

## Audit, Standards and Risk Committee

14 July 2022

### Risk Management Framework Implementation

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<b>Is the paper exempt from the press and public?</b>	No
<b>Purpose of this report:</b>	Monitoring/Assurance
<b>Funding Stream:</b>	Not applicable
<b>Is this a Key Decision?</b>	No
<b>Has it been included on the Forward Plan?</b>	Not a Key Decision

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**Director Approving Submission of the Report:**  
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**Executive Summary:**

This paper provides a summary of the risk management development activity to date and presents a plan and timeline for the continuing implementation of the agreed risk management approach.

**What does this mean for businesses, people and places in South Yorkshire?**

Effective risk management is a key principle of good governance and decision making, which enables the MCA to pursue its ambitions and objectives in the most effective and efficient way, bringing about better outcomes for residents and businesses in South Yorkshire.

**Recommendations:**

Members are asked to note progress to date and consider the plan and timeline for the continuing implementation of the agreed risk management approach.

**Consideration by any other Board, Committee, Assurance or Advisory Panel**

Not applicable

## **1. Background**

- 1.1 As part of the integration of the MCA and the PTE a refreshed Risk Management Framework document has been devised taking account of the good practice of both the PTE and MCA, comparable organisations and risk management standards and guidelines. ASRC members have commented on the Framework throughout its development and independent members have made specific contributions and recommendations on the content to reach the final version, which the Committee agreed in March 2022 and have recommended to the MCA Board. The Framework is scheduled to be considered at the MCA meeting 25<sup>th</sup> July 2022.

In parallel, a new Corporate Risk Register has been developed with senior management and key employees. In January 2022, the ASRC agreed to stand down the previous MCA risk registers and utilise the revised format and content. The draft Framework provided a basis for this activity as well as the activity informing the further development of the Framework.

## **2. Implementation activity**

- 2.1 Following the development and agreement of the Risk Management Framework and Corporate Risk Register activity is being delivered to implement the Framework, develop the risk profile and build consistency of approach across the organisation. This includes:

- the ongoing review and refresh of the Corporate Risk Register, which will continue over time
- the implementation of the Risk Management Framework, including the delivery of risk management workshops across the organisation which incorporates:
  - a presentation on the core principles of risk management, providing training to attendees to help drive consistency
  - socialisation of the Risk Management Framework and discussion about the operational requirements for directorates, managers and teams
  - a risk self-assessment exercise to identify, assess and evaluate risks taking account of the business plan deliverables, any outstanding risks arising from the Integration Programme workstreams, aligned risks from the existing risk management IT system used by the PTE and the previously stood down MCA risk registers

Additionally, testing of a refreshed version of the IT system has taken place and it is intended to utilise this to create a central repository for risks and therefore enhance risk reporting. The refreshed system will facilitate dashboard style reporting and create other additional visual representation. Once all the risk registers have been developed, the reporting into Committee will be enhanced to include high level risks and to de-escalate the lower-level risks in line with the Risk Management Framework and an Internal Audit recommendation.

## **2.2 Assessment of the design effectiveness of the Framework**

A recent risk management internal audit (item 13 on the agenda), which focussed on the design effectiveness of the updated framework and the progress to implement the approach, concluded a 'significant level of assurance' but recommended some improvement points. These included:

- enhancing the Framework to strengthen accountability and ownership of risk at all levels and clarity on responsibilities for managing risk at operational team level
- enhancing risk reviews and reporting to ensure risks are managed and mitigated to a proportionate level.
- giving consideration to the inclusion of target scores aligned to risk appetite
- de-escalation of low-level risk from the Corporate Risk register to relevant team registers once in place
- the MCA giving consideration to enhancing the role of thematic boards with respect to risk oversight.

The report suggested that these points are considered as part of the Post Implementation Review scheduled for quarter 3 (October-December)

### **3. Maintaining focus and momentum**

- 3.1** Both the Committee and Internal Audit partners (through the recent audit) have acknowledged the significant amount of work undertaken by the organisation to develop the revised approach to risk management, to establish a comprehensive set of corporate risks and, to work with teams to identify and assess risks to the achievement of the business plan.

This progress has been possible with dedicated resource solely focussed on risk management and it has been observed that, although the adopted approach distributes the responsibility for risk management, there is a need for continued focus on embedding the process and maintaining consistency of approach.

### **3.2 Activity and resourcing**

Management Board have considered the activity and resourcing required to fully realise the benefits of the work to date and to continue on a risk maturity journey that will see the Framework fully embedded and support the delivery of MCA objectives and priorities.

- **Resourcing**

Provision has been identified to resource an additional post within the Governance Team to increase capacity and ensure sufficient focus can be given to the continuing implementation and development of the Framework. Collectively, the Governance Team will play a key role in supporting the risk management approach by providing insight and intelligence through monitoring and analysis activity and by providing challenge on behalf of the Management Board, the Committee and the MCA Board, as well as delivering ongoing training and awareness activity.

In addition, a number of call off days, in order to re-engage the services of the interim Risk Manager in the autumn, to bolster team capacity, have been agreed in principle if required.

- **Activity**

The activity required over the next quarter to continue to develop and embed the risk management approach is summarised below. The steps will facilitate risk management becoming integral to the culture and ways of working of the organisation as well as strengthening the governance, control environment, assurance

arrangements, operational systems and processes along with confidence of the workforce.

## **July**

- Agree the contract for the refreshed IT system
- Commence recruitment of additional Governance Team resource
- Risk Management Framework to be considered by the MCA
- Agree the risk review timetable and clarify roles and responsibilities
- Roll out into business as usual, promoting the value of risk management and demonstrating the commitment from senior management

## **August**

- Publish Framework on the website and include in the Corporate Documentation Library on the intranet and manage through agreed process
- Supporting content/resources available on intranet
- Live IT system configured and single sign on arrangements in place
- IT system training for Governance Team administrators
- Corporate Risks migrated to the live IT environment
- Annual awareness/comms plan agreed

## **September**

- Business Plan/Directorate Risks (approximately 200-230) input into IT system
- IT system training delivered to relevant officers across the MCA (this will be ongoing).
- Ongoing delivery of risk workshops, to ensure continued visibility of Framework and risks are effectively reviewed, refreshed and new risks identified
- Induction module developed and in place
- Team Risk Registers reviewed and refreshed in line with the reporting section of the Framework.
- Directorate level reviews scheduled in line with the reporting requirements of the Framework.

A high-level timeline to illustrate the proposed ongoing monitoring and reporting cycle is included as Annex A.

The implementation and population of the refreshed IT system is critical to the monitoring, review, analysis and reporting of risk. The actions specific to this element of the implementation plan are illustrated in Gantt chart form at annex B.

## **4. Consultation on Proposal**

- 4.1 Management Board have considered the activity and resourcing required for the continued implementation of the Risk Management Framework.

## **5. Timetable and Accountability for Implementing this Decision**

- 5.1 Activity for the next quarter is set out at section 3.

## **6. Financial and Procurement Implications and Advice**

- 6.1 There are no specific financial risk implications however, failure to effectively manage risk may have significant financial and reputational impact and for the MCA.

There are financial implications relating to resourcing and to the IT solution. These are included in agreed budgets.

## **7. Legal Implications and Advice**

7.1 There are no legal implications as a result of this report.

## **8. Human Resources Implications and Advice**

8.1 A recruitment exercise is required to increase capacity in the Governance Team as referenced at section 3.2.

## **9. Equality and Diversity Implications and Advice**

9.1 There are no equality and diversity implications as a result of this report.

## **10. Climate Change Implications and Advice**

10.1 There are no climate change implications as a result of this report.

## **11. Information and Communication Technology Implications and Advice**

11.1 The Governance Team is working with the IT team and the IT solution provider to ensure the system is compatible with the organisations' IT environment and single sign on arrangements can be put in place.

## **12. Communications and Marketing Implications and Advice**

12.1 There are no communications or marketing implications as result of this report however a communication and awareness programme will be developed as referenced at section 3.2.

### **List of Appendices Included**

- A Activity Timeline
- B IT System Implementation Plan

### **Background Papers:**

n/a