

SRA BOARD

8 June 2021

**CLASSIFICATION – PUBLIC***This paper will be published***SRA Strategic Risk Update****Purpose**

- 1 This paper provides the SRA Board with the Strategic Risk Register (SRR) for the second quarter ended 30 April 2021.

Recommendation

- 2 The Board is asked to:
 - a) discuss and comment on the Strategic Risk Register (annex 1)
 - b) note the Executive's responses to points raised on the quarter one SRR by the Board (annex 2)
 - c) note the progress taking place on the further development of risk management.

If you have any questions about this paper, please contact Liz Rosser, Executive Director Resources, Liz.rosser@sra.org.uk

Equality, Diversity and Inclusion considerations

Consideration	Paragraph no's
There are no direct Equality, Diversity and Inclusion considerations in the report.	N/a
Embedding EDI forms an integral part of the risk assessment process underpinned by the SRA Risk Management Framework.	

SRA BOARD
8 June 2021



CLASSIFICATION – PUBLIC

SRA Strategic Risk Update

Introduction

- 3 Risk in the organisation is managed in accordance with the SRA Risk Management Framework (RMF). This sets out responsibility for managing strategic and operational risks together with the reporting arrangements for the Executive, Audit and Risk Committee and the SRA Board. The SRR forms part of how we manage risk and is reviewed regularly and reported to the Board quarterly.
- 4 The Senior Management Team reviewed our key organisational risks on 22 April 2021 and agreed updates to the Strategic Risk Register (SRR). Subsequently the SRR was presented to the Audit and Risk Committee (ARC) on 20 May 2021.

Risk Update

- 5 Since the previous report to the Board, the total number of risks on the SRR has remained unchanged at five.
- 6 Risks include the SQE, AML activities, Resources, Equality, Diversity and Inclusion, and response to legislative/policy changes impacting the Legal regulatory framework. The Executive continues to manage these risks closely and to report progress to the Audit and Risk Committee and SRA Board.
- 7 The dashboard below indicates individual changes to the residual level of risk and the status of each risk in relation to the agreed appetite/tolerance level.

Strategic Risk - Dashboard

	Strategic Risks – Quarter 2 (February - April 2021)				
	SRR 1	SRR 2	SRR 3	SRR 4	SRR 5
Inherent	R12	R16	R12	R12	R12
Residual	A8	A8	A6	A6	A9
Change	→	→	↓	→	→
Within appetite	No	No	Yes	No	No
Within tolerance	Yes	Yes	Yes	Yes	Yes

- 8 At the Board meeting in March, several points were raised by Board members on the quarter one SRR and the Executive was asked to consider these and report back at the next meeting. The Executive's response was considered and agreed by the Audit and Risk Committee on 20 May 2021. Full details are contained in annex 2.

SRA BOARD
8 June 2021



CLASSIFICATION – PUBLIC

- 9 The Executive also reviewed risks not considered appropriate for the SRR, including those on the Mid-tier Risk Register. The range of these risks cover information cyber security; business continuity; projects; internal controls; legal costs; resourcing; operational failure; our regulatory reforms; and business disruption due to Covid-19.
- 10 A robust monitoring process is in place to ensure that the Board is fully sighted on progress of these risks, where appropriate, including escalation to the SRR, monitoring through the balanced scorecard and reporting through, for example, the Chief Executive's report.

Risk Management development

- 11 The wider SMT group which includes Executive Directors and directors, took part in a specific meeting to review the Mid-tier risk register on 18 March 2021. This activity proved to be an important step forward in the ongoing development and understanding of the application of risk management to the next level of risks faced by the SRA.
- 12 Members will be aware that as part of the 2021-2022 Internal Audit Programme, our approach to risk management was audited by KPMG. The overall risk rating for the audit was Satisfactory – “The internal control system is satisfactory. Controls are appropriate and working effectively to manage risk. The recommendations made in the report ‘represent opportunities for further improving the controls environment.’” The assessment is based on KPMG’s global Enterprise Risk Management (ERM) model, and our risk management framework has been assessed as ‘mature’.

Recommendations: The Board is asked to:

- a) **discuss and comment on the Strategic Risk Register**
- b) **note the Executive’s responses to points raised by the Board on the quarter one SRR**
- c) **note the progress taking place on the further development of risk management.**

SRA BOARD
8 June 2021



CLASSIFICATION – PUBLIC

Supporting information

Links to the Corporate Strategy and/or Business Plan

- 13 Having effective risk management and monitoring procedures in place, ensures that we can understand, mitigate and manage potential risks that could harm our ability to deliver our defined corporate strategy and business plan.

How the issues support the regulatory objectives and best regulatory practice

- 14 By having an agreed risk management and assurance processes in place we can ensure that we have effective controls and we can be confident that we are meeting our regulatory objectives in the best way for the organisation, while meeting the better regulation principles. Failure to have good assurance in these areas could be a contributory factor to bad or inefficient decision making.

Public/Consumer impact

- 15 The SRR ensures that we are effectively managing risks that may impact on the public and consumers. This paper and regular Board review also provides confidence that we manage the governance around our risk register effectively.

What engagement approach has been used to inform the work and what further communication and engagement is needed?

- 16 The register reflects wider external engagement where appropriate.

What equality and diversity considerations relate to this issue?

- 17 Strong risk management and effective controls will ensure we are able to manage areas where equality and diversity issues may exist.
- 18 Our commitment to mainstreaming EDI throughout our work means that it is a consideration in all our risk management.
- 19 Our Risk Management approach specifies EDI in key areas. This is reflected across the range of risk categories articulated in the risk appetite statements contained within the Risk Management Framework.

How the work will be evaluated

- 20 As part of the ongoing risk assurance programme, the documented control measures will be reviewed and assessed to determine the effectiveness in managing the risks.

Author Jim McCullagh, Manager Risk-Audit Team

Contact Details james.mccullagh@sra.org.uk, 0779 433 5536

Date 21 May 2021

SRA BOARD
8 June 2021



CLASSIFICATION – PUBLIC

Annexes

Annex 1

Strategic Risk Register

Annex 2

Points raised for consideration on the SRR by the Board

NB: These annexes will not be published as they include discussion of risk that might be exacerbated by publication.