Audit, Standards and Risk Committee

Tuesday, 24 September 2024

Risk Management Monitoring Report

_____

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
_____

Director Approving Submission of the Report:
Gareth Sutton, Director of Resources & Investment/s73 Officer

Report Author(s):
Claire James, Head of Corporate Governance
Claire.james@southyorkshire-ca.gov.uk
_____

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.
_____

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 set out at 2.1.

2. **Implementation of Internal Audit Recommendations**

    2.1

Internal Audit Recommendation	Status	RAG
Ensuring risk discussions in directorate level forums are captured appropriately (Low)	Confirmed as implemented through follow-up audit.	
Further use of risk identification methods and recording output (Low)	Confirmed as implemented through follow-up audit.	
Introduction of target scores and de-escalation of risks reaching target (Low)	The agreed target date for implementing this recommendation is 31st December 2024. At the end of the most recent risk review cycle 83% of risks on the register had been given a target score.	On track
Further training for staff on defining and monitoring controls (Low)	Confirmed as implemented through follow-up audit.	

Monitoring action completion (Low)	Confirmed as implemented through follow-up audit.	(green)
Establishing an assurance map to assess sources of assurance and assurance gaps (Med)	The agreed target date for implementing this recommendation is 31st December 2024. Governance team have determined an approach to this activity and will commence the first round of data collection in October focussed on the core functions and compliance areas within the organisation.	On track (orange)

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 20 risks at corporate/strategic level. The chart below indicates the spread of these by residual risk score:
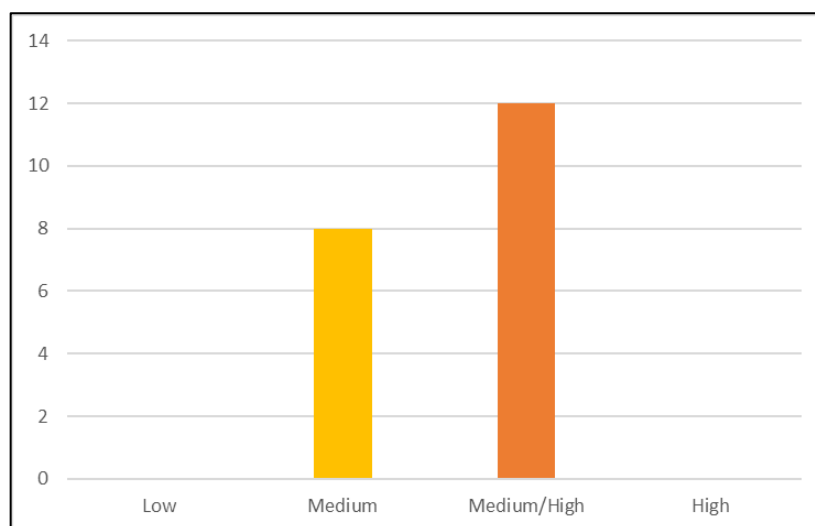
New Risks

Housing and Strategic Planning Readiness – Med/High (12)
Due to a lack of capacity, insufficient powers, lack of funding and uncertainty over future powers, there is a risk that a lack of capacity, insufficient powers, lack of funding and uncertainty over future powers, resulting in missed opportunities for development

Closed Risks

No Risks were closed since the last report.

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)
- 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

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 12 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:
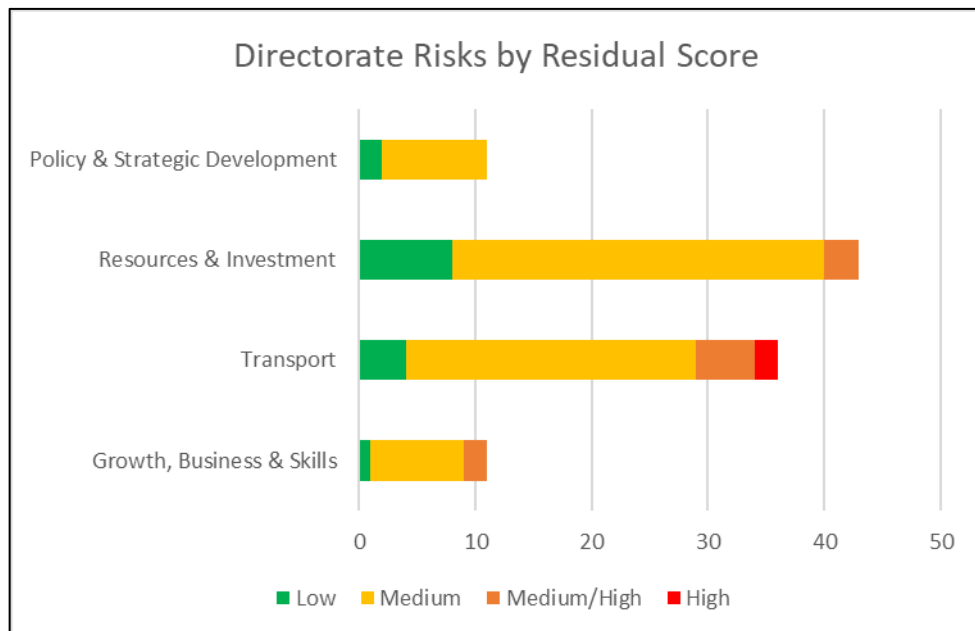
More detail can be found within the Risk Dashboard Report at appendix A.

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 19 risks scoring 5 or over, 3 of which have a residual score of 'medium/high'; the remaining 16 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