



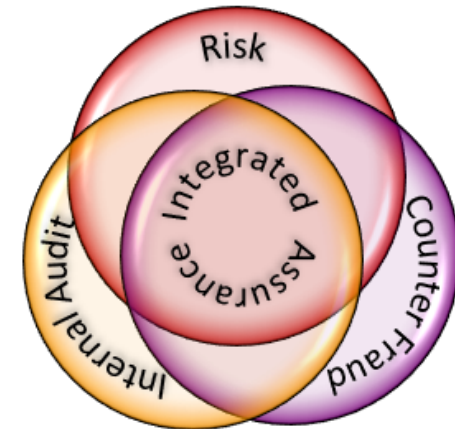
# Risk Management

## Audit Committee

### In-Year Risk Management Update 2023/2024

Devon County Council

November 2023  
Official



Support, Assurance and Innovation

## Introduction and purpose of this report

Recent changes to the Senior leadership Team across the Council has brought an increased awareness of risk and an even more positive approach to risk management. Services are more engaged than they have been for many years, and this helps to support the identification and management of risks. Managing, identifying and mitigating risks is more important now than it ever has been, to increase the likelihood of success and to be more resilient to change and challenges.

Devon Audit Partnership (DAP) continues to support the Council in its vision to “manage potential opportunities and threats in achieving its objectives”.

This risk update serves as a comprehensive overview for the Audit Committee, providing insight into the current risk performance, current work and tasks, trends and noteworthy points or topics.

## Risk In Numbers



The above graphic details the current risk information as of 14<sup>th</sup> November 2023. Clearly our attention is on the risks that have the highest score, the 9 risks that have the ‘Very High’ rating are:

The above figures include all risks recorded on the DCC Risk Management System, including Budget Book risks, Devon Pension Fund, Peninsula Pensions and Project risks.

Children and Young People’s Futures – Social Care	Demand for Children’s Services exceeds the financial provision (managing unit cost pressures)
	Demand for Childrens Social Work (managing demand for services and packages of care)
	CYPF: Savings and cost management strategies (Budget Book risk)
Children and Young People’s Futures – Education and Early Help	High Needs Block/DSG Deficit (insufficient funding to meet demand)
	Failure to adhere to the statutory SEND Code of Practice: 0 to 25 Years
Economy, Enterprise and Skills	Exeter Science Park (loan guarantee)
HR	Recruitment and Retention
ICT	Corporate Services – ICT
	Successful Cyber Attack

## Risk Update

In recent months we have provided facilitation and support to the Council’s service areas including Children and Young People’s Futures, Legal & Democratic Services, and Economy Enterprise and Skills.

New risks have been included on the Risk Registers relating to risk of ‘High Consequence Infectious Disease’ and risk of ‘Insufficient capacity to support MCA (Mental Capacity Act) practice quality’.

Budget Book Risks.

Risks recorded in the published Budget Book are recorded on the risk management system.

Currently, 66 risks sit within this Risk Register, the classification of these risks are detailed below:



The Budget Book risk register can be viewed by Members at [Budget Book Risk Recording](#).

Where a budget book Risk (as included in the published Budget Book) duplicates or overlaps with an existing service area risk, we have worked with officers to address this on the system and so avoid the effort in updating two risk records.

This approach has been taken for the Integrated Adult Social Care Service Area, where budget book risks have been 'stood down.' The related budget book risk will show on the Budget Book Risk Register with a very low score not requiring review, and the Service Risk is linked to the Budget Book Risk Register. This approach has also recently been taken for some Children and Young People's Future Budget Book risks.

The Risk Management team has been tasked with providing support to the Budget Management Group to provide challenge and support around these risks. There is a desire from Finance & Public Value leadership that financial risks should be regularly reviewed to respond to changes in the internal and external environment and to support the relevant officers in the achievement of goals.

The Risk Management team regularly attend Budget Management Group meetings, to offer challenge and support to increase the overall accountability and increase the likelihood of success. There are future plans to support the regular 1-2-1 discussions with the accountancy team and relevant service area officers to utilise Risk Management tools and processes to increase success.

Clearly, budgets are of high concern and present a very real risk, and therefore the Council must mitigate these to reduce the potential severity and likelihood of them occurring. We are pleased to be engaged in this area.

### **Future Finance Project.**

Another key area in Finance and Public Value is the project to support the replacement of its legacy finance system 'Finest'. The contract has now been signed with Unit 4 and the project can now proceed in the implementation of the new system.

Risk identification, analysis, mitigating, support and facilitation services have been provided for this project. Work continues to ensure that the risks are captured and recorded on the corporate risk register. The risk themes and stages are recorded as follows;

**Failure of Project Control** - The risk that the project does not adequately put in place the measures required to control the project to time, quality, and budget; this includes risks around adequate project resourcing to achieve tasks. Non-achievement of this goal could lead to major consequence for the council.

**Failure of Long Term Benefits** - The risk that the system is not well implemented and as a result does not support the achievement of the long-term transformation in financial management that is desired; this includes risks around user acceptance of the system risk such that, while functionally

adequate, the system is not accepted by all or some users leading to dissatisfaction and inefficient practice. The impact of this risk occurring could have a major impact on the Council as its staff will not be able to utilise the new system correctly and morale will be impacted with those that are using the system.

**Functional Failure** - The risk that we lose control of our finances and are unable to account (pay or receive funds) or make financial transactions as per statutory duties. Without being able to pay our creditors and receive incoming funds could have Catastrophic consequences.

## **SEND Finance**

We continue to attend weekly meetings supporting the response and management of SEND financial challenges with finance and children's services colleagues. SEND risks have been identified and scored accordingly.

### **Changes in the risk picture;**

Appendix A details the risks with a current score of 'Very high'.

Since the last report to Audit Committee it is noted that the HR Recruitment and Retention risk has, on assessment by the service area, increased by 9 points from High to Very High.

CYPF risks remain under review by the service area and the Children's Services Leadership Team.

At the 25<sup>th</sup> September 2023 Audit Committee meeting, Members requested updated information on budgeted spend on placements to support children in care and care experienced young people. This information has been provided by the Finance team and the 'Demand for Children's Services exceeds the financial provision (managing unit cost pressures)' risk record has been updated accordingly.

**Power Dashboard** – Maximising access to new software is enabling risk reporting to become more interactive and live. Power BI is used to provide a visual presentation of current risk information, the link below can be used to see the current risk reporting. The tab for Audit Committee is under development and will be finalised shortly. In the meantime, the summary page can be used to filter by Directorate. The All Risks [Power BI Dashboard](#) will be further updated shortly and training for Members on the use of Power BI reporting will be provided.

The Dashboard displays an overall risk profile for the Council and should provide both insight and assurance to the Committee that the risk management process is continuing to capture and update risks linked to current activities. The information within this dashboard is updated from the Risk Register every 7 days, providing the most up to date view of data. The Dashboard is evolving to ensure that the information held is presented in a clear and useable format.

### **Other areas of focus:**

#### **Shared Corporate Risks**

The Risk Management team is working with SLT leads and Leadership Teams to address new and emerging shared corporate risks, for example Use of Artificial Intelligence.

#### **Corporate Risk Management Group.**

Each of the service areas at the Council have a risk representative, or Risk Champion. We work closely alongside these officers to ensure the management of risk is met according to the Council's framework and policies.

Collectively the Council's Risk Champions form the Council's Corporate Risk Management Group. [Details of CRMG Membership](#). The Group meets on a quarterly basis to discuss the approach to risk at the Council and the top risks facing the Council. One-to-one meetings with Risk Champions take place outside of the quarterly meetings, and an on-going risk dialogue is maintained.

## Horizon Scanning

The Risk Management team continue to monitor the internal and external environment for upcoming potential risks and events that could significantly impact the Council's ability to deliver its statutory services or achievement of its objectives.

We also keep abreast of the global, national and regional 'external' risk position and the impact of external risks on the Council, its service and population.

The Council also benefits from DAP's creation and chairing of the Regional Risk Management Group. This group is made up of risk experts from other public bodies across the South-West, including the Met Office, NHS Integrated Care Board, Police, Fire and Rescue and other Councils. This gives the team the opportunity to understand and identify cross cutting risks in the local and national context.

The Chartered Institute of Internal Auditor's (II) [Risk In Focus 2024 Report](#) and [Risk In Focus 2024 Board Briefing](#) are recommended reading and can be viewed at [Risk in Focus | Research reports | Policy and research | IIA](#). The IIA report lists the top five risks organisations currently face as being:-

Cyber and Data Security; Human Capital, Diversity, Talent Management and Retention; Change in Laws and Regulations; Macroeconomic and Geopolitical Uncertainty; and Business Continuity, Operational Resilience, Crisis Management.

Digital disruption, New Technology and AI is listed sixth; followed by Climate change, Biodiversity and Environmental Sustainability; Supply Chain, Outsourcing and 'nth' Party Risk; Market Changes, Competition and Changing Consumer Behaviour; and Financial, Liquidity and Insolvency Risks.

Further details can be obtained from Devon Audit Partnership via Tony Rose (Head of Partnership) [tony.d.rose@devon.gov.uk](mailto:tony.d.rose@devon.gov.uk), or Brad Hutton (Senior Assurance Manager) [Bradley.hutton@devon.gov.uk](mailto:Bradley.hutton@devon.gov.uk) who will be pleased to receive your comments and thoughts on risk management within the Council.

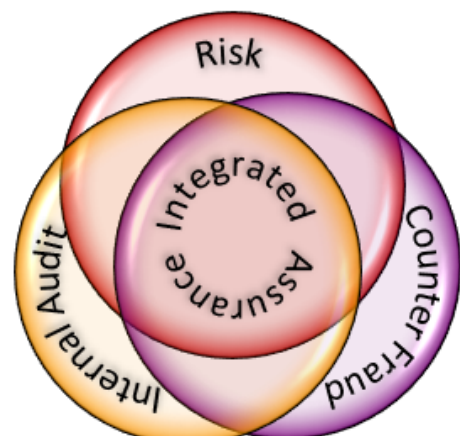
## Supporting Appendices

Appendix A – Risk Register Extracts

Appendix B – Risk Scoring Guidance

Appendix C – Power BI Extract

Appendix D – Audit, Risk & Counter Fraud Integration



**Appendix A – An extract of the Very Highest Rated Risks Based on Current (Mitigated) Risk Score.**

Risk Title	Service Area	Risk Category	Current Impact	Current Likelihood	Current Rating	Risk Owner	Accountable Officer	Change direction	Score change since last review
CYPF: Savings and Cost Management Strategies	CYPF - Children's Social Care	Financial	4 : Major	6 : Almost Certain	24: Very High	Jassi Broadmeadow	Stuart Collins	↑	+ 12 (awaiting review)
High Needs Block/DSG Deficit (insufficient funding to meet demand)	CYPF - Education and Early Help	Financial	4 : Major	6 : Almost Certain	24: Very High	Kellie Knott	Stuart Collins	↔	0
BI21 - Successful Cyber Attack	Council Wide – Digital Transformation & Business Support	Operational	4 : Major	6 : Almost Certain	24: Very High	John Bristow	Gary Dempster	↔	0
Corporate Services ICT	IT Strategic Commissioning	Financial	4 : Major	6 : Almost Certain	24: Very High	John Bristow	Gary Dempster	↔	0
Exeter Science Park (loan guarantee)	Economy Enterprise and Skills	Financial	4 : Major	6 : Almost Certain	24: Very High	Keri Denton	Steve Brown	↔	0 (awaiting review)
HR: Recruitment and Retention	Human Resources	Operational	4 : Major	6 : Almost Certain	24: Very High	Andrea Owen	Maria Chakraborty	↑	+ 9
Demand for Children's Services exceeds the financial provision (managing unit cost pressures)	CYPF - Children's Social Care	Financial	4 : Major	6 : Almost Certain	24: Very High	Karen Powlesland	Stuart Collins	↔	0
Demand for Children's Social Work (managing	CYPF - Children's Social Care	Financial	4 : Major	6 : Almost Certain	24: Very High	Jassi Broadmeadow	Stuart Collins	↔	0

Risk Title	Service Area	Risk Category	Current Impact	Current Likelihood	Current Rating	Risk Owner	Accountable Officer	Change direction	Score change since last review
demand for services and packages of care)									
Failure to adhere to the statutory SEND Code of Practice: 0 to 25 Years	CYPF - Education and Early Help	Compliance	4 : Major	6 : Almost Certain	24: Very High	Kellie Knott	Stuart Collins	↑	+8

Some of the risk titles included in the table above have recently been updated to better articulate the risk to the service area, this applies to risks 'High Needs Block/DSG Deficit (insufficient funding to meet demand)', 'Demand for Children's Services exceeds the financial provision (managing unit cost pressures)', and 'Demand for Children's Social Work (managing demand for services and packages of care)'.

## Appendix B – Risk Scoring Guidance

Risk Scoring Guidance is published at [Manage risks - tasks and guides \(devon.gov.uk\)](https://www.devon.gov.uk/management-and-governance/risk-management)

This includes a risk Impact Assessment Guide, risk Likelihood Guide and One page risk management Summary (including risk scoring matrix)



### Impact Assessment Guide

	Health & Wellbeing	Service Users	Stakeholders	Reputation	Performance / quality standards	Legal	Financial	Pensions & Investments
<b>1</b> Negligible	Insignificant impact on public's health and wellbeing. Very small number of the population affected.	Minimal impact or service disruption to customers. Contained within service area.	Affects only 1 group of stakeholders	Minimal and transient loss of public trust. Contained within the individual service area.	No impact on local standards.	No legal action is anticipated.	Under £25,000	Under £100,000
<b>2</b> Minor	Minor impact on health and wellbeing affecting a small number of the population. Likelihood of fatalities is negligible.	Minor impact to customers and customer. Limited service disruption.	Affects more than 1 group of stakeholders	Slight loss of trust with no lasting impact. Little adverse publicity.	Failure to meet local standards.	Tribunal / DCC legal team involvement required (potential for claim).	£25,000-£100k	£100k - £1m
<b>3</b> Moderate	Significant impact on health and wellbeing affecting a large number of the population. Fatalities not anticipated.	Moderate impact to customers and customer. Moderate service disruption.	Affect 2-3 groups of stakeholders	Moderate loss of trust that receives significant adverse publicity locally with no lasting impact.	Failure to meet national standards.	Defensible legal action anticipated.	£100k - £1m	£1m - £10m
<b>4</b> Major	Significant impact on health and wellbeing affecting large number of the population. Fatalities are anticipated.	Significant impact to customers and customer. Threat of legal action	Affects 4-5 groups of stakeholders	Significant loss of trust and receives local media attention with potential for lasting impact.	Failure to meet professional standards / statutory requirements	Criminal prosecution anticipated and or civil litigation (1 person).	£1m - £10m	£10m - £100m
<b>5</b> Catastrophic	Large impact on health and wellbeing affecting a very large number of the population. Multiple fatalities are anticipated.	Major service disruption. Significant customer opposition. Legal action. Long term public memory	Affects more than 5 groups of stakeholders	Significant loss of trust and receives national media attention with potential for persisting impact.	Sustained failure to meet professional standards or statutory requirements.	Criminal prosecution anticipated and or civil litigation (>1 person).	>£10m	>£100m

1. Choose the relevant columns and note the closest description of potential impact.
2. Then use the score from the most relevant column. For example, if there may be a high financial impact, but the initial impact may be loss of life, choose the Health and Wellbeing Score.





### Likelihood Guide

Consider the statements below as guides, choose scoring as appropriate to the risk being considered.

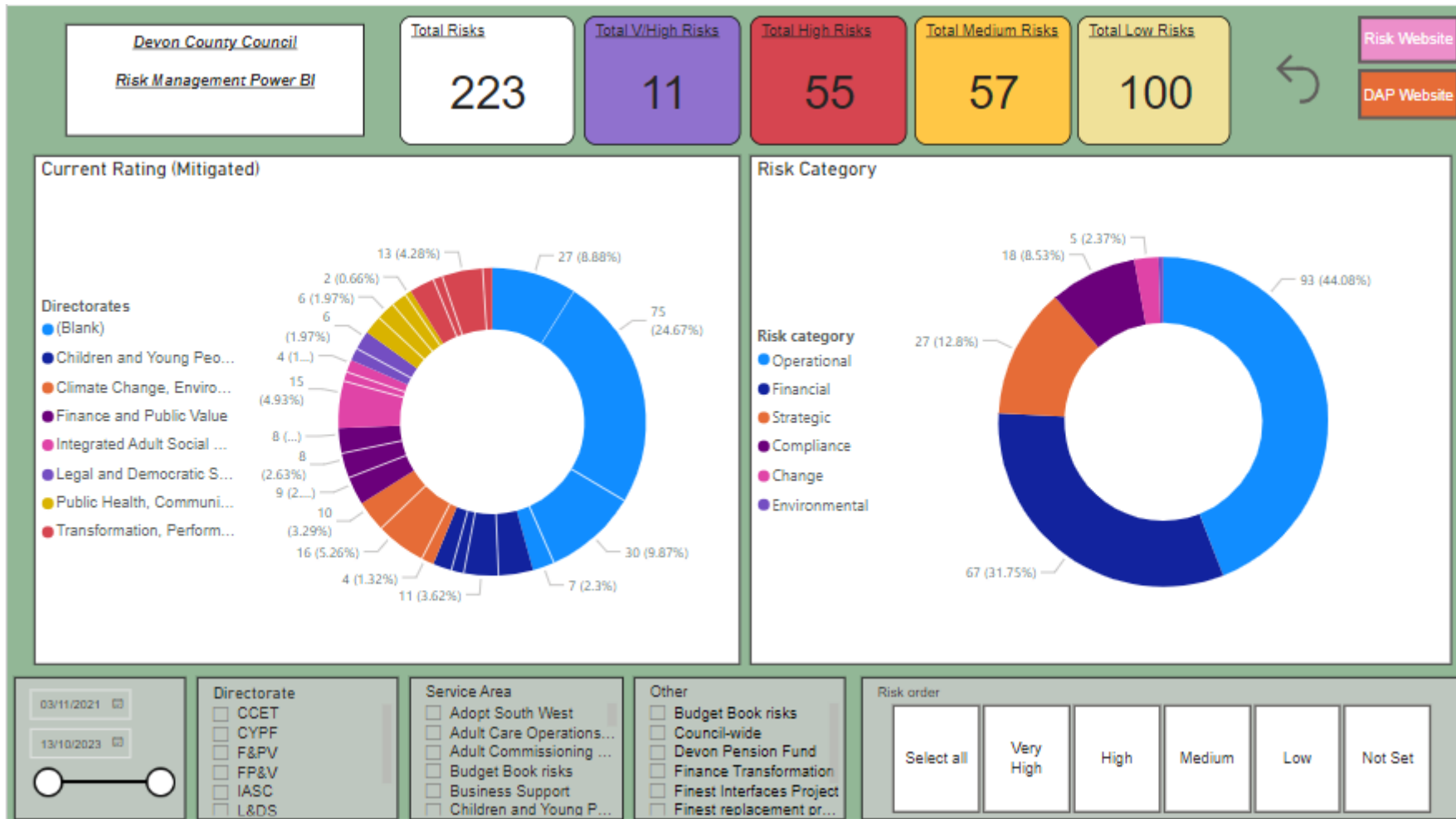
For advice contact your Risk Champion or [finance.riskmanagement-mailbox@devon.gov.uk](mailto:finance.riskmanagement-mailbox@devon.gov.uk)

Score	Likelihood	Threat/Risk (not all need to apply)
2	Rare	It is never likely to occur and/or Very unlikely this will ever happen e.g. Once in 100 years.
3	Unlikely	May occur in exceptional circumstances and/or Not expected to happen, but is possible, e.g. Once in 25 years.
4	Possible	Could occur in certain circumstances and/or May happen occasionally, e.g., once in every 5 - 10 years and/or Has happened elsewhere.
5	Likely	Will probably occur in many circumstances and/or Will probably happen, but not a persistent issue, e.g., at least once every 1 - 2 years and/or Has happened in the past.
6	Almost Certain	Is expected to occur in most circumstances and/or Will undoubtedly happen, possibly frequently. and/or Imminent/near miss.

<p>Risk Management - is a modern management discipline and is about getting the right balance between innovation and change on the one hand, and the avoidance of shocks and crises on the other.</p>																																	
<p><b>1. Identify your risks</b></p> <p><b>Risk:</b> an event or action that will have affect our ability to achieve our <b>objectives</b></p> <p>Opportunities <u>and</u> Threats</p> <p>Event leads to Impact</p> <p>Identify in groups - by those responsible for delivery of the objectives</p> <p><b>When:</b></p> <p>Setting strategic aims</p> <p>Setting business objectives</p> <p>Early stages of project planning &amp; key stages</p> <p>Entering partnerships</p> <p><b>Categories can help:</b></p> <p>Political, Economic/Financial, Social, Technological, Legislative/Legal, Environmental, Community, Professional/Managerial, Physical, Partnership/Contractual.</p>	<p><b>2. Assess your risks</b></p> <p>Combination of the probability of an event and its consequences; Impact x Likelihood::</p> <table border="1" style="margin-left: 20px;"> <tr> <td rowspan="5" style="writing-mode: vertical-rl; transform: rotate(180deg);">LIKELIHOOD</td> <td>6</td><td>12</td><td>18</td><td>24</td><td>30</td> </tr> <tr> <td>5</td><td>10</td><td>15</td><td>20</td><td>25</td> </tr> <tr> <td>4</td><td>8</td><td>12</td><td>16</td><td>20</td> </tr> <tr> <td>3</td><td>6</td><td>9</td><td>12</td><td>15</td> </tr> <tr> <td>2</td><td>4</td><td>6</td><td>8</td><td>10</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">IMPACT</td> </tr> </table> <p><b>24 - 30 VERY HIGH (VIOLET)</b></p> <ul style="list-style-type: none"> <li>Immediate action</li> </ul> <p><b>15 - 20 HIGH (RED)</b></p> <ul style="list-style-type: none"> <li>Regular review to seek better control</li> </ul> <p><b>10 - 12 MEDIUM (AMBER)</b></p> <ul style="list-style-type: none"> <li>Review current controls / incorporate into action plan</li> </ul> <p><b>1 - 9 LOW (YELLOW)</b></p> <ul style="list-style-type: none"> <li>Limited action - long term plans</li> </ul>	LIKELIHOOD	6	12	18	24	30	5	10	15	20	25	4	8	12	16	20	3	6	9	12	15	2	4	6	8	10		IMPACT				
LIKELIHOOD	6		12	18	24	30																											
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<p><b>3. Respond to risks</b></p> <p>Concentrate on Top Risks:</p> <p>Set risk appetite</p> <p>Proportionate and cost-effective response</p> <p>Can we reduce likelihood?</p> <p>Can we reduce impact?</p> <p>Can we change the consequences?</p> <p>Treat</p> <p>Transfer</p> <p>Tolerate</p> <p>Terminate</p> <p>Devise Contingencies</p> <p>Business Continuity Planning</p>	<p><b>4. Monitor &amp; Review</b></p> <p>Risk Registers:</p> <p>Baseline data to be prepared and monitored regularly; these should clearly indicate impacts, responses and contingencies as well as the risk owner.</p> <p>Use early warning indicators.</p> <p>Review Top Risks regularly as agenda item.</p> <p>Report progress to senior management.</p> <div style="text-align: center;"> <pre> graph TD     Objectives[Objectives] --&gt; Identify[Identify]     Identify --&gt; Assess[Assess]     Assess --&gt; Respond[Respond]     Respond --&gt; Monitor[Monitor &amp; Review]     Monitor --&gt; Objectives     Identify --- TopRisks[Top Risks]     Assess --- TopRisks     Respond --- TopRisks     </pre> </div>																																

Appendix C – Power BI Extract

Note – This is a point in time extract, not a reflection of the data as it will be at the time of accessing via PowerBi.



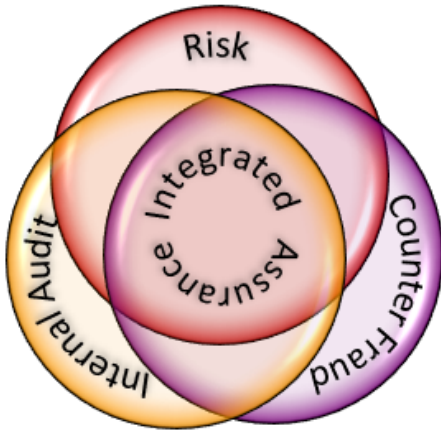
Please note that the data contained within the above pdf extract is representational. Please view the Power BI link for full risk information.

# Appendix D - Audit, Risk & Counter Fraud Integration Support, Assurance and Innovation



## Our Vision

To be the leading provider of assurances services covering internal audit, counter fraud and risk management to public and not-for-profit organisations in the South West and beyond.



## Operational delivery

- **Assurance Audit** Plans based on the best and most up to date risk information
- Agile **Internal Audit** Plan
- Live **risk management** reporting and support across the Council.
- Deliver a best in class **risk management framework**
- **Counter Fraud** Team co-ordinate / undertake irregularities work coming through the **audit** plan
- Potential irregularities triaged to **fraud or audit** for review. Use of data analytics.
- **Proactive fraud** work e.g. NFI, developing a delivery plan at client level
- **Investigation** work to be completed jointly (where appropriate) to progress possible fraud review and strengthen internal control frameworks
- **Audit** scoping to include **Counter Fraud** input
- Three-way liaison confirming risk and control

## Our Goals

