

## Audit, Standards and Risk Committee

Wednesday, 17 July 2024

### Risk Management Monitoring Report

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Is the paper exempt from the press and public? No

Reason why exempt: Not applicable

Purpose of this report: Monitoring/Assurance

Is this a Key Decision? No

Has it been included on the Forward Plan of Key Decisions? Not a Key Decision

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#### Director Approving Submission of the Report:

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#### Executive Summary

This report provides the Risk Management Dashboard, which includes:

- The corporate risks of the Mayoral Combined Authority (MCA).
- 'High' and 'Medium/High' risks at Directorate level (operational risk).
- Risks with a health and safety 'theme' with a score of 5 or over.
- Risks with a cyber security 'theme' with a score of 5 or over.

#### 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 consider the Risk Management Dashboard and note the progress in embedding risk management processes.

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

None

## 1. Background

- 1.1 The Risk Management internal audit report considered by the Committee in December gave a reasonable assurance rating and highlighted through a risk maturity assessment that SYMCA has:
  - an established risk management approach with clear linkages between each risk level
  - continuous risk identification is undertaken with clearly defined risks using cause and effect
  - risk management check and challenge at all levels of the business
- 1.2 Six management actions were agreed to further strengthen arrangements and drive risk maturity – one had a ‘medium’ priority and five were considered ‘low’ priority. Progress against these is reflected below.

## 2. Embedding the Risk Management Framework and driving risk maturity – Progress since March

- 2.1 Since the last report in March the following activity has taken place:
  - Continued implementation of recommendations from internal audit including:
    - Capturing of risk discussion at directorate meetings
    - Implementation of target scoring
    - Scoping assurance mapping approach
    - Development of further resources for risk users (the recent follow up audit has now marked this as ‘implemented’)
  - Further development of 4Risk
    - Refresh of Risk Themes to allow better cross cutting analysis
  - The MCA Board received and noted the March/year end Risk Dashboard at the 4<sup>th</sup> June AGM as part of the Annual Corporate Governance Update.
  - Work with SYFTL colleagues to support the development of risk management arrangements aligned to SYMCA.
  - Consideration of how to align Policing and Reform Directorate risk reporting with the SYMCA approach for future inclusion in the Risk Dashboard. (NB These risks continue to be reported to JIAC, see item 19)

## Next period

Development activity in the next period will include determining the approach to assurance mapping. (This internal audit recommendation has an implementation date of 31<sup>st</sup> December 2024)

### 3. Risk Dashboard

3.1 The Risk Dashboard provided at appendix A provides the following information:

#### Corporate Risks

**Corporate risks by 'strategic group'** - a bar chart that demonstrates the volume of risks and respective ratings by strategic 'group' (the categories established by the Framework for reporting purposes).

**Corporate risks by 'risk score'** – a bar chart that demonstrates the spread of corporate risks by current risk score.

**Corporate risks by 'Directorate'** – a bar chart that demonstrates the risks and where they reside within the directorates of the MCA.

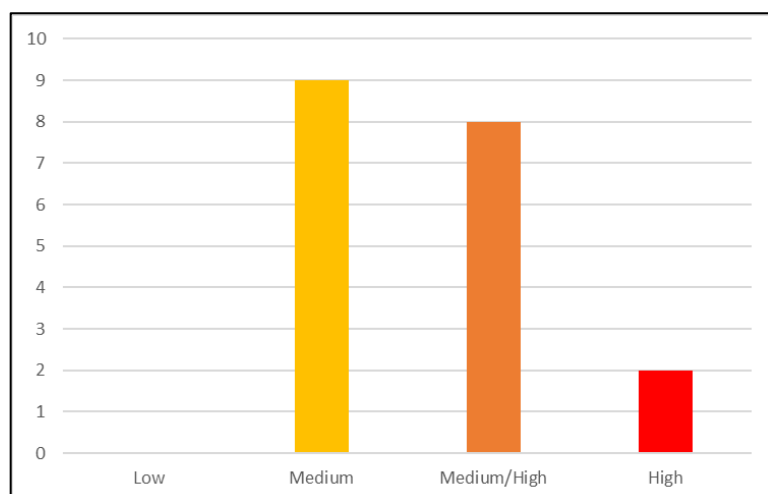
Where relevant, the dashboard also highlights:

- New medium/high and high risks (residual score)
- Closed medium/high and high risks (residual score)
- Medium/high and high risks decreasing or increasing in residual score
- Risks escalated to 'corporate' level
- Risks exceeding the appetite level for the strategic group

**Heat Map** - The heat map provides a visual representation of the position of the risks within the probability and impact scoring grid and indicates the change in score from inherent to residual following the application of controls. The heat map also highlights which risks have a residual score that is above appetite.

**Corporate Risk Register** – (pages 11 and 12 of the Dashboard) provide the risk description, inherent risk score, controls, residual risk score and mitigating actions. Lists risks from high to low.

There are currently 19 risks at corporate/strategic level. The chart below indicates the spread of these by residual risk score:



## New Risks

Two new corporate risks have been added this period:

- COR0031: Limited Insight (residual score 'high')
- COR0030: Limited Corporate Performance Management (residual score 'med/high')

These risks have corresponding actions in the Governance Improvement Plan:

- Further develop and enhance the way we use evidential data and intelligence.
- Refine and embed our approach to performance reporting.

A progress update for these has been provided in the Governance Improvement Plan update at item 26.

## Closed Risks

Risk	Closed due to...
COR0015: Tram Services	Transition of the tram from private to public sector control successfully completed on 22 March 2024. 100-day transition plan and 2024/25 business plan in delivery to embed the changes and improvements post-transition monitored by the SYFTL Board. An update on the tram transfer is included at item 20 on the agenda.
COR0004: Mayoral Election	A compliant Mayoral Election took place in May 2024.
COR0010: Failure to agree Investment Strategy	A consensus between member authorities on the direction of travel has been agreed (reflected in the 2024/25 budget approved by Board in March). The longer-term plan for transport levy funding (i.e. 2% increases per annum) is now well established. The principles around gainshare drawdown have also been agreed with local authority Directors of Finance.

### 3.2 Directorate/Team Risks

**Volume of risks by risk score per Directorate** - a bar chart that illustrates the volume of risks by residual risk score.

**Volume of risks per team within each Directorate** - a bar chart that illustrates the volume of risks by residual risk score distributed across teams within a Directorate.

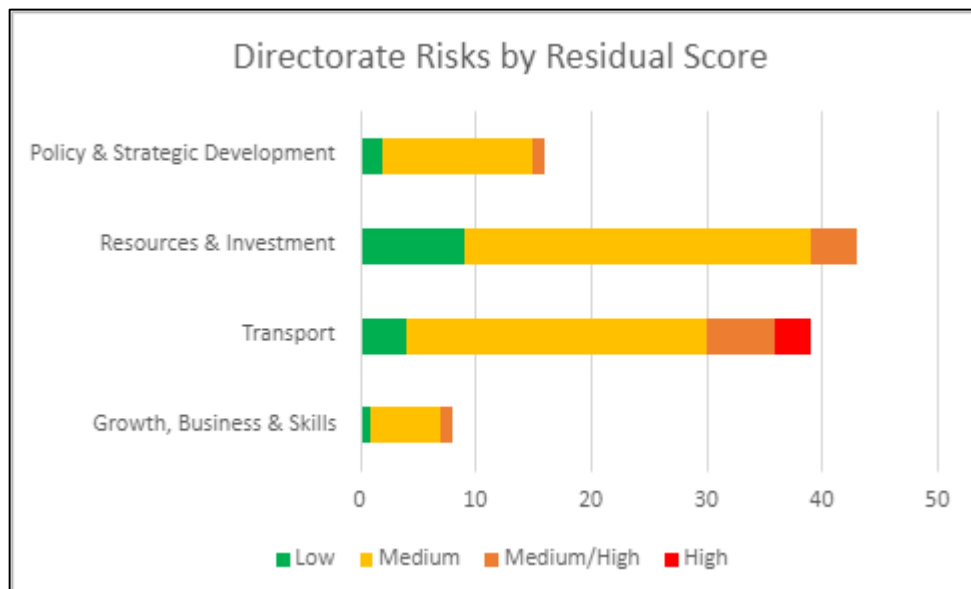
Where relevant, the dashboard also highlights:

- New medium/high and high risks (residual score)
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**Directorate/Team level Risks Registers** – (pages 13 to 16 of the dashboard) provide the risk description, inherent risk score, controls, residual risk score and mitigating actions for all risks scoring medium-high and high (amber and red).

#### Summary

There are currently 15 risks at directorate level with a residual risk score of 'medium/high' and 'high'. The chart below indicates the risk profile of each directorate by residual risk score:



More detail can be found within the Risk Dashboard Report at appendix A.

### 3.3 Health & Safety Risks

**Risk Register of risks with a health and safety ‘theme’** – provides the risk description, inherent risk score, controls, residual risk score and mitigating actions for all risks with a score of 5 or above. There is a low appetite for any risks which have a health and safety element to them.

#### **Summary**

There are 20 risks scoring 5 or over, 3 of which have a residual score of ‘medium/high’; the remaining 17 have a residual score of ‘medium’. More detail can be found within the Risk Dashboard Report at appendix A.

### 3.4 Cyber Security Risks

**Risk Register of risks with a cyber security ‘theme’** – provides the risk description, inherent risk score, controls, residual risk score and mitigating actions for all risks with a score of 5 or above. There is a low appetite for any risks which have a cyber security element to them.

#### **Summary**

There are 9 risks scoring 5 or over, 3 of which have a residual score of ‘medium/high’; the remaining 6 have a residual score of ‘medium’. More detail can be found within the Risk Dashboard Report at appendix A.

## 4. Consultation on Proposal

4.1 Not applicable

## 5. Timetable and Accountability for Implementing this Decision

5.1 Not applicable

## 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.

## 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 There are no human resources implications as a result of this report.

## 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 As noted in section 3.4 of this report, cyber security risks are separately identified with a theme in their own right.

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

12.1 There are no communications or marketing implications as result of this report.

**List of Appendices Included:**

A. Risk Management Dashboard

**Background Papers:**

None