

THE VALE OF GLAMORGAN COUNCIL

CABINET: 19TH FEBRUARY 2018

REFERENCE FROM AUDIT COMMITTEE: 31ST JANUARY 2018

“ CORPORATE RISK REGISTER QUARTER 2 UPDATE (MD) –

The matter had been previously deferred by the Committee to allow a briefing of Audit Committee Members to clarify the Council's approach to Corporate Risk Management. This briefing was subsequently held on 23rd January, 2018 with Members of the Audit Committee and political Group Leaders being invited to attend. The purpose of the briefing was to provide further explanation with a view to further developing Members' understanding of the way the Council identified Corporate Risks, the documentation of risks and how they were reported via the Council's Corporate Risk Register. The briefing also provided an opportunity for Members to ask questions or further discuss any queries that they should have.

The Committee was apprised by the Head of Performance and Development of the Council's revised approach to risk management which was based on three key elements:

- Risk overview – risks for identification and definition;
- Risk evaluation – assessment of risk position / score;
- Risk management plan – action to manage the risk.

He also referred to the three elements which were reflected within the sections of the new Risk Register Template, details of these sections were set out in paragraphs 10 to 14 of the report.

In terms of the new reporting format, this had been designed to reflect to needs of various audiences. It also enabled employees to identify the risk trends / issues and to better understand the interrelationship between Corporate Risks and associated risk categories.

In addition to the above, the quarterly Risk Summary Report would also contain the following three elements:

- **Corporate Risk Summary** – provided an overview of all Corporate Risks in terms of their inherent, effectiveness of control and residual scores and provided an outline of the direction of travel (both current and forecast)
- **Overall Heat Map** – used a risk matrix quadrant to plot the residual risk scores in terms of likelihood and impact for each Corporate Risk in order to illustrate the groups / interrelationship between risks on a heat map

- **Thematic Risk Heat Map** – used a similar risk matrix quadrant to plot residual risk scores for each Corporate Risk, but by risk category. This provided a more holistic illustration of the distribution of risks by risk category across the matrix and enabled trends and synergies between risks to be identified, with mitigating actions and controls which could be put in place corporately to manage multiple risks.

His attention then turned to the current Quarter 2 update, which covered the period April to September 2017, details of which were set out in Appendix A to the report. He further indicated that there were currently 14 Corporate Risks on the Register and that no risks had been removed from the Register during Quarter 2. Separately, of the 14 Corporate Risks, in terms of their status, one risk was scored high, ten risks were scored medium, two risks scored medium / low and one risk was allocated as low risk status.

In terms of the exceptions, he outlined matters relating to the following subject areas:

- Deprivation of Liberty Safeguards;
- Local Development Plan;
- Safeguarding and Contract Management.

The Corporate Risk Summary Report included heat maps that plotted on a matrix the residual risk scores for each Corporate Risk. For Quarter 2 the overall heat map showed that the majority of Corporate Risks congregated around medium. However, the risks were evaluated by their risk categories. There were generally more risk groups within medium to medium high (for reputational based risks). Only one risk, Deprivation of Liberty Safeguards, sat in the high category.

In regard to the Risk Management Plan Summary, during Quarter 2 significant progress had been made in relation to the above Plan across all aspects of the Risk Register. The vast majority of mitigating actions outlined in the above Plan had a green status and were on track with 14 actions fully completed by the end of the quarter. Where actions had been deemed completed, these would now be removed from the Plan and incorporated as controls within the relevant risks. There had also been slippage in relation to 18 mitigating actions associated with the Legislative Change, Housing Improvement Programme, Waste Management, Information Security, Environmental Sustainability and the Safeguarding Risks and these actions were therefore deemed as actions for Corporate Risk and specific details of these were set out in paragraphs 29 to 46 of the report.

The Council's internal Insight Board had considered the Quarter 2 report and had reviewed all the Corporate Risks, the heat maps and their interrelationship between the risk categories on 6th September, 2017 and the following issues had been highlighted:

- **Local Development Plan** risk had significantly reduced since its adoption. Since the Local Development Plan was no longer subject to the judicial review period (six weeks post-adoption), the Insight Board felt that this risk should be

removed from the Register, but could be reintroduced at a later date should the need arise

- **Contract Management** risk was currently scored at medium / low. However, the Insight Board commented that significant progress had been made over the last few months to mitigate this risk through the roll out of the Contract Management briefing sessions for all team managers alongside a series of other mitigating controls. As a consequence, the Insight Board recommended that this risk also be removed from the Register.

The Head of Performance and Development indicated to the Committee that following the Insight Board's review, it had determined that both the Local Development Plan risk be removed from the Register and also Contract Management, subject to the completion of any related outstanding actions.

His attention then turned to Emerging Risks for the Council and alluded to the Welsh Community Care Information System (WCCIS) and separately to Corporate Building Compliance, details of which were set out in the report at paragraphs 50 to 58, and indicated that both would now be included on the Council's Risk Register. Subject to the agreement of the Audit Committee to do so, the risk template would be completed for both risks and included in the Quarter 3 update report.

Discussion ensued with a number of questions being asked by Members in regard to the likely timeline of the completion of outstanding actions in relation to Contract Management given the intended removal of the risk from the Council's Risk Register. The same Member also referred to the Corporate Risk Overview Report and the risk relating to unauthorised Deprivation of Liberty Safeguards (DoLS) being "Red" and expressed his surprise, given the related Supreme Court judgement made in 2014. In responding to the Member's comments, the Head of Performance and Development explained that the DoLS risk related to pressure on existing resources as a result of increased demand for related assessments and referred to paragraph 20 of the report which set out the specific implications for the Council. Separately, the Operational Manager for Audit also indicated that a further internal audit follow up review had been included in the Internal Audit Risk Base Audit Plan for 2017/18.

In referring to the same Corporate Risk Overview Report for Quarter 2, the Lay Member enquired why the Corporate Risk in relation to Integrated Health and Social Care only had a residual risk score of 4. In response, the Head of Performance and Development indicated that this action related to the integration of services between the Council and the Health Board. There were actions and measures within the Risk Register to address the matter.

The Chairman, in referring to the Member Briefing that had taken place the previous week, expressed his thanks on behalf of the Committee to those officers who had been involved in preparing information for the exercise.

Having regard to the above, it was

RECOMMENDED –

(1) T H A T the new reporting format for the Council Risk Register and its associated reporting arrangements be endorsed.

(2) T H A T the current position of Corporate Risks and the Emerging Risk themes be noted and the associated recommendations made by the Council's Insight Board and Corporate Management Team as set out in the report be endorsed.

(3) T H A T the report be referred to the Cabinet for consideration and endorsement.

Reasons for recommendations

(1) In acknowledgement of all the Corporate Risks for the Council and that these were effectively monitored, addressed, reviewed and updated on a regular basis.

(2) To endorse the removal of the Local Development Plan and Contract Management, (subject to the completion of any outstanding actions) from the Risk Register and the inclusion of Emerging Risks in relation to Welsh Community Care Information System and Corporate Building Compliance.

(3) To allow the Cabinet to consider the matter.”

[Attached as Appendix – Report to Audit Committee: 31st January, 2018](#)