

## **REVIEW OF WLGA RISK APPROACH**

### **Purpose**

1. The purpose of this report is to report to Members the outcome of the review of our risk approach carried out by members of Cardiff's finance team.

### **Background**

2. Members were informed of the review at the last meeting of the Audit Committee. The current approach has been in place for around 5 years, and it was thought timely to have independent assessment of the current approach to see if it aligned with best practice.

### **The Review**

3. The review was carried out by Dean Thomas (Operational Manager – Information Governance, Transactional Finance & Programme Management) at Cardiff Council. His full report is appended this cover note. Over December and January, Dean has engaged with the WLGA SMT and the Chair of the Audit Committee. We're grateful for Dean's input.
4. In summary, Dean recommends a more bottom-up approach and the SMT recently agreed the following:
  - endorsed the findings in the report;
  - recommendations were supported, to be progressed having regard to the findings;
  - this piece of work to be taken forward as a corporate project; and,
  - the designated Senior Responsible Officer will be the Director of Resources, along with a project manager from within the Association who has experience or a particular interest in this topic

### **Recommendations**

5. **Members discuss and agree the recommendations from the review.**

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**Review of Risk Management Arrangements**  
**Welsh Local Government Association**

**Review date: November 2021**

**Report issued: February 2022**

**Report author: Dean Thomas, Operational Manager, Cardiff Council**

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## **Introduction**

The Director of Resources for the Welsh Local Government Association (WLGA) requested an independent review be carried out of the risk management arrangements in place within the WLGA.

I was asked to conduct this review in the Autumn of 2021, and to assess the current risk management approach adopted by the WLGA, and whether it was still fit for purpose.

To assist with my review I have:

- Met with the WLGA's senior management team.
- Met individually with the risk owners of the current WLGA strategic risks.
- Met with the Chair of the WLGA's Audit Committee.
- Reviewed relevant best practice and guidance covering management of risk.

*"In successful organisations, risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced. If we are serious about meeting objectives successfully, improving service delivery and achieving value for money, risk management must be an essential and integral part of planning and decision making"*

(HM Government – The Orange Book – Management of Risk 2020)

## **Main Findings**

From the meetings I held, the main feedback was as follows:

- The review was welcomed, and senior management and risk owners were all of the opinion the organisation's approach to risk management needed a refresh.
- The current approach to risk management is ad hoc and needs to be improved. It needs to be mainstreamed better.
- Coordination and regularity of review and oversight of risk management needs to be strengthened with a need to review the organisation's risk appetite and its overall risk management strategy.
- We need to consider the political dynamics when developing a new approach to risk management.
- The format of capturing and reporting the current risks needs to be improved. It does not lend itself to being easy to update or read.
- The current strategic risks needed to be reviewed. Examples of what could be considered as new risks, together with views on how strategic risks could be categorised, were provided by senior managers/risk

owners and a workshop to discuss and develop these was suggested by a number of managers/risk owners.

- Consideration should be given to developing Directorate/service area risk registers, where risks can be escalated to SMT.
- There needs to be a ‘bottom up’ approach risk management process with risks identified at both service and corporate/strategic levels.
- A process is required to assist colleagues to identify risks and to subsequently decide which risks are escalated/owned by SMT.
- Risk management training should be delivered across the organisation to relevant officers, and awareness of risk management should be raised across the organisation. These should not be a ‘one-off’.
- It might be helpful if each risk is described to staff as a discrete project with a brief description of the risk, its risk category (i.e. internal or external; financial; operational or strategic), probability, impact, risk assessment score, risk ranking overall, planned actions and timescales, current status, risk owner.
- An assessment of how Audit Committee is involved in the risk management process should be part of this overall review
- As a minimum, there should be a quarterly service level and SMT review of all relevant risks to ensure risk registers are up to date and accurate, and that planned actions are progressed in a timely way.
- The views of all staff should be heard when developing and implementing a new approach to risk management, and then regular training/awareness sessions should form part of a new culture.
- Not enough time is dedicated to risk management at Audit Committee.
- Risk owners could attend future Audit Committee meetings to go through their risks.
- The risk management report to Audit Committee should be highlighting the red and red/amber risks.
- Should the frequency of Audit Committees be reviewed to more than twice a year?
- It would be helpful if my report/findings included recommendations for the WLGA to consider, rather than proposals for improvement.

## **Recommendations**

1. The WLGA should develop and implement a Risk Management Strategy & Policy. This would seek to:
  - Outline the scope of risk management.
  - Integrate and embed risk management into the culture of the organisation.
  - Assign risk management roles, responsibilities and accountability.
  - Ensure risk awareness and proportionate and consistent management of risk.
  - Prevent injury, damage, breaches and losses.
  - Enhance realisation of opportunities and resulting benefits.
2. SMT should review the organisation's risk appetite, current strategic risks, risk categories and its risk scoring matrix.
3. Directorate/service area risk registers should be introduced.
4. The current format for capturing and reporting risks needs to be reviewed.
5. Governance arrangements need to be reviewed for the reporting of the organisation's risks, and this should include the role of the Audit Committee.
6. Risk management training for all key/identified staff.
7. Awareness raising of risk management across the whole of the organisation.