

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Subject: Risk Management</p> <p>Category: Assurance – Risk-based</p> <p>Date issued: 18/12/2023 Draft 27/02/2024 Final</p> <p>Level of Assurance: Substantial in relation to the Council's Risk Management Policy and application of the policy at a strategic level. Limited over the application of the Risk Management Policy at the service (operational) level, the provision of training and guidance, and service level reporting and monitoring arrangements.</p>	<p>The Council approved its revised Risk Management Policy and Strategy in August 2022. The Midlothian Integrated Joint Board (MIJB) have a separate Risk Management Policy which was last updated in December 2017; management have advised that the policy is currently under review and intend to update the policy this year.</p> <p>The Council's Risk and Resilience Group meets quarterly to discuss and update the Council's Strategic Risk Profile. The Council's Corporate Management Team and Audit Committee receive quarterly updates on the Council's strategic risks and steps being taken to mitigate these risks. The strategic risks for the MIJB are discussed and updated quarterly and presented to the MIJB Audit and Risk Committee. The MIJB risk registers have recently been updated to better reflect current risks.</p> <p>Although the Council's performance reporting system, Ideagen Risk Management, was being used for tracking of actions, performance indicators, and to assist with the creation of quarterly performance reports, the risk management functions of the software were not being used effectively.</p> <p>Service risk registers within Ideagen for Adult Social Care, Children's Services, and Education have not been updated in recent years therefore the risks detailed in the system no longer reflect the current risks within those services. Services advised that risks are reported more informally as part of the Divisional Management Team (DMT) meetings, but services have not been updating risk registers consistently in the more detailed format used in Ideagen. Service risk registers within Corporate Solutions and Place have had more recent updates for some of their services, however gaps were noted for some areas.</p> <p>The process for producing the quarterly service performance reports was reviewed and it was identified that in order to produce the report from the system, the service risks in the Ideagen system were being queried for high risks, but for most services this was not useful given that the service risk registers had not been updated in years and no longer represented a current assessment of their</p>	0	5	1	Management have accepted the factual accuracy of the report and its findings, and agreed to implement the recommendations.

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	<p>risks. Service level reporting on risks within the quarterly performance reports has not been reliable or complete since prior to the Covid-19 pandemic.</p> <p>Although risk registers had been updated in 2023 and reported to their respective boards or committees for the Strategic Risk Profile, the MIJB Risk Register and the Community Planning Partnership Board, the Ideagen system had not been updated this year with the new risks / revised risk assessments reported. Internal Audit arranged for these updates to be made in the system during the audit.</p> <p>The previous Internal Audit of Risk Management in 2021 highlighted that there was limited training, support for managers or sufficient resource to support the Council's risk management arrangements and this has not changed. Although some additional resource has been applied to this area, there is still limited resource in place.</p> <p>Internal Audit considers that the level of assurance is substantial in relation to the Council's Risk Management Policy and application of the policy at a strategic level. Assurance is limited over the application of the Risk Management Policy at the service (operational) level, the provision of training and guidance, and service level reporting and monitoring arrangements. In order for management of risks at the strategic level to be fully effective, service risk registers should be up-to-date (i.e. if risks are not logged at the service level, the process for significant service risks to be escalated to the strategic level will not be fully effective). It was found that processes have not been established to formally report on risks to DMTs and escalate as required, annual reporting and quality assurance arrangements over risk management has not been established, there is limited risk management resource in place to support the Council, limited training and guidance is in place for risk management, the Strategic Risk Profile does not formally link to the Council's objectives in the Single Midlothian Plan or operational objectives and significant project risks are not included in the Council's performance reporting.</p>				

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	<p>Internal Audit made the following recommendations:</p> <ul style="list-style-type: none"> • Management should ensure the Strategic Risk Profile links to organisational objectives as per the Risk Management Policy. A Terms of Reference should be created for the Risk and Resilience Group and meetings should be minuted. The risk management processes should ensure that independent action plans are drawn up for each Critical Risk that are then reviewed and assessed on at least a quarterly basis at CMT and Audit Committee to ensure that risks remain critical for no longer than absolutely necessary. (Low) • Annual reporting should be in place to provide the Audit Committee with assurance on compliance with the Risk Management Policy. Appropriate risk management procedures and guidance should be in place and available on the intranet and the officer level risk management group should be reinstated. (Medium) • The level of risk management resource required to support the Council should be considered as part of the planned review of Health, Safety, Risk and Resilience. (Medium) • Chief Officers and Head of Service should ensure that their service risk registers are appropriately updated by relevant managers within their service as required. Arrangements should be established to report on service risks to DMTs and escalate as required to CMT and the Strategic Risk Register. (Medium) • Management should review with services how to reflect significant project risks as part of the Council's performance reporting arrangements and risk management framework. (Medium) • Appropriate risk management training and support should be provided to management including creating an e-learning module, mandatory for relevant managers, and ongoing periodic 1 to 1 support to facilitate update of their risk registers. (Medium) 				