



## Audit and Assurance Committee

<b>Date of Meeting</b>	Tuesday 18 May 2021
<b>Subject</b>	Risk Management Update
<b>Agenda No.</b>	3
<b>Paper No.</b>	12.2
<b>Prepared By</b>	Corporate Assurance Team
<b>Purpose</b>	Discuss

### 1. Background

- 1.1. To provide Audit and Assurance Committee with an update since its last meeting in February 2021

### 2. Key points

- 2.1. Update of risk management function activity including :
  - A general update on the Strategic Risk Register and the significant updates since the last Committee.
  - An overview of our response to the recommendations from the Risk Management Review.
  - Update from the Risk Review Group.

### 3. Conclusion

- 3.1. The Audit and Assurance Committee are asked to note the content of this report.
- 3.2. Members are also asked for advice on our approach to the prioritisation of the recommendations from the Risk Management Review.



#### 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 a more concise response may save resource, or focus resource more efficiently and save time and money.

Strategic consideration	Impact
Environment	n/a
Governance	Providing regular contact with and updates from risk action owners, agreed by risk owners to provide assurance that risk is being managed.
Data	n/a
Finance	n/a
Staff	n/a
Equalities	n/a
Estates	n/a
Communications and Presentation	n/a



**Impact Assessment**

n/a



## Risk Management Function Update

### 1. General update

Since February 2021 there have been three new risks approved by the Risk Review Group. The profile of these risks are set in the context of the increase in exposure across compliance and finance in light of policy requirements, Information Technology and the development of future payment systems.

Other changes to profile include:

- **AS-R012-** risk score has decreased from 12 to 8 due to publication of draft budget. Risk to be reviewed quarterly.
- **AS-R037a-** has been assessed and closed; residual risk now managed at Divisional Level.
- **AS-R060-** risk score has increased from 8 to 16; while assurance and checkpoints on design standards have picked up pace and are back on track, impact increase is needed due to its potential effect.

### 2 New risks

**(1) AS-R079** - Policy development and associated service design relating to a debt determination without application.

Risk impact date October 2021. Service design product owners in Social Security Programme are now engaged and ready to begin the service design work required.

**(2) AS-R080-** Potential data breaches via MS Teams

A range of controls have been put in place to mitigate this risk including:

- Range of educational awareness and (HR supported) policy controls to encourage responsible and accountable behaviours.
- Mandatory (annual) Data Protection Training for all colleagues. Cyber Security Training for all new colleagues on joining the organisation.
- External stakeholders have been consulted on a layered controls approach on their implementation of MS Teams.

**(3) AS-R081-** Future Payment Platform Strategy in the event of Customer Payment System (Department for Work and Pensions system) ending.

The Delivery Board has now agreed to support the Beta phase of the Scottish Government Payment Platform project. Programme workshops are planned to progress the detailed requirements gathering and gap analysis.



### 3. Risk Management Review

Social Security Scotland, through the Internal Audit Directorate, commissioned a piece of work to look at our Risk Management approach, and help us shape what our future risk management framework must do to support the organisations future and growing needs. The work included initial baselining of our current approach, but the main output was a set of recommendations setting out a routemap for future delivery.

A copy of the summary report has been provided alongside this risk update and to support the following discussion. (See Annex A)

The Risk Management Function has begun a review of these recommendations with a view to prioritisation and planning, informed by the Risk Review Group, Executive Team and relevant key stakeholders. We are now seeking advice from the Audit and Assurance Committee on our approach.

One of the recommendations focused on the development of a Risk Framework (see Annex B). The purpose of this is to set out at a high level our approach to risk management, this Framework once approved would then allow more detailed work on the development of a Risk Strategy and supporting policy, procedure and training. Initial feedback from the Risk Review Group has been positive and informed this second draft. **The Audit and Assurance Committee are asked to review the Risk Framework attached and provide any comment and guidance on approach.**

Once this is completed we will begin to work through the more detailed recommendations. The following areas are our current priorities:

- Strategic Risk Register Review:
  - Review of risk “type” or categories to be more flexible in their application to individual risk; currently a risk is assigned a single risk “type” which is limiting the impact of the risk across other areas.
  - The development of “Principle” risks- these will be a high level articulation of threats to our objectives as set out in the Corporate and Business Plan (current consideration is to initially focus on the ten risk “types” to create a baseline).
  - Development of “Principle” risk will lead to a formal setting of appetite and tolerance in regards to the impacted objectives of Social Security Scotland.
  - Current strategic risks will be aligned to the “Principle” risk to provide the mitigations and controls.
  - Aggregated analysis of risk is already being provided to Executive Team and Audit and Assurance Committee members.



- Risk Strategy and Framework:
  - Development of Risk Framework to provide an overview of the current model.
  - Develop the risk strategy with more detail on how we manage risk, including “specialist” risk, explanation of full processes (appetite, scoring, escalation); each area will provide details of Responsibility, Accountability, Consultation and who is Informed to clarify the escalation process.
  - Detailed guidance on each stage of the process (defined clearly and without jargon); as this is developed a series of learning slides will be developed to provide the basis of a Social Security Scotland Risk and Issue Management learning package (jargon free and targeted towards “how this works for me” in each area).

Link in to Programme and Social Security Scotland Project Management Office processes to clarify relationships and highlight and simplify any different methods of risk management.
  
- Governance of Risk Management:
  - Alignment to core business cycles; tentative work has begun to align strategic risks to business plan, but we need to consider further how to embed risk throughout planning and decision making taking into account the wider governance review.
  - Development of standard cover sheet for corporate papers that focuses on risks linked to the content of paper/discussion.
  - Moving to a federated risk function- Business Support Teams have begun to lead in capturing monthly updates to Divisional and Branch risk logs and supporting Divisional risk groups.
  - Recruitment is currently taking place within the Risk Management Function and developing capability within the team is hoped to support a move away from the current centralised approach.

This process is expected to evolve over the summer months with a Principle Risk Register available by October; this will involve the support and discussion of all impacted stakeholders including, but not limited to Risk Review Group, Executive Team and the current risk and action owners. The Risk Framework will evolve alongside this to give more details of the enterprise risk model to be embedded.

**The Audit and Assurance Committee are asked for their comment on the prioritisation and thematic grouping of the recommendations.**



## **Risk Review Group**

The Risk Review Group continues to meet monthly to assess the current landscape of risk and issues across Social Security Scotland.

Membership has been refreshed in light of changes across all divisions and the next review of Terms of Reference will be October. The group have reviewed the Risk Framework draft document, and are supporting the development of Principle Risks as outlined above.



## **Annex A**

Ernst and Young Risk Management Review- Summary Report

## **Annex B**

Social Security Scotland Risk Framework version 1.2