GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

GLASGOW CITY REGION CABINET REPORT

Item 2 (b)

12th February 2019

Title of the Audit: Glasgow City Region City Deal – Risk and Issue Management and Mitigating Actions

1. Introduction

1.1 As part of the agreed Internal Audit plan we have carried out a review of risk and issue management and the corresponding mitigating actions in place for the City Deal Programme.

1.2 Effective risk and issue management for the City Deal Programme is necessary to minimise the likelihood of a detrimental event occurring or to reduce the impact that the event has on the programme. These consequences could include financial and reputational damage. A requirement of the Assurance Framework is that the Programme Management Office (PMO) develops a City Deal Risk Management Strategy (RMS). The RMS was approved by the Cabinet in October 2015 and describes the process for managing risk across the City Deal programme. The PMO is also responsible for providing guidance to Member Authorities in relation to project/programme issues.

1.3 An audit of compliance with the RMS was undertaken in 2016/17 which focused primarily on whether Member Authorities were complying with the Strategy's requirements. Therefore this audit focused on how the PMO manages the risks and issues associated with the City Deal programme as a whole.

1.4 Risks and issues identified by Member Authorities for their own projects and programmes feed into the overall programme risk and issue registers maintained by the PMO. These are reported to the Cabinet and other groups via the PMO report. The programme risks and issues should also be reflected in the programme business case and used to inform the Annual Report prepared by the PMO.

1.5 The purpose of the audit was to gain assurance that there are effective risk and issue management arrangements in place for the City Deal Programme and that suitable actions have been identified and implemented by the PMO to mitigate the programme risks and issues.

1.6 The scope of the audit included:

- Ensuring that a Risk Management Strategy is maintained and provides guidance on the recording and reporting of risks and issues.
- Ensuring that there is a standard approach to the identification and evaluation of risk and issues.
- Ensuring that programme risk and issue registers have been developed by the PMO.
- Reviewing the arrangements in place for the ongoing monitoring and assessment of the programme risk and issue registers and the associated controls put in place to manage risks and issues identified.
- Reviewing the reporting arrangements in place for the programme's risk and issue registers.
- Ensuring that the programme risk and issue registers are used to inform the Annual Reports and any revisions to the programme business case.
- Reviewing a sample of mitigating actions to confirm that these have been implemented.

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2. Audit Opinion

2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and four recommendations which management should address.

3. Main Findings

3.1 We are pleased to report that the key controls are in place and generally operating effectively. There is a programme risk register and an issues log in place for the City Deal programme which are considered by the PMO when preparing the City Deal Annual Report and programme business case. Mitigating actions have been identified for all risks and issues recorded on the programme registers and the auditor was able to verify that these have been implemented for a sample of three risks and three issues.

3.2 However, our audit testing found that there are some areas of non-compliance. A City Deal Risk Management Strategy was approved by the City Region Cabinet in October 2015 and is available to Member Authorities, however this does not include guidance on issue management. The Strategy had been aligned with Glasgow City Council's risk management requirements however these have recently been updated and the City Deal RMS has not yet reflected these changes. A recommendation to review and update the Risk Management Strategy to include guidance on issue management was made as part of the Compliance with the Assurance Framework audit undertaken in 2017/18, therefore the recommendation made as part of this report will address the out of date risk management guidance only.

3.3 Despite a process being in place for reviewing and updating the programme risk register and issues log on a monthly basis, we found that not all risks and issues are being reviewed as expected.

3.4 We confirmed that the issues log contains all necessary fields, however from a review of the risk register it was found that there are key fields missing, e.g. date logged. Furthermore within both documents, the responsible officer noted against each risk or issue is not a specific officer. There was also an instance found within the issues log where two issues have been given the same reference number in error.

3.5 The risk register and issues log is reported to the Cabinet, Chief Executive Group and Finance Strategy Group on a regular basis, however they are not reported to the various support groups for consideration.

3.6 An action plan is provided at section four outlining our observations, risks and recommendations. We have made four recommendations for improvement. The priority of each recommendation is:

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Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	3
Low	Lower level controls absent, not being operated as designed or could be improved.	1

3.7 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.8 We would like to thank officers involved in this audit for their cooperation and assistance.

3.9 It is recommended that the Head of Audit and Inspection submits a further report to Cabinet on the implementation of the actions contained in the attached Action Plan.

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: There is a Risk Management Strategy in place that is reviewed and updated regularly by the PMO and has been communicated to all relevant stakeholders.				
1	A City Deal Risk Management Strategy was approved by the City Region Cabinet in October 2015. The Strategy had been aligned with Glasgow City Council's risk management requirements however these have recently been updated and the City Deal RMS has not yet reflected these changes.	The PMO should ensure that as part of the review of the City Deal Risk Management Strategy, the arrangements put in place reflect Glasgow City Council's Risk Management Policy and Framework where appropriate. Thereafter this should be communicated to all relevant stakeholders and applied to the City Deal programme and projects.	**Medium**	**Response:** The City Deal Risk Management Strategy will be updated to reflect the GCC policy and framework. This will form part of the updating of the Assurance Framework and supporting documents. **Officer Responsible for Implementation:** Assistant Head of City Deal **Timescale for Implementation:** April 2019

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: There are programme risk and issue registers in place that are reviewed and updated on a regular basis and includes all necessary information as outlined in the RMS.				
2	The risk register and issues log should be reviewed on a monthly basis as part of the PMO report preparation. From reviewing both documents, the auditor found that a number of issues had not been reviewed for four months. There were also risks that had not been reviewed for two months. When risks or issues are not reviewed on a regular basis, there is an increased risk that their scores no longer remain relevant, or that the mitigating action in place no longer effectively addresses the risk or issue.	The PMO should ensure that all risks and issues recorded on the programme register and log are reviewed and updated accordingly on a monthly basis to ensure they remain relevant and accurate.	**Medium**	**Response:** An email has been issued to relevant PMO staff to remind them to review and update the register and log on a monthly basis. **Officer Responsible for Implementation:** Assistant Head of PMO **Timescale for Implementation:** January 2019

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No.	Observation and Risk	Recommendation	Priority	Management Response
3	We confirmed that the issues log contains all necessary fields, however from a review of the risk register it was found that there are key fields missing, e.g. date logged. Furthermore within both documents, the responsible officer noted against each risk or issue is not a specific officer therefore no one person is assigned ownership of a risk/issue, which may lead to risk or issues going unmonitored or unmanaged. There was also an instance found within the issues log where two issues have been given the same reference number in error. This could lead to confusion when reporting information in relation to issues.	The PMO should ensure that the programme risk register template is updated to include all necessary fields to align it with Glasgow City Council's risk register template. Furthermore the PMO should ensure that the programme risk register and issues log is updated to include a specific responsible officer for each risk and issue. Where duplicate reference numbers exist, the PMO should ensure that these are rectified to avoid confusion.	**Medium**	**Response:** The City Deal Risk Management Strategy (including templates) will be updated to reflect the GCC policy and framework. This will form part of the updating of the Assurance Framework and supporting documents. **Officer Responsible for Implementation:** Assistant Head of PMO **Timescale for Implementation:** April 2019

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: The programme risk and issue registers are regularly reported to Cabinet and other stakeholders or groups to ensure they are kept up to date with any new or evolving risks/issues.				
4	The risk register and issues log is reported to the Cabinet, Chief Executive Group and Finance Strategy Group on a regular basis, however it is not reported to the various support groups for consideration or input.	The PMO should consider putting in place a process so that the programme risk register and issues log is reported to all relevant support groups on a regular basis to give them an opportunity to provide input if needed.	**Low**	**Response:** As part of the revision to the Assurance Framework role and remit of support groups are being formalised, and this will include the process of reviewing the programme risk register and issues log. **Officer Responsible for Implementation:** Assistant Head of PMO **Timescale for Implementation:** April 2019