommend Scrutiny/Audit committee look at service risk registers every quarter on a rolling basis. •Review Risk Management framework including the methodology for the partnership risk management 	<p>SLT to confirm when this will be completed by.</p> <p>31st Jan 2021</p>
<p>Further embed JCAD into the Council.</p>	<p>EMT/SLT have undergone training on the JCAD system. All owners have either received training or guidance for the use of the JCAD system. Alongside paper guidance and a</p>	<ul style="list-style-type: none"> •Set up 30 minute JCAD/risk Management sessions on Teams for new users and anyone who needs a refresher. 	<p>Dec 2020</p>

	<p>video. A lot more officers are familiar with JCAD since the Covid-19 risk register was created which is reviewed/challenged regularly by gold and silver.</p> <p>It was decided Cabinet and Elected members do not need access to JCAD yet but HofS should be regularly reviewing their risks with their Portfolio Holder at performance reviews meetings.</p>		
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2.6 Due to limited contact with Officers of the Council due to the Coronavirus outbreak. Auditors were unable to determine the basis that officers used when identifying risks. Due to this Auditors are unable to provide assurance of the risk identification process used by the Council. Therefore, Audit have recommended that a review of this area is undertaken by Audit at the end of the outbreak.

3. Advice

3.1 To ensure a risk managed approach to decision making and good governance of the Council, it is proposed that SLT agree the actions in section 2.5.

4. Resource Implications

4.1 There are no direct resource implications in relation to this report however all Heads of Service need to consider if there are any resource implications as a result of the recommendations.

5. Recommendation

It is recommended that SLT notes the SWAP audit report conclusions and takes ownership with Financial Services to deliver an effective risk management system.

The recommendation above will ensure:

- **Appropriate understanding and management of strategic and service risks which could prevent us from achieving our objectives**
- **A risk managed approach to decision making and good governance of the Council**

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