

AUDIT & STANDARDS COMMITTEE

10th October 2019

Strategic Risk Management Monitoring

Purpose of Report

This paper provides an update on changes to Risk Ownership, Status of Risk Management Action Plans and on the establishment of a new Risk Management Action Plan relating to Brexit.

Freedom of Information and Schedule 12A of the Local Government Act 1972

Under the Freedom of Information Act this paper and any appendices will be made available under the Mayoral Combined Authority Publication Scheme. This scheme commits the Authority to make information about how decisions are made available to the public as part of its normal business activities.

Recommendations

The Committee is asked to:

- Note the changes in Risk Ownership
- Note the status of Risk Management Actions Plans
- note the establishment of a new Risk Management Action Plan relating to Brexit.

1. Introduction

1.1 The Mayoral Combined Authority Constitution specifies that the Audit and Standards Committee should oversee the effectiveness of the Authority's risk management arrangements.

1.2 This paper provides an update on changes to Risk Ownership, Status of Risk Management Action Plans and on the establishment of a new Risk Management Action Plan relating to Brexit.

2. Proposal and justification

2.1 Risk Ownership Changes

Risk Areas of 'Compliance', 'Decision Making & Transparency', 'Audit & Scrutiny'

In June 2019, Steve Davenport took over from Andrew Frosdick as Monitoring Officer for the MCA. As a result of this, Steve is now the Risk Owner for the following strategic risks:

Compliance

Risk description - Failure to create, maintain and develop an effective strategic and operational approach to ensuring legislative, regulatory and statutory compliance may have the consequence of the MCA being unable to adequately demonstrate adherence to legal, regulatory and statutory duties.

Decision Making & Transparency

Risk description - Failure to have in place clear, defined, effective decision-making processes that are in line with transparency rules and public accountability obligations may have the consequence of the MCA potentially making poor and questionable decisions, leading to a loss of stakeholder and partner confidence and ultimately a failure to achieve intended outcomes.

Audit & Scrutiny Arrangements

Risk description - Failure to have in place effective audit and scrutiny arrangements which may have the consequence of a lack of assurance that the MCAs affairs are administered in a proper and effective manner, resulting in poor accountability, transparency and ultimately a failure to achieve intended outcomes.

Risk Area of 'Financial & Asset Management'

Further to the departure of Eugene Walker as Section 73 Officer/CFO, Mike Thomas is currently acting as Risk Owner for the following risk until an interim CFO is in post:

Financial & Asset Management

Risk description - Failure to create, maintain and develop an effective strategic and operational approach to financial & asset management may have the consequence of the MCA being unable to adequately manage its resources and demonstrate compliance with statutory obligations, resulting in potentially poor financial management, accountability, transparency and ultimately a failure to achieve intended outcomes.

Risk Area of 'Ethics & Integrity'

During 2019 Stephen Batey, who has joined the organisation as Head of the Mayor's Office Governance and is now the Risk Owner for:

Ethics & Integrity

Risk description - Failure to create, maintain and develop an effective strategic operational approach to embedding high levels of ethical standards may have the consequence of the MCA being unable to identify and eliminate fraud and bribery, and failing to meet transparency requirements, resulting in corrupt or improper practices leading to compliance issues, potential reputational damage, loss of grant and ultimately a failure to achieve intended outcomes.

2.2 Status of Risk Management Action Plans

The status of each of SCR's Risk Management Action Plans is summarised at Appendix 1.

2.3 Establishment of a new Risk Management Action Plan

Further to consideration and deliberation by the ¹LEP Board on the appropriate organisational response to the uncertainty around the UK leaving the European Economic Union, Statutory Officers have established a Risk Management Action Plan (Appendix 2) for the following risk:

Risk description - There is a risk that the MCA/LEP is not sufficiently resourced, organised effectively and undertakes the right activities to respond to the threats and opportunities presented by Brexit which may result in the organisation being unable to fulfil its purpose.

The Plan documents the activities underway (current controls) to manage this risk. These are aligned to the 3-point plan agreed by the LEP Board at the beginning of the year of 'practical support', 'intelligence' and 'lobbying'.

As agreed by the LEP Board at their meeting 9th September, further targeted responses will be agreed, and additional actions identified, once the impact of the UK leaving European Economic Union on the City Region becomes clearer.

3. Consideration of alternative approaches

3.1 SCR's approach to strategic risk management has been endorsed by the Audit and Standards Committee and approved by the MCA.

4. Implications

4.1 Financial

Failure to manage significant risks could result in fines, loss of revenue etc.

4.2 Legal

Failure to manage significant risks could result in legal action.

¹ LEP Board Paper [14th January 2019](#), LEP Board Paper [4th March 2019](#), , LEP Board Paper [9th September 2019](#)

4.3 Risk Management

Risk management is vitally important to the successful delivery of SCR MCA / LEP objectives. Therefore, a defined risk management process is a key component of the governance and control framework that underpins this. The Audit and Standards Committee plays a vital role in providing assurance to the MCA of the effectiveness of risk management arrangements.

4.4 Equality, Diversity and Social Inclusion

There are no equality, diversity or social inclusion implications.

5. Communications

5.1 Strategic risks, and the progress of their management, are communicated internally via Statutory Officers, Senior Leadership team meetings and staff briefings.

6. Appendices/Annexes

6.1 Appendix 1 – Update on the status of Risk Management Action Plans

Appendix 2 – Risk Management Action Plan - Brexit

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: n/a