



## Audit and Assurance Committee

<b>Date of Meeting</b>	Tuesday 17 <sup>th</sup> May 2022
<b>Subject</b>	Risk Management Update
<b>Agenda No.</b>	8
<b>Paper No.</b>	17.7A
<b>Prepared By</b>	Risk Management Function
<b>Purpose</b>	Discuss

### 1. Background

- 1.1. This paper provides Audit and Assurance Committee with a risk management update since its last meeting in February 2022

### 2. Key points

- 2.1. This paper provides updates of risk management activity include :
- Outputs from our risk workshop on principal risks, linked to our business plan priorities (principle risks being necessary for the clear articulation of long-term threats to our strategic objectives)
  - Changes to the format of risk updates to the committee (what information is required and how it should be presented)
  - Progress on delivering the Ernst & Young recommendations and next steps

### 3. Conclusion

- 3.1. The committee are asked for their views on the following:
- In relation to principal risks, do committee members recognise these risk impact categories as being those of most concern to Social Security Scotland's priorities?
  - In relation to risk assurance, how do we ensure that the committee has the right information to discharge its function effectively?



#### 4. GOVERNANCE CHECKLIST

Strategic Objective	Contribution
<p><b>Dignity, fairness and respect</b></p> <p>Delivering a service with dignity, fairness and respect at its core.</p>	n/a
<p><b>Equality and tackling poverty</b></p> <p>Promoting equality and tackling poverty.</p>	n/a
<p><b>Efficiency and alignment</b></p> <p>Ensuring efficiency and aligning our activities with wider public sector for the benefit of the people we serve.</p>	The work undertaken by the risk management function increases risk awareness and risk based decision making to improve the work undertaken to the benefit of the people we serve.
<p><b>Economy, society and environment</b></p> <p>Contributing to our economy, society and protection of our environment.</p>	Early sight of potential threats to objectives could provide a planned response which might save resource, or focus resource more efficiently.

Strategic consideration	Impact
Environment	May impact Social Security Scotland's effect on the environment (positive and negative impacts).
Governance	May impact on how we delivery and develop our services.
Data	May impact on Data and Information Governance and our compliance with key legislation.
Finance	May have key financial impacts on the work being delivered within Social Security Scotland.
Staff	May impact staff workforce planning and health, wellbeing and culture.
Equalities	May impact our ability to deliver a fair and equal service and workplace and our compliance with key legislation.



Strategic consideration	Impact
Estates	May impact our work in developing our estates.
Communications and Presentation	May impact how Social Security Scotland communicates internally and externally.

Impact Assessment
n/a



## Risk Management Update

### 2. Business Plan Priorities 2022-2023

To date, we have maintained a Strategic Risk Register of what are actually short to medium-term, operational risks. These are specific and detailed, and are too low level to be easily recognised by senior leaders. It is best practice to identify a small number of long-term, aggregated principal risks that threaten the strategic objectives of an organisation, and have leaders phrase them in a way that can be clearly understood at all levels of the organisation and its stakeholders. The controls in place for the strategic/operational risks will mitigate the principal risks.

A session was undertaken with the Risk Review Group to consider risk impact categories against our Business Plan Priorities and draw out the core definitions of the Principal Risks for Social Security Scotland. The group were asked to focus on risk impact categories, as opposed to risk cause categories, as mitigating the impact of the risks is key to protecting Social Security Scotland's objectives.

The following categories were those that appeared most frequently:

Frequency	Word
9	Organisational commitment
9	Ministerial commitment
9	Stakeholder engagement
9	Compliance
8	Technology
7	Diversity
7	Policy
7	Accessibility
7	Culture and behaviour
7	Operational delivery
5	Resource
5	Finance



Frequency	Word
5	Operational readiness

**Do committee members recognise these risk impact categories as being those of most concern to Social Security Scotland’s priorities?**

Those categories that appeared less frequently include: continuous improvement, communication (internal), health and wellbeing, data protection, information security and communication (external) - but please note this is just a snapshot of all the data captured.

Some further discussion is required with Agency Leadership Team and Risk Review Group to progress and refine this work.

While next steps have not yet been agreed, the following has been proposed:

- The outputs will be presented to Agency Leadership Team to ask them to nominate a lead for each business priority theme (Helping to deliver a social security system with dignity, fairness and respect; supporting people in Scotland to access devolved benefits that they are entitled to; and running our service in a responsible way).
- Those nominated leads will chair a short-lived group of key individuals, supported by the risk management function, to refine the risk impact category definitions in to Principal Risks. An example from a private company is as follows. - *People- Failure to attract, motivate and retain the most talented colleagues and develop the required culture, leadership and behaviours to meet our purpose, resulting in an inability to achieve our business objectives.*
- These will be shared with Executive Team for comment and then finalised.
- The Risk Review Group will work to link the current Strategic Risk Register to these Principal risks and all new escalating risks will need to be linked to the Principal Risks as part of this governance process. Divisional Risk logs are also being considered to align with the Principal Risks.
- Current controls applied to strategic risks will determine the level of control in place for the Principal Risks and will thereby determine their score (this is likely to be simple red, amber, green scoring matrix but recommendations will be accepted from stakeholders on this).
- Agency Leadership Team should then undertake a quarterly deep dive of the Principal Risks to ensure they are still valid threats and that there is sufficient assurance of risk management in place. This would occur prior to Audit and Assurance Committee meetings and outputs would form part of the risk management function update.



- Once a process is embedded there will be a yearly review of the Principal Risks against the Business Plan Priorities to ensure alignment to Social Security Scotland's objectives.
- Once completed the Risk Framework will be updated and a revised risk strategy will be developed.

At time of writing the risk management function is aware that this approach may change and is dependent on the discussion with Agency Leadership Team and Risk Review Group to either agree this or to agree an alternative approach

Regardless of the process that is taken forward, the risk management function feels it is key that Agency Leadership Team are instrumental in defining and deciding the Principal Risks and Risk Review Group will develop and implement the governance.

## 2. Profile Changes

In future the Committee will be provided with a risk dashboard as a 'below-the-line' paper. It is proposed that the dashboard will contain a 'heat map' of the strategic risks, details of the highest scoring/highest impact risks and an analysis of the impact categories. In time it will also include a Red/Amber/Green score for the principal risks.

Please note that changes to the risk profile will no longer be provided within this paper. They are available in the "Risk Landscape and Heatmap" documents provided alongside this update.

This update will focus on key changes to the governance of risk within Social Security Scotland.

With this in mind: **What do Committee feel risk assurance should look like? How can members of the committee be assured that we continue to manage risk effectively?**

## 3. Progress on implementing the Ernst & Young recommendations

No further recommendations have been completed since last update, however the work detailed within this paper will support risk management governance to mature within Social Security Scotland.



The risk management team has implemented as many of the Ernst and Young recommendations as is practicable and has this has resulted in a maturation of risk management in the organisation.

In view of this, a review of the Ernst & Young recommendations will be undertaken to consider what further action will be needed to complete them.