

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

AUDIT AND GOVERNANCE COMMITTEE – 1ST JUNE 2022

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.**

3. Progress with the Roll-Out of the Risk Management System

- 3.1 The new risk management system went "live" on 7th May 2021 and has now been operational for a year. Throughout the year support has been provided by the Corporate Governance and Assurance Manager to colleagues across the Council to provide training in the use and navigation of the system to ensure they are confident in adding and updating risks, and support in reviewing the contents of risk registers in Directorate management Teams (DMTs) and Business Unit (BU) meetings whenever requested.
- 3.2 Currently there are 283 risks on the system of which 15 relate to the Strategic Risk Register. The Power BI system can be interrogated to filter risks by Senior Management Team (SMT), DMT, BU, Board or Project enabling managers to focus on those risks relevant to their areas of responsibility. There has been a good level of engagement across the Council with the new system.
- 3.3 Strategic Risks are reviewed on a quarterly basis by SMT where consideration is given to each risk to highlight key changes to the risk or its status. SMT also determine whether there are any other issues, concerns or areas of focus that need to be added or removed from the register or whether they should be managed at a lower organisational level.
- 3.4 Strategic Risks are formally reviewed by the Audit and Governance Committee. A programme of reviews commenced in June 2021 and the Committee receives a briefing report and a "deep dive" presentation of two or three risks at each

meeting presented by the Executive Director as Risk Owner for the relevant strategic risk being considered.

3.5 Cabinet approved the Risk Management Policy and Framework in June 2021 and a session is planned for June 2022 to undertake a detailed review of all strategic risks with Cabinet. Thereafter, the Strategic Risk Register will be shared with Cabinet on a bi-annual basis.

3.6 All Business Units have added their risks to the new system and proactively update their risks and review them in their management teams on a quarterly basis.

4. Review of the Risk Management System

4.1 An evaluation of how colleagues were finding the new Risk Management System was undertaken in Spring 2022. The evaluation comprised a facilitated discussion to consider the new risk approach, how the system feels, its ease of use, any areas causing frustration or difficulties and suggestions for how further improvements could be made.

4.2 Overall the feedback received from the managers interviewed was positive and colleagues felt the system was easy to use and more streamlined than the previous approach to risk management. Colleagues also felt the system was more focused, purposeful, and more dynamic.

4.3 Several suggestions were made for possible system improvements, and these are being pursued with the IT and Business Intelligence Teams. Work is underway to ensure that any agreed changes are delivered in a timely manner.

4.4 Internal Audit will shortly be undertaking an independent review of the risk management arrangements and compliance.

5. Future Developments 2022/23

5.1 Work with IT and Business Intelligence to update aspects of the system taking on board the feedback from the evaluation.

5.2 Update the risk guidance documentation to reflect any changes and improvements made to the system.

5.3 Continue to work with colleagues to embed the regular review of risks into a “business as usual” approach within management teams

5.4 Develop risk management training materials on the POD system.

5.5 Ensure that organisational changes are reflected in the risk system – ensure that Business Unit Risk Registers are reflective of the new structures.

- 5.6 Now the risk approach and system are fundamentally implemented, it is appropriate to undertake a corporate assessment of the Council's risk maturity utilising the model developed by the Association of Local Authority Risk Management (ALARM). This will be scoped and planned for later in 2022/23.

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