

## Wiltshire Council

### Audit & Governance Committee

22 November 2023

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## Risk Management Update

### Purpose of Report

1. To provide an update to the Audit and Governance Committee about the findings of the July 2023 internal audit on risk management and progress that has been made implementing the recommendations.

### Relevance to the Council's Business Plan

2. This report directly supports the Council's Business Plan mission to have an efficient, and healthy organisation, particularly having a robust corporate planning cycling including performance and risk management.

### Background

3. In early 2023 an audit was undertaken of the Council's risk management processes, including a review of:
  - a. Risk management strategy and framework,
  - b. Risk management training and awareness,
  - c. Corporate, service, project and partnership risk registers,
  - d. Risk reporting and escalation.
4. The audit found that although senior officers were identifying and management risks as part of their business-as-usual processes to inform decision making, the risk management framework in which they were operating was in need of a review and refresh.

### Main Considerations

5. This report provides an update on how the actions and improvements will be implemented, and progress made already in respect of delivery against the improvement plan.
6. **Finding 1: Risk and Performance Policy and Risk Guidance**
7. *"As agreed with the Audit & Governance Committee, we have already begun rewriting the risk management policy and associated guidance, which will cover the observations raised as part of this audit and obtaining the appropriate approval. We plan to split the policy into areas that then sit under the corporate assurance framework. In addition, we will be setting up "how to" guides in response to the need for additional training which will assist users in fulfilling their risk management roles."*
8. A completely revised Risk Management Policy is in draft, based on national best practice including guidance published by the UK government's 'orange book' series, ALARM, the Institute of Risk Management, and HM Treasury.

9. For clarity and ease of understanding, the new policy separates risk from performance management and service planning.
10. New sections have been added to the risk policy covering risk categories, risk appetite, risk scoring, escalation criteria, emerging risks, and reporting.
11. The updated risk policy is due to come to Audit and Governance Committee in February, ahead of final approval by Cabinet ready for implementation in the new financial year.
12. Completion of the risk policy will meet the requirements of several actions below, including those for Findings 4, 8 and 9, as well as underpinning the work to meet Finding 5.

### **13. Finding 2: Service Risk Registers and Strategic Risk Registers**

14. *“We are currently reviewing and restructuring the master spreadsheet to ensure that all necessary fields are completed and saving a copy each month to ensure there is version control in place.”*

15. This action is complete as the following changes have been implemented:

- a. All information held about corporate and strategic risks has been transferred into a newly formatted risk register in early September 2023.
- b. The format of the risk register has been simplified to make it easier for risk owners to review and update information.
- c. A copy of the risk register is now archived monthly to ensure that there is an audit trail and version control.
- d. A new Power BI dashboard has been developed to give the Executive Office clearer oversight on the current status of all risks.

### **16. Finding 3: Risk Register Controls**

17. *“The Corporate Support Manager has already implemented a process to ensure that a monthly archive of the spreadsheet is in place. We are working to develop the technical functionality of the spreadsheet and further locking down individual sheets and cells within. Access permissions to the Risk SharePoint folder have been reviewed and split into three access groups. We will continue to work to restrict this access further. We need to consider a more appropriate access policy to guide this.”*

18. This action is complete as the following changes have been implemented:

- a. The newly formatted risk register has restrictions imposed that prevent officers from overwriting or changing key information, therefore securing risk IDs, formulas used to calculate risk scores, and risk appetites. Where officers are able to edit information, this is restricted to specific content such as a list of risk categories or scores, or restricted to date formats.
- b. All risks now capture a date of last update and the officer who updated it.
- c. Access to the risk register has been separated from access to performance and service planning information and will be reviewed annually to ensure only risk owners and contributing offers have access.

### **19. Finding 4: Risk and Action Descriptions**

20. *“The observations identified here will be remedied by the actions agreed in Finding 1 and Finding 5. As Finding 1 has a longer implementation date that will also apply here.”*

21. The new risk register ensures that all risks are assigned a risk owner identified by both their role and their name.

22. In line with the draft new risk policy, risk owners are now instructed to review and update the current, treated risk with existing mitigations in place, rather than the original, untreated (inherent) risk that is not likely to change. Current risk reporting has already been updated to focus on current risk scores.

23. The direction of travel is now based on the current risk score the last time the risk was updated, in order to determine whether mitigation actions are or remain sufficient.

24. Further work is required with services to rename and redefine risks as part of risk training being developed to meet Finding 5.

### **25. Finding 5: Training on Risk Management Process**

26. *“We will be developing “how to” guides that can be accessed at any time. We will be attending Senior Management team meetings to explain the new policy and format. We will also make consideration for how to cover training going forward to cover annual refreshers, officers promoted into a new role with RM process responsibility and new starter training.”*

27. Work on this action is dependent on the new risk policy being completed and will be implemented in early 2024. However, we are already meeting with individual risk owners to support them in reviewing their risks.

### **28. Finding 6: Risk Management Champions/Working Group**

29. *“We will set up a working group, starting at a strategic level for roll out. A Terms of Reference for the group will be defined and agreed. The working group will assist with the action relating to revising the policies and guidance.”*

30. A new strategic risk working group will be based on the Extended Leadership Team. This group is due to meet and discuss risk at their meeting on 28 November 2023.

31. Terms of reference for the new working group have been drafted and will be approved by the group at their first meeting.

32. The working group will also discuss a proposal for new risk appetite categories and proposed criteria for identifying strategic risks. Both proposals are drafted and ready for discussion at the group’s first meeting.

### **33. Finding 7: Decision Making**

34. *“In part this forms part of the risk identification and sits with the action defined in Finding 1. We will explore the feedback of outcomes of decision making with Democratic Services and explore the guidance template for Cabinet to determine if further detail is required.”*

35. Cabinet papers already being reviewed with a view to identifying potential new risks if actions are decision. Processes to capture these new risks will be established as part of the updated risk policy.

#### **36. Finding 8: Project, Capital and National Risk Registers**

37. *“We are aware we need to improve the processes identified with project, capital and national risk registers. An escalation policy is required which will be included as part of the revised risk management policy and guidance documents.”*

38. National risks are currently being reviewed in order to capture local implementations and mitigating actions as part of the corporate risk register.

39. An escalation policy for all service, project and capital risk registers will be included in the updated risk policy.

#### **40. Finding 9: Emerging Risks**

41. *“We will include emerging risks in the policy and guidance available for risk management. This will therefore be aligned with finding 1.”*

42. Criteria and a process for capturing emerging risks will be included in the updated risk policy.

#### **43. Finding 10: Insurance**

44. *“We will consult with the Insurance contact to determine the answer to whether there is a linked process and then look to improve the two-way sharing of information between risk and insurance.”*

45. Work with the Insurance team will be undertaken as part of the policy rewrite and approval process.

### **Overview and Scrutiny Engagement**

46. The role of the Audit and Governance Committee, in relation to the Risk Management process and as described in the Council’s current Performance and Risk Management Policy, is to monitor and review the effective development and operation of risk management. Review of the risks themselves (the contents of the risk registers) is the responsibility of the Overview and Scrutiny Management Committee (OSMC).

47. At this stage no engagement has taken place with Overview and Scrutiny. However, once a review of the strategic risks commences, Overview and Scrutiny will be consulted on the content of the risk register.

### **Safeguarding Implications**

48. There are no safeguarding implications as, although some of the risks identified may relate to safeguarding, the actions arising from this audit cover internal processes and how information relating to risks is managed within the Council, rather than the risks themselves.

### **Public Health Implications**

49. There are no public health implications as, although some of the risks identified may relate to public health, the actions arising from this audit cover internal processes and how information relating to risks is managed within the Council, rather than the risks themselves.

### **Procurement Implications**

50. There are currently no procurement implications. However, an agreed action in response to Finding 2 is to explore alternative methods to using Excel for risk management. Advice will be sought from the Strategic Procurement Hub if any potential specialist risk management systems are identified.

### **Equalities Impact of the Proposal**

51. There are no known equalities impacts arising directly from this report. As changes are made to policies, any equalities impacts will be assessed and mitigated.

### **Environmental and Climate Change Considerations**

52. Although some risks identified may relate to the environment and climate change, the actions arising from this audit cover internal processes and how information relating to risks is managed within the Council, rather than the risks themselves. This report therefore has no direct implications for energy consumption, carbon emissions, or associated environmental risk management.

### **Workforce Implications**

53. Officers responsible for risks, either as risk owners or with responsibility for reviewing risk scores and updating risk registers, will be provided with guidance and training as part of the actions arising from this audit.

54. Development of this guidance and training will be supported within existing workforce capacity within the Executive Office.

### **Risks that may arise if the proposed decision and related work is not taken**

55. Whilst no decision is required, the audit identified a number of actions needed in order to ensure that the Council has an effective and robust risk management process.

56. If the agreed actions and related work are not implemented, there is a risk that the current processes may result in uninformed decision making or unforeseen exposure, resulting in failure to achieve key priorities and objectives.

### **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

57. No decision is required and no risks have been identified with implementing the agreed action plan.

### **Financial Implications**

58. No additional budget is currently required to implement this action plan.

## **Legal Implications**

59. Risk management is integral to the Council's corporate governance arrangements set out in Protocol 9 of the Council's Constitution.
60. In addition, Part 3 of the Council's Constitution assigns responsibilities for risk management to the Council Leader and to the Cabinet Member for Finance, Procurement, IT and Operational Assets.
61. Further, Part 9 of the Council's Constitution assigns specific responsibilities for risk management to the Chief Finance Officer and to the Director of Legal and Governance.
62. As part of the Council's role in the Local Resilience Forum, we have a legal responsibility with other Category 1 responders including Police, Fire, Environment Agency and others to plan and prepare for taking a co-ordinated approach to emergency events and regularly assess the risk of an emergency occurring.

## **Options Considered**

63. There are no proposals arising from result of this paper as it provides an update from the Executive Office to the Audit and Governance Committee.

## **Proposals**

64. To accept the status update following the recent risk management audit.

## **Perry Holmes, Director of Legal and Governance**

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