

## **Report of the Head of Internal Audit, Anti-Fraud and Assurance**

### **AUDIT AND GOVERNANCE COMMITTEE – 2<sup>ND</sup> JUNE 2021**

#### **ANNUAL RISK MANAGEMENT REPORT**

##### **1. Purpose of the report**

- 1.1 This report provides the Audit and Governance Committee with a summary of the risk management activity over the last 12 months to contribute to the assurances the Committee requires as part of the annual governance statement process. The report also takes a forward look at the work planned for the current financial year.

##### **2. Recommendations**

- 2.1 The Committee is asked to consider the report as a contribution to the Committee's assurances regarding the Council's governance arrangements as part of the 2020/21 Annual Governance Statement process.**

##### **3. Background – A Change in Approach**

- 3.1 As the Committee is aware, following a Corporate Peer Challenge of Barnsley Council in 2019 recommendations were made that the corporate risk register should be reviewed to ensure that the risks within it truly reflected the key issues relating to the Council's business and future developments.
- 3.2 This presented an opportunity to consider the Council's approach to strategic risk management. Although delayed somewhat by the impact of the Covid-19 pandemic, a revised approach to risk management was developed, and through extensive consultation with the Senior Management Team and other senior managers, has now been implemented.

##### **4. Annual Governance Review – 2019/20**

- 4.1 Whilst work was being undertaken in developing the new approach, it was important to ensure that risks were still being identified and managed. The Annual Governance Review process for 2019/20 included facilitated self-assessment questionnaires across all areas of governance, the process identified that risk management was an area requiring further improvement and was included as a key action for the Annual Governance Statement Action Plan.
- 4.2 It was clear however that although Business Units continued to have regard to their risks as part of their everyday operational management the active use of formally completed risk registers had in some cases receded or ceased to be completed.

- 4.3 Formal Risk Registers were however continuing to be used for major Council Projects, Glassworks and some Boards e.g. Information Governance Board and Barnsley Safeguarding Adults Board.
- 4.4 The impact of Covid-19 and the need to manage services in new ways to cope with the implications of the pandemic also threw a bright spotlight on the need for efficient and effective risk management. Adopting a model for major incidents through a threat and risk approach proved highly successful in the management of the pandemic. Significant assurance can therefore be provided on the continued appreciation and management of risk across the Council, albeit, but by necessity, outside of the normal process.
- 4.5 The Annual Governance Review however confirmed that that the proposed changes to the risk management approach and system were needed.
- 4.6 Although clearly not a normal year, the response to the pandemic, the annual governance review process in July 2020, the maintenance of key project-type risk registers and the engagement in the development of the new approach provides good assurance that the Council remains risk aware and committed to ensuring risk management is at the heart of decision-making.

## **5. Development of the New Risk Management System and 2021/22**

- 5.1 As the Committee is aware, a Business Case to develop a supporting IT system to enable risk reporting and review to be undertaken was approved in June 2020. Work commenced in summer 2020 with IT and Business Intelligence colleagues to develop a risk reporting system which would utilise existing systems SharePoint and Power BI. This had the benefit of no financial outlay to establish the system (other than staff time) and used familiar systems to the Council which would be beneficial to the roll out and use of the new system.
- 5.2 The new approach focuses on an assessment of confidence, encouraging risk managers to focus on matters requiring attention, assurance and intervention and to consider what actions are required and by when to mitigate the risk.
- 5.3 The thought process is focussed on assessing:
- Are we satisfied that we are doing everything reasonable to influence and manage uncertainties?
  - What do we need to have in place to ensure we do all the right things in the right way?
  - And if not, to identify actions or the assurances needed.
- 5.4 The system development was trialled over a 6-month period working on the Strategic Risk Register with SMT, Business Unit Risk Registers with BU6 and BU8, and the Risk Register for the Barnsley Safeguarding Adults Board.

Additional risk registers were subsequently added to the system including the Information Governance Board, and BU12.

- 5.5 Supporting guidance materials were developed and a Risk Management Policy Statement and Framework document was produced – both of which are available to users of the system via links on both the SharePoint and Power BI sites. The Committee approved the Policy Statement and Framework which are shortly to be considered by Cabinet on 2<sup>nd</sup> June.
- 5.6 The new system went “live” on 7th May 2021, and work is underway to continue to meet with BU’s to showcase the system and offer support to colleagues to begin the process of developing/updating their risk registers. Currently, there are 159 risks on the system of which 13 risks relate to the Strategic Risk Register. The expectation is that all BU’s will have populated the system with their new/revised risks by the end of June 2021.
- 5.7 The new Strategic Risk Register is also being considered by Cabinet on 2<sup>nd</sup> June and to re-start the process of bi-annual reviews of strategic risks at Cabinet.
- 5.8 The Strategic Risk Register will be formally reviewed by the Audit and Governance Committee on a quarterly basis. A programme of more detailed analysis/presentation of specific strategic risks will be provided by the attendance of an Executive Director or Service Director at the Audit and Governance Committee to provide in depth explanation around the risk(s) and how they are being managed. This will commence in June 2021.
- 5.9 There will be a full evaluation of how the new system is working in the Autumn incorporating an initial questionnaire/survey to Business Units to obtain views and shape any additional changes that may be required. A formal evaluation of the system will be undertaken with IT and Business Intelligence colleagues later in the year / early 2022.
- 5.10 There has been excellent engagement from senior management across the Council, welcoming the new approach and recognising it as a more helpful management and assurance tool. Whilst there is more work to do over the next few months to fully embed the approach in all parts of the Council, the Committee should be further assured of the risk culture that clearly exists

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