Risk Management
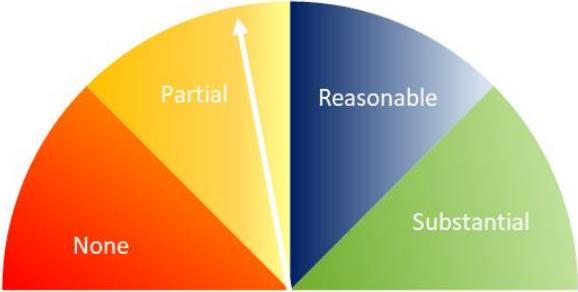
Final Report

Issue Date: 27th November 2020

Executive Summary

Audit Opinion

In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Recommendation Summary

Priority	Number
Priority 1	2
Priority 2	3
Priority 3	3
Total	**8**

Audit Conclusion

Risk Management identifies potential problems before they occur so that risk-handling activities may be planned and invoked to mitigate adverse impacts on the achievement of business objectives. An effective risk management system is vital to ensure the successful delivery of the Authority's corporate priorities and the delivery of an efficient and effective public service for the citizens of Powys.

In general, the policy approved by the Council for risk management is fit for purpose. The system (JCAD) used to deliver the policy is also fit for purpose, but it is not fully embedded across the authority and the potential functionality may not be fully utilised.

Risk identification, which is mostly through service driven management teams, could not be assessed during this review because of the onset of coronavirus.

A risk appetite statement has been included within the Risk Management Framework; however, this statement does not make the risk appetite limits clear for the Council. In addition, the risk register does not contain service specific appetites. Setting a risk appetite will allow the Council to make simple and transparent decisions to maintain the correct balance between uncontrolled innovation and excessive caution.

The Council has a Strategic Risk Register that is reported to the Council's Management Team, Cabinet and the Audit Committee. In addition, the Council maintains Service Risk Registers for the purpose of controlling operational risks. There were areas of good practice found, but also a significant variation in the legitimacy and quality of the risk recorded. In addition, there were errors on the scoring of the risk, control and tolerance information.

The mitigating actions in the risk register i.e. the risk reducing measures, do not show whether they are in place, in progress or are completed. In addition, it is difficult to understand the impact of that mitigation, i.e. how the inherent risk score is reduced by the delivery of the action, as it is not particularly visible or transparent.

A report run from the JCAD system displayed that none of the actions plans entered into the system had been started. Auditors acknowledge that it is possible that these reviews could have taken place offline, however according to the Risk Management Framework, they should be recorded within the corporate system. If the reviews are not taking place, it is hard to determine if the controls listed in the system are still relevant or have been delivered.

In some cases, the residual risk remains the same even though control measures have been identified. Overall, it appears that many of the mitigating actions to (treat, tolerate, transfer and terminate) are somewhat unstructured and do not quantifying the actual impact they will have on the overall risk.

An effective risk management framework should have two levels of challenge. Firstly, the challenge and moderation of the risks by the Services through the risk manager, and management teams to ensure that the risks are valid, the appetite is quantified, and the mitigating actions are SMART. This in reality is a quality control process before the risk reports are circulated to Senior Management and the cabinet who are responsible for the oversight and monitoring. The Audit Committee are there to provide the necessary challenge and scrutiny and call the Council to account where the risk management framework is failing. The review identified that there were issues with the register that had not been picked up by the internal quality control process. This view was also supported by the Audit Committee.

There has been slow progress in implementing a training programme that was raised in the previous audit. The Risk Champions, which were originally written into the Framework in 2018, have only just been introduced into the Authority's processes. Some training has been undertaken for the JCAD system by senior members of staff, however only the Risk champions, and Risk Officer have undertaken training on the Fundamentals of Risk Management. The Authority needs to provide more risk management learning opportunities to its staff and to Members.

Risk Management Maturity

The Risk Management Assessment Framework is a tool that is used for assessing the standards of risk management within an organisation. The assessment is based on the five levels of maturity and uses seven key questions to measure this, see appendix A for details. Since the previous audit, no target has been set by the Authority. The Authority should choose a level to aim towards, as this will help to provide a goal for management to aim towards when embedding risk management processes within the Authority.   The most effective risk management strategies would be aiming to achieve levels 4 and 5, however targets should be realistic. The present levels as deemed by Internal audit are detailed below:

Criteria (Level)	Assessment Rating				
	Awareness & Understanding	Implementation planned	Implementation	Imbedding & Improving	Excellent Capability
	(1)	(2)	(3)	(4) Target	(5)
Leadership	■	■			
Risk Strategy	■	■			
People	■	■			
Partnership	■				
Process	■	■	■		
Risk Handling	■	■			
Outcomes	■	■			

Background

Powys County Council has a Risk Management Framework which was last reviewed in July 2019. The Framework Specifies a 6-step process to be used by the Authority.
1) Risk Identification
2) Analyse and assess/evaluate risks
3) Review of controls and control effectiveness
4) Respond to risks
5) Record, monitor, and report
6) Integrate with strategic planning and decision making

The Council currently has 12 strategic risks on its risk register. At the end of June 2020, the JCAD system had 667 risks logged within it, including the strategic risks, 111 of these risks could be linked to the Corporate Priorities.

The publication of this report was delayed due to the affect the Corona Virus had on the Authority.

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Corporate Risk Assessment

Objective

To ensure the Council has a planned and systematic approach to the identification, evaluation and management of risks in order to control the probability and/or impact of unfortunate events, or to maximise the realisation of opportunities.

Risk	Inherent Risk Assessment	Auditor's Assessment
An adverse event or action occurs which negatively affects the Council's ability to achieve its objectives and to successfully execute its strategies.	High	Medium

Scope

The Risk Management Assessment Framework is a tool that is used to assess the standards of risk management within an organisation. As part of this audit, we will assess the Council against this framework. This audit will also include an analytical review of the risk registers on the JCAD system.

There was limited contact with Officers of the Authority due to the Coronavirus outbreak. As a result of this some evidence was limited and therefore this review was primarily focused on the information within the JCAD Risk Management System.

Findings and Outcomes

Summary of Control Framework

Four Controls were tested during this audit, and given a High, Low, or Medium rating, which was based on the number of weaknesses which were identified in each area. These controls can be seen in the graph below.

Risk Management Control Framework

- There is an approved risk management strategy in place with guidance for the effective identification, assessment and management of risks.

- Some staff have had training and support on the JCAD system, however Auditors questions whether staff have sufficient knowledge and awareness of risk management to carry out their role within the Authority.

- There is a central repository for all risks identified by the Authority on both a Strategic and an Operational level however limited evidence to suggest that these are regularly reviewed and appropriately challenged on a regular basis

- Risk Management is not fully embedded into the culture of the organisation

1.	An adverse event or action occurs which negatively affects the Council's ability to achieve its objectives and to successfully execute its strategies.	Medium

1.1 Finding and Action

Issue – Quality of the Risk Information	Risk
The information within the risk registers does not fully align with the definitions used within the Risk Management Framework. Auditors have concerns about the quality of the information within the risk registers.	There is a risk that risks may be misinterpreted as they are not clearly stated on the registers alongside a risk that mitigations are not being recorded correctly.

Findings

Auditors feel that there is a need for basic risk management training is to be undertaken by the officers within the Authority. The information included within the risk registers does not align with the definitions that have been included within the Risk Management Framework.

A review of the risk registers identified that the risks included would not be considered a risk, when compared to the definition within the Risk Management Framework. It is defined that risk is the "effect of uncertainty on objectives", where the effect is a positive or negative deviation from what is expected. Some of the risks included within the registers were names of companies or events. Whereas other services expressed events that could happen, but not how the uncertainty of these would affect their objectives. The tables below display the results of this review, with full details located within Appendix B.

Strategic Risk Register
There are 11 strategic risks on the risk register.

Is it a risk?	Yes	Partial – Only states the objective	Partial - Only states the effect of uncertainty	No
Percentage	46%	27%	9%	18%

Service Risk Register

From a sample of 27 risks:

Is it a risk?	Yes	Partial – Only states the objective	Partial - Only states the effect of uncertainty	No
Percentage	44%	15%	15%	26%

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Alongside the risks, the registers also include consequences and mitigations. The definition for a consequence is the "outcome of an event and has an effect on objectives" whereas a control is "any measure or action that modifies or regulates risk". The consequences included within the risk registers were close to the definition, however, some could still use some improvement to explain the outcome of an event.

Whereas the controls specified within the risk registers could use some enhancements. The Risk Management Framework describes controls as "a list of the current controls that are in place to mitigate the risk. These should be specific and auditable. A control should either reduce the likelihood of the risk materialising and/or reduce the impact should the risk materialise". A few risks had a reduction in the residual risks without any controls or actions plans in place. An example of the a few controls which were found within service risk registers are:
- Awaiting consultation resource plan.
- Public liability insurance.
- Close monitoring
- Cabinet briefed
- Rolling programme of works

It was picked up by the Audit Committee on the 7th February 2020 that they had concerns about the mitigating controls used within the strategic risk register. It was stated within the minutes that "Close monitoring was not an adequate mitigation measure".

According to the Risk Management Framework, Senior Managers and Cabinet Members should review the key risks for the organisation. Auditors are uncertain about whether the difference between the definitions and quality of the information within the risk registers are due to a lack of challenge by senior staff or due to a lack of understanding on risk management.

Recommendation		
We recommend that the Authority reviews its risk registers to ensure that the information within them aligns with the definitions within their framework.	Priority Score	**1**

Agreed Action	Timescale	31st January 2021
• Each service reviews its risk registers to ensure that the information within them aligns with the definitions within the framework. 31st Dec 2020 • Service Risk Registers are reviewed, as a minimum of 3 monthly, in SLTs and a standing item on performance review meeting's agenda. (On-going) • Recommend that the services start using the JCAD reports system to determine if owners are keeping up with their reviews. 31st Dec 2020 • Strategic Planning and Risk Officer to be invited to a 3 monthly review meeting to improve understanding and challenge. (Commencing Jan 2021) • Service Risk Champions regularly review their service risk register. (On-going)	Responsible Officer	Heads of Services

• Services use the risk management scoring framework when setting the risk profile. (Commencing Jan 2021) • Recommend Audit/Scrutiny committees look at service risk registers every quarter on a rolling basis. (On-going)		
Recommendation		
We recommend that the Authority provides Services with more guidance and training to ensure that officers have a good understanding of risk management. It is also recommended that the Authority provides the services with information to determine what controls they would consider as an adequate mitigation measure	Priority Score	**3**
Agreed Action	Timescale	31st January 2021
• Create a risk management course or training for all staff specifically the management induction programme. (Jan 2021) • Set up 30-minute JCAD/risk Management sessions on Teams for new users and anyone who needs a refresher. (Dec 2020) • Strategic Planning and Risk Officer to be invited quarterly to services SLT meetings to improve understanding and challenge. (Commencing Jan 2021) • Service Risk Champions regularly review their service risk register.	Responsible Officer	Jane Thomas, Head of Finance / Risk Management Officer

1.2   Finding and Action

Issue- No Service Level Risk Appetite has been set	Risk
There are no service Level Risk Appetite Statements within the risk registers, nor within the Councils Risk Management Framework.	There is a risk that Services have not set risk appetites, which therefore limits the Authorities knowledge and actions due to not knowing their acceptable levels of risk.

Findings

The framework includes the Council's Risk Appetite statement:
"As a large and diverse organisation, it is recognised that appetite for risk will vary according to the activity undertaken and hence different appetites and tolerances to risk apply throughout the organisation. Corporately, Powys County Council has an open risk appetite, and specific risk appetites are set out in the relevant risk register. This enables us to be consistent across the Council, and to encourage a balance between caution and innovation. It also avoids resources being spent on further reducing risks that are already at an acceptable level based on risk appetite……….."

The Council states that they have an open risk appetite. The definition of this is:
        "Willing to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable level of reward and value for money."

Auditors feel that there is lack of understanding within the Authority, where risk appetites and tolerances are concerned. The Authority has created an overall risk appetite statement, which has been included within the Risk Management Framework. However, this statement suggests that the services will have individual risk appetites which will be stated within the risk registers. This is not the case. Risk Treatments (Treat, Transfer, Tolerate, and Terminate) which could be considered as the mechanisms for dealing with risks are stated within the register.

It is imperative that the Authority ensures that the services have created appetites, as this impacts on the treatments they use. An Appetite should dictate the levels of risk that the services are willing to accept. Which in turn should then be used to determine their actions with each risk, and the treatment they will use with it. For example, if the risk is outside the appetite levels, and cannot be avoided, then it must be treated by reducing the risks with controls. If the risk is within the appetite levels, then the Council could consider tolerating the risk, as it is within its acceptable levels. There is a risk that the Authority could be over mitigating risks and therefore using excessive resources to treat risks where it is not necessarily required. There is also a risk that by under mitigating some of the risks that are identified then the Authority is exposing itself to financial, and reputational damage.

Other than the risk statement, the only mention of risk appetite within the 7-step risk management process within the framework is in Section 7.4 Review of controls and Respond to Risk which states
        "Risks that are at an unacceptably high level are those that exist outside of either the Service or wider Powys County Council risk appetite."
The framework does provide some guidance for services on what they should consider when creating a risk appetite in Appendix B, however this appendix is not mentioned elsewhere within the document. There is also no mention of when the services should review or create the appetite. Auditors question

whether the services have been informed that they need to create these, or whether this has simple been included within the framework.

Towards the end of this audit, the Risk Officer contacted Audit requesting assistance in researching ways other organisations are setting up their appetites and how this could work in Powys.

Recommendation		
The risk appetite should dictate the level of risks that they are willing to accept. We recommend that the Council sets an overall risk appetite limit and includes this within the Risk Management Framework. This should be approved by the Cabinet.	Priority Score	1
Agreed Action	Timescale	31st January 2021
• Review Risk Management framework including the Council risk appetite statement working with Risk Champions.	Responsible Officer	Jane Thomas, Head of Finance/ Risk Management Officer

1.3   Finding and Action

Issue- Understanding partnership risks	Risk
There are no specific partnership risk registers on the JCAD system	There is a risk that risks could be lost due to not being recorded as missed risks could have a reputational damage to the Authority.

Findings

The Risk Management Framework states "Powys County Council use risk management processes and principles at every level of the organisation, including operational level, programme and project management, improving performance, strategic planning, decision making, partnerships, and third parties."

Audit were provided with the partnership register by the Risk Management Officer which was last updated in September 2018. This register was compared to the risk registers on the JCAD system, which identified that there were no specific risk registers for the partnerships. However, two of the Authorities main partnerships; Freedom Leisure and HOWPs were mentioned within the service risk registers.

The framework states a slightly different methodology for the partnership risk management stating that it risks should be agreed and managed by a member of the partnership. This suggests that these registers should be held separately from the service registers as they are maintained by the partnerships. The framework declares that "risks arising through key partnerships" should be reviewed by the Audit Committee. There should be appropriate records of the partnership risks readily available to senor members of staff as well as the Audit Committee.

Recommendation

We recommend that all partnership risk registers are included on the JCAD system, to allow for greater visibility on the potential risks to the Authority.	Priority Score	2

Agreed Action	Timescale	31st January 2021
• Agree to record partnership risks in related service risk register and HofS/EMT/Portfolio Holders communicated a clear, direct message to staff, partnership risks that relate to PCC achieving its outcomes need to be included in service risk registers. • Recommend Scrutiny/Audit committee look at service risk registers every quarter on a rolling basis. • Review Risk Management framework including the methodology for the partnership risk management	Responsible Officer	Heads of Service

1.4 Finding and Action

Issue- Lack of visibility	Risk
There is no clear pathway within the system to display why risk treatments have been undertaken.	There is a risk that the incorrect risk treatment is undertaken, which could lead to unnecessary use of resources in some areas.

Findings

There are no Service Area Risk Appetites within the risk registers, which should be included according to the Risk Management Framework. It was therefore hard to determine how the services decided what risk treatment to undertake with each of their risks. According to the Risk Management Framework there are four treatments that can be used; Treat, Tolerate, Transfer and Terminate. If inherent risks are outside of the services appetite levels, then the service should determine which action they will take with each risk.

The Risk Management Framework states that "Risks which are deemed to be at an unacceptably high level will require additional treatment". The majority of the risks within the registers are treated, however for some risks the controls implemented do not decrease the inherent risks. Which raises queries about whether the best treatment was applied to the risk. There were also cases of risks being tolerated but having mitigating actions against them in the risk register. These errors display a lack of understanding of the risk management process.

1.5 Finding and Action

Issue- Some cases where risk identification is stagnant	Risk
Lack of evidence to suggest that reviews of the risks and controls are taking place, and that these are being updated on the risk management system.	The is a risk that if information is not up to date then it may affect the overview of the risk registers

Findings

This test was hindered by not being able to contact the Senior Management Teams due to the COVID situation. Although an analysis of the JCAD system and the information within it has raised some concerns about whether review of risks and controls within the services were being challenged and undertaken.

Scoring

The Scoring matrix is used throughout the Authority and can be found at the back of the Risk Management Framework. The Authority uses Inherent and Residual risks for their scoring which is defined by their framework as:

Inherent Risk: The level of risk before treatment measures have been taken into consideration.

Residual Risk: The remaining level of risk after risk mitigation and control measures have been taken into consideration.

A review of some of the risk registers displayed that even though the services had listed control measures their residual risks were still at the same rate as their

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inherent risk. This should have been picked up by senior members of staff, when they are challenging their risks. If the control has no effect on the risk, it should be re-considered as to whether it is relevant.

A Scorecard report was produced from the JCAD system. This report displays the movements within the redisual risks, and whether the scores have increased or decreased. Very few risks that had been entered had been ammended. The majority of risks had stayed at the same scoring as when they were created. This raises concerns about whether the scores are being reviewed or whether risks within the register have become stagnant in some areas. . Although it is acknolweged by Auditors that it is possible that the scores would not change.

The Target Risk Profile Variance Report displays the target residual risks that the services enter into the JCAD system alongside the tolerance statuses. All risks have a residual risk target score of 0. Audit were informed by the Risk Management Officer that the system automatically entered 0 if no target is entered, and that the services had not been asked to set a target. The Authority should be entering what they aim to reduce the residual risks to, by implementing controls. Setting a target is important as this would help to prevent the Authority from over or under mitigating the risks.

Controls and Actions
For each of the risks on the risk register the Authority has the opportunity to enter controls or action plans within the system to help limit the effect of the risks. The Risk Management Process states that "…it is vital that current controls are reviewed for their effectiveness…". It is impossible to determine if reviews of the original controls are taking place, as the system suggests there is no deadline for these to be undertaken. This causes concern that controls are simply being entered into the registers when the risks are created and not reviewed. There is a risk that if the original controls identified by the Services are not reviewed, the Authority would not be able to determine whether or not they were still affective or relevant. The Action plans entered into risk registers did have review dates specified next to them. However, it was clear that a large majority of these were out of date. It is acknowledged that reviews of both the action plans and controls could have taken place outside of the JCAD system, although the risk management framework states that the action plan should be included within the JCAD system.

Recommendation		
We recommend that the Authority reviews the current registers to determine if the scorings and tolerances given to risk are appropriate and ensure that future entries are challenged appropriately.	Priority Score	**2**
Agreed Action	Timescale	March 2021
Risk owners should aim to provide an explanation in the notes section of the risk as to how the inherent risk score will be reduced by the delivery of the mitigating actions. Also, if applicable explain why the residual risk scoring remains the same (to be developed as part of the training and service SLT meetings)	Responsible Officer	Heads of Service

Recommendation		
We recommend that regular reviews of the controls and action plans are undertaken and that these are recorded on the JCAD system.	Priority Score	**2**
Agreed Action	Timescale	March 2021
Investigate setting a target risk score and how and when it should be introduced and include SLT in the engagement process.	Responsible Officer	Risk Management Officer

1.6   Finding and Action

Issue- lack of training and awareness	Risk
There has been slow progress with providing training to Officers within the Authority, and a need for further training on both the JCAD system and risks management fundamentals.	The Authority will not be able to provide effective risk management due to the lack to a lack of understanding and knowledge of those who's responsible for providing it, which in turn could have a reputational damage,

Findings
Issues with the lack of risk management training have been identified within previous audits. The current Risk Management Framework was last updated in July 2018. Under the training section it is stated that   "Initially Risk Management Champions will be offered training into the risk management approach at Powys County Council and will be fully trained in using the JCAD Core Risk Management System. This training will then be rolled out to all Officers, Cabinet, and wider Elected Members." The Risk Champions have only recently been implemented by the Authority although they have been written within the framework since July 2019. The Risk Champions and Risk Management Officer recently undertook training on the fundamentals of risk management which was tailored to PCC and provided by CIPFA on the 14th February 2020. It is expected that the risk champions will share their knowledge of the fundamentals however there has been slow progress within the Authority to get to this point. The Executive Management and Senior Leadership Teams have undergone training on the JCAD system. Guidance for the use of the JCAD system has also been provided alongside some one-to-one training to officers. There seems to have been a higher emphasis on training surrounding the JCAD system rather than risks management training. Since the Coronavirus outbreak, the Risk Management Officer has issued further guidance and training videos to staff on the JCAD system. As mentioned in previous sections of this report, a review of the JCAD system has displayed that the Authority is not using it to its full potential, which could mean that more training in this area is needed in order to ensure that it is embedded within the Authority. Some of the monitoring reports that were previously

identified could be used to monitor the control and action plan reviews. These would allow Members and Senior Members of Staff to review the services actions more efficiently.

Recommendation		
We recommend that the Authority ensure that all those who are responsible for challenging, reviewing and identifying risks within their roles understand the risk management process and what is expected of them.	Priority Score	**3**
Agreed Action	Timescale	31st January 2021
•Create a risk management course or training for all staff specifically the management induction programme. (Jan 2021) •Set up 30 minutes JCAD/risk Management sessions on Teams for new users and anyone who needs a refresher. (Dec 2020) •Services use the risk management scoring framework when setting the risk profile. (ongoing) •Recommend Audit/Scrutiny committees look at service risk registers every quarter on a rolling basis. (commencing Jan 2021)	Responsible Officer	Heads of Service/ Risk Management Officer
Recommendation		
We recommend that the Authority looks into the reports from the JCAD system to see if these could be produced to help the Authority determine if services are keeping up with their reviews.	Priority Score	**3**
Agreed Action	Timescale	30Th December 2021
•Set up 30-minute JCAD/risk Management sessions on Teams for new users and anyone who needs a refresher.	Responsible Officer	Risk Management Officer

Other Suggestions
Due to limited contact with Officers of the Authority due to the Coronavirus outbreak. Auditors were unable to determine the basis that officers used when identifying risks. Due to this Auditors are unable to provide assurance of the risk identification process used by the Authority. We therefore recommend that a review of this area is undertaken by Audit at the end of the outbreak.

Appendix

A. Risk Management Framework

1. Leadership - Do Senior Management and Members support and promote risk Management

Summary of Progress

Level 1: Awareness & Understanding	Level 2: Implementation Planned & in Progress	Level 3: Implemented in all Key Areas	Level 4: Embedded & Improving	Level 5: Excellent Capability Established
Top management are aware of need to manage uncertainty & risk and have made resources available to improve	**Senior Managers & Members take the lead to ensure that approaches for addressing risk are being developed and implemented**	Senior Managers act as role models to apply risk management consistently and thoroughly across the organisation	Senior management are proactive in driving and maintaining the embedding and integration of risk management; in setting criteria and arrangements for risk management and in providing top down commitment to well managed risk taking to support and encourage innovation and the seizing of opportunities.	Senior Managers re-enforce and sustain risk capability, organisational & business resilience and commitment to excellence. Leaders regarded as exemplars.

2. **Risk and Strategy Policies** - Is there a clear risk strategy and risk policies

Summary of Progress

Level 1: Awareness & Understanding	Level 2: Implementation Planned & in Progress	Level 3: Implemented in all Key Areas	Level 4: Embedded & Improving	Level 5: Excellent Capability Established
The need for a risk strategy and related policies has been identified and accepted	**A risk management strategy & policies have been drawn up and communicated and are being acted upon**	Risk strategy & policies are communicated effectively and made to work through a framework of processes	An effective risk strategy and policies are an inherent feature of department policies and processes	Risk management aspects of strategy and policymaking help to drive the risk agenda and are reviewed and improved. Role model status

3. **People** – Are people equipped and supported to manage risk well?

Summary of Progress

Level 1: Awareness & Understanding	Level 2: Implementation Planned & in Progress	Level 3: Implemented in all Key Areas	Level 4: Embedded & Improving	Level 5: Excellent Capability Established
Key people are aware of the need to assess and manage risks and they understand risk concepts and principles	**Suitable guidance is available, and a training programme has been implemented to develop risk capability**	A core group of people have the skills & knowledge to manage risk effectively	People are encouraged and supported to be innovative and are generally empowered to take well-managed risks. Most people have relevant skills & knowledge to manage risks effectively and Regular training etc is available for people to enhance their risk skills and fill any 'gaps'	All staff are empowered to be responsible for risk management and see it as an inherent part of the Departments business. They have a good record of innovation and well managed risk taking

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4. Partnerships – Are there effective arrangements for managing risks with partners?

Summary of Progress

Level 1: Awareness & Understanding	Level 2: Implementation Planned & in Progress	Level 3: Implemented in all Key Areas	Level 4: Embedded & Improving	Level 5: Excellent Capability Established
Key people are aware of areas of potential risk with partnerships and understand the need to agree approaches to manage these risks	Approaches for addressing risk with partners are being developed and implemented	Risk with partners is managed consistently for key areas and across organisational boundaries	Sound risk management arrangements have been established. The most suitable: partnership arrangement (PFI, 'arm's length' etc); partners; suppliers etc are selected in full knowledge of the risks, risk management capability & compatibility	Excellent arrangements in place to identify and manage risks with all partners and to monitor and improve performance. Organisation regarded as a role model

5. Processes – Do the organisations processes incorporate effective risk management?

Summary of Progress

Level 1: Awareness & Understanding	Level 2: Implementation Planned & in Progress	Level 3: Implemented in all Key Areas	Level 4: Embedded & Improving	Level 5: Excellent Capability Established
Some stand-alone risk processes have been identified	Recommended risk management processes are being developed	**Risk management processes implemented in key areas. Risk capability self-assessment tools used in some areas**	Risk management is an integral part of the organisation's core processes (policy, planning, delivery etc) and data are collected to monitor and improve risk management performance	Management of risk & uncertainty is an integrated part of all business processes. Best practice approaches are used and developed. Selected as a benchmark site by other organisations

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6. **Risk Handling** – Are risks handled well?

Summary of Progress

Level 1: Awareness & Understanding	Level 2: Implementation Planned & in Progress	Level 3: Implemented in all Key Areas	Level 4: Embedded & Improving	Level 5: Excellent Capability Established
No clear evidence that risk management is being effective	**Limited evidence that risk management is being effective in at least most relevant areas**	Clear evidence that risk management is being effective in all relevant areas	Clear evidence that risks are being handled very effectively in all areas	Very clear evidence of excellent risk handling in all areas and that improvement is being pursued

7. **Outcomes** – Does risk management contribute to achieving outcomes?

Summary of Progress

Level 1: Awareness & Understanding	Level 2: Implementation Planned & in Progress	Level 3: Implemented in all Key Areas	Level 4: Embedded & Improving	Level 5: Excellent Capability Established
No clear evidence of improved outcomes	**Limited evidence of improved outcome performance consistent with improved risk management**	Clear evidence of significant improvements in outcome performance demonstrated by measures including, where relevant, stakeholders' perceptions	Clear evidence of very significantly improved delivery of outcomes and showing positive and sustained improvement	Excellent evidence of markedly improved delivery of outcomes which compares favourably with other organisations employing best practice

B.	Risks within the Risks Registers

Strategic Risk Register

Definition of a risk: "effect of uncertainty on objectives", where the effect is a positive or negative deviation from what is expected.

Risk Register	Risk Identified	Is this a risk?	Comments
Strategic - Children Services	Ability to meet the requirements of the MTFS / Retaining grant funding around posts within Children's Services	Yes	States what the objective is, and the effect on posts within the Service
Strategic - Education	The council will be unable to manage the school's budget without extra resource and finance and this will affect every individual school in Powys that has a deficit budget	Yes	States what the objective is, and the effect on posts within the Service
Strategic - Education	The council fails to make the necessary improvements in response to Estyn recommendations.	Partial	States what the Objective is, but is unclear on the effect this would have on the Council
Strategic - Finance	The Council is unable to manage the level of financial cuts required by the Welsh Government and the relatively poor funding position	Partial	States what the Objective is, but is unclear on the effect this would have on the Council
Strategic - Digital Services	Noncompliance with data protection legislation (General Data Protection Regulations (GDPR) and UK Data Protection Act (DPA) 2018	Partial	States what the Objective is, but is unclear on the effect this would have on the Council
Strategic - Digital Services	Risk of financial loss, disruption or damage to the reputation of Powys County Council from a failure of its information technology systems and or/loss of Data due to a cyber-attack or Incident.	Yes	States what the objective is, and the effect on posts within the Service
Strategic	The impact on the Council as a result of Brexit.	Partial	Unclear of what the objective is, however, the uncertainty would the impact on the Council.
Strategic	The council receives a negative regulatory / inspection report	Yes	A deviation from what the Council expects to happen.
Strategic	Significant long-term decrease in the working age population impacts on Council's ability to recruit and retain or commission the workforce it requires	Yes	It is clear what the Council is trying to achieve and the possible uncertainty.

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Risk Register	Risk Identified	Is this a risk?	Comments
Strategic - Planning, Property and Public Protections	Heart of Wales Property Services (HOWPS)	No	This is a name of a company
Strategic - Planning, Property and Public Protections	Lack of adequate resilience planning	No	Does not state what effect this would have on their objective

Service Risks

Definition of a risk: "effect of uncertainty on objectives", where the effect is a positive or negative deviation from what is expected.

Risk Register	Risk Identified	Is this a risk?	Comments
Property, Planning, and Public Protection	Failure to ensure Health & Safety of public and workforce on Council premises	Partial	Explains the uncertainty but not the effect of it.
Leisure and Recreation	Ash dieback affecting trees on land owned or managed by the Service	Yes	States the uncertainty of the effect on the trees for the land management team.
Leisure and Recreation	Failure of Powys County Council to facilitate and deliver landlord responsibilities and obligations to the Leisure Contract in a timely and cost-effective way.	Yes	Explains the uncertainty on their objective to undertake the work in a cost-effective way.
Leisure and Recreation	Swimming Pool (Builth Wells) 'backwashing' is not draining as necessary and over-spilling above ground level	Yes	States the effect on the Swimming Pool

Highways, Transportation and Recycling	Reduction of anticipated income levels from: - - Recyclables; - NMWTRA; - Car Parks; - Passenger Transport; - Single Environmental Grant; - Trade Waste; - Streetworks; - Capital scheme Delivery - Internal Customers (HOWPS, Housing, Schools, Property); - Fleet (internal and external).	Partial	Explains the uncertainty but not the effect of it.
Highways, Transportation and Recycling	Meeting the requirement of the MTFS, including achievement of savings and income generation targets.	Partial	Explains the uncertainty but not the effect of it.
Highways, Transportation and Recycling	Health and Safety of public and workforce.	No	
Education	Financial - The Schools Service has a deficit budget of circa £3m as at 31/12/2018. Estyn Recommendation 5 - Continue to improve the quality of financial management in schools and take appropriate action to address schools with significant deficit budgets	Yes	States the object and uncertainty of the budget
Education	All Schools must comply with the health and safety regulations. These include the Control of Asbestos Regulations 2012 (for which the School must have an Asbestor Management Plan), legionella and a fire risk assessment.	Yes	States the objective of complying with health and safety guidelines.
Children Services	Ability to meet the requirements of the MTFS / Retaining grant funding around posts within Children's Services	Yes	States the objective and the effect
Digital Services	Project cannot deliver intended outputs or does not develop in-line with agreed timescales, due to lack of resources to deliver all or part of the programme.	Yes	Although it is not clear on what project this is talking about, the effect of uncertainty is clearly stated.

Digital Services	The organsiation does not embrace the changes	No	Does not clearly describe what changes this is talking about, or what objectives this will affect
Finance	Cost of borrowing increases to a level that limits the council plans in terms of capital programmes etc	Partial	
Children Services	Out of hours working for Social Workers and Support Staff	No	Does not inform the reader what the risk to the Authority is.
Finance	Misuse of purchase cards by staff	Partial	Does not say how this would affect the Authority
Finance	GDPR breached through data security breach	Partial	Does not say what this is in relation to.
Local Authority Trading Company	There is a lack of skills / expertise internally to be able to deliver the land / property development work via the LATC	Yes	States the objective and the effect
Income and Awards	The welfare reform programme against a backdrop of changing legislation and roll out of Universal Credit has likelihood of large impact on Powys citizens, in addition to HRA income.

Access to IT equipment.

Resourcing issue, particularly in Libraries. | Yes | States the objective and the effect |
Income and Awards	Additional change and improvement work have been prioritised resulting in lack of management capacity to deliver operational and corporate objectives.	Yes	Explains the effect of uncertainty and the objective
Pensions	Insolvency of an investment manager investing Pension Fund assets.	Yes	Explains the uncertainty and their objective
Procurement	Ethical Procurement	No	It is unclear what the uncertainty or the objective is
Procurement	Failure of Contract - supplier failing to perform.	Partial	This explains the uncertainty of the effect but not what the objective is
Procurement	Brexit	No	This is an event, not the effects of what this may cause
Transformation and Communications	Service reorganisation	No	This is an event, not the effects of what this may cause
Transformation and Communications	Introduction of the new CRM and project to redesign intranet	Partial	Does not state the effect of uncertainty

Transformation and Communications	Local Government Elections	No	This is the name of an event, it neither explains the uncertainty nor the effect
Transformation and Communications	Impact of sickness or exceptional circumstances of leave within the team will affect deliverables.	Yes	Explains the effect of uncertainty and the objective

Audit Framework and Definitions

Assurance Definitions

None	The areas reviewed were found to be inadequately controlled. Risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed, but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Definition of Corporate Risks

Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Categorisation of Recommendations

In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:

Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

SWAP
INTERNAL AUDIT SERVICES
Assuring – Improving – Protecting

Authors and Distribution

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SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Auditing Standards.

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