



# **Risk Management - Core Controls Reviews Assignment Report 2023/24 (Final)**

**North Wales Fire and Rescue Service**

**304NWFRS\_2324\_001**

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MIAA would like to thank all staff for their co-operation and assistance in completing this review.

This report has been prepared as commissioned by the organisation and is for your sole use. If you have any queries regarding this review, please contact the Engagement Manager. To discuss any other issues then please contact the Director

## 1.Executive Summary

**Overall Audit Objective:** To assess the core risk management controls in place to ensure that they have been adequately designed.

*Scope Limitations: The review focussed on core risk management controls only with an emphasis on control design. Detailed testing of compliance with controls e.g., review of specific risks, risk registers etc. was not undertaken as part of this review.* The focus of this review was to provide a position statement on the core controls in place for risk management with the focus on control design.

### **Findings/Conclusion:**

At the time of the review, a Corporate Risk Management Policy was in the process of being drafted. The Service has a Risk Management Practitioner Guidelines document in place, however our review identified a number of enhancements were required to the documentation of risk management processes.

Roles and responsibilities in relation to risk management were not clearly defined, this included the risk escalation process through the governance structure.

Although some risk assessment training is provided, the current training provided should be reviewed and revised. Risk management training needs should be clearly identified for all staff and arrangements need clarification for monitoring compliance.

Processes for ensuring risks are identified, consistently reviewed, scored, recorded and monitored across the organisation requires further development. Areas for development include establishing a new Risk Management Group to review the Operational and Strategic Risk Registers on a regular basis. Our review identified a number of areas where the format of the operational risk register and strategic risk register requires development e.g. scoring of risks at gross, residual and target level.

Governance arrangements for the reporting of assurance against delegated risks are not clearly outlined.

Although the strategic risks are reported to the Fire Authority Executive Panel, processes for regular reporting to the Fire Authority on principal risks and assessments on the effectiveness of the organisation's risk management processes requires development.

## 2. Detailed Recommendations

Issue Identified	Recommendation	Agreed Action
<p><u>Governance and Leadership</u></p> <p>At the time of the review, a Corporate Risk Management Policy was in the process of being drafted. The Service has a Risk Management Practitioner Guidelines document in place, however the guidelines document does not include the Executive Lead for risk management.</p> <p>The Service has not defined its risk appetite.</p>	<p>The Executive Lead for risk management should be clearly identified and included within the drafted Corporate Risk Management Policy.</p> <p>The Service should formally review its risk appetite and this should be clearly defined and documented. These should be clearly linked to the strategic objectives of the organisation. The risk appetite should be used to inform the management of the strategic risk register.</p>	<p>As part of our Departmental Planning for 2024/25 we had already identified the need to enhance our risk management arrangements, including the development of the Service Risk Management Policy. As part of that work we will identify a strategic lead, identify our risk appetite, with clear links to the strategic objectives. This will include a review of how our strategic risk register is managed.</p> <p><b>Responsible Officer:</b> Head of Planning, Performance and Transformation</p> <p><b>Implementation Date:</b> 31.03.25</p>
<p><u>Roles and Responsibilities</u></p> <p>Although the guidelines document includes responsibility of the Fire Authority Executive Panel, Performance and Improvement Board, Budget Monitoring and Procurement Committee, Senior Leadership Team and Fire Authority in relation to risk management,</p>	<p>Roles and responsibilities for risk management at all levels, including all staff in general should be clearly defined within the drafted Corporate Risk Management Policy.</p> <p>The Corporate Risk Management Policy and other associated procedures should be made available to all staff on the Hwb Tân intranet</p>	<p>As above, the Policy will identify relevant roles and responsibilities at all levels of the organisation and will be publicised and published on the Hwb Tân.</p> <p><b>Responsible Officer:</b> Head of Planning, Performance and Transformation</p>

Issue Identified	Recommendation	Agreed Action
<p>the risk escalation process through the governance structure is not clearly defined (e.g. Risk Information Group, Operational Learning and Preparedness Committee, Health &amp; Safety and Wellbeing Committee).</p> <p>Our review also identified that the roles and responsibilities of the Heads of Department are not clearly defined, they are responsible for their own departmental risks and assessing risks.</p>	<p>site.</p>	<p><b>Implementation Date:</b> 31.03.25</p>
<p><u>Staff awareness and Training</u></p> <p>An E-learning module has been recently introduced (October 2023) on Health &amp; Safety and Risk Management which includes an element covering risk assessments. Discussions with the Risks, Safety and Claims Manager identified that the current E-learning module is mandatory for management including Heads of Department (grey book only).</p>	<p>Current training should be enhanced to include the identification and consideration of emerging risks, assessment of risk, monitoring, control and mitigation of risks rather than focusing on the completion of risk assessments.</p> <p>Risk management training needs should be clearly identified for all staff, including a detailed training needs analysis and arrangements for monitoring compliance with training compliance should be defined. It is recommended that Risk Management training is provided to all staff.</p>	<p>Staff awareness and training will be considered by a newly formed Risk Group that will form part of the governance framework.</p> <p><b>Responsible Officer:</b> Head of Planning, Performance and Transformation</p> <p><b>Implementation Date:</b> Implementation of group by end of Q2 2024/25.</p>

Issue Identified	Recommendation	Agreed Action
	<p>Risk Management awareness training programme should be included within the draft Corporate Risk Management policy setting out all individuals who require Risk Management training (e.g. Heads of Departments, SLT members and employees where risk is relevant to their role) and the required frequency of the training (e.g. annual).</p>	
<p><u>Risk Management Processes</u></p> <p>Operational Risks are required to be reviewed on a quarterly basis by the Heads of Department. These are accumulated and the Operational Risk Register is updated. However, no further review of the Operational Risk Register is undertaken.</p> <p>Currently, the operational risk registers are held in the areas that have a departmental plan. The risk register should cover all areas within the organisation.</p> <p>In terms of the strategic risk register, these are reviewed by the Senior Leadership Team every 6 weeks and then reported to the Fire Authority Executive Panel which are reported every 6 months.</p>	<p>Consideration should be given to introducing a formal Risk Management Group to review the Operational and Strategic Risk Registers on a regular basis.</p> <p>Operational risks already identified on the risk register and the consideration of new risks should be undertaken on a regular basis. There should be a specified process for bringing significant risks to the attention of the Senior Leadership Team and Fire Authority Executive Panel more rapidly than required with agreed triggers for doing so as part of risk reporting.</p>	<p>As above, a new Risk Group will be established and report within the established governance framework. This will report to a parent committee, which in turn will report to the SLT and FRA as required. Terms of reference for the group will be developed to ensure risk in all areas of organisation business are incorporated into the risk register.</p> <p><b>Responsible Officer:</b> Head of Planning, Performance and Transformation</p> <p><b>Implementation Date:</b> Implementation of group by end of Q2 2024/25.</p>

Issue Identified	Recommendation	Agreed Action
	<p>Assurance should be provided that the operational risk register covers all areas within the organisation.</p> <p>Strategic risks should be reviewed more frequently, currently the strategic risk register is subject to review every 6 weeks by the Senior Leadership Team and every 6 months by the Fire Authority Executive Panel.</p> <p>The risk management processes in relation to the operational risk register and strategic risk register should be clearly defined within the draft Corporate Risk Management Policy.</p>	
<p><u>Risk Registers</u></p> <p>The Operational Risk Register and Strategic Risk Register includes the following:</p> <ul style="list-style-type: none"> <li>• Theme;</li> <li>• Risk number;</li> <li>• Date added;</li> <li>• Department;</li> </ul>	<p>The format of the operational risk register and strategic risk register requires enhancement as follows:</p> <ul style="list-style-type: none"> <li>• Scoring of risks at gross, residual and target level;</li> <li>• Controls in place to mitigate the identified risks;</li> <li>• Assurances in place;</li> <li>• Actions to be taken; and,</li> </ul>	<p>As part of the new Risk Group, and as the policy is developed, the aforementioned enhancements to the strategic risk register will be considered.</p> <p><b>Responsible Officer:</b> Head of Planning, Performance and Transformation</p> <p><b>Implementation Date:</b> Implementation of group by end of Q2 2024/25. Risk Register enhancements by no later than end of Q3.</p>

Issue Identified	Recommendation	Agreed Action
<ul style="list-style-type: none"> <li>• Risk Owner;</li> <li>• Risk Description;</li> <li>• Impact;</li> <li>• Likelihood score;</li> <li>• Impact score;</li> <li>• Current risk rating;</li> <li>• Overall risk classification e.g. High;</li> <li>• Mitigation/Response.</li> </ul>	<ul style="list-style-type: none"> <li>• A responsible officer and deadline dates should be allocated for each action.</li> </ul>	
<p><u>Risk Reporting</u></p> <p>We identified that the strategic risk register is subject to review by the Senior Leadership Team every 6 weeks and then reported to the Fire Authority Executive Panel which are reported every 6 months. However, it is recommended that assurance should be provided to the Fire Authority in relation to risk management on a routine basis.</p>	<p>There should be routine reports to the Fire Authority that provides a balanced assessment of the principal risks and the effectiveness of risk management.</p>	<p>As part of the policy development we will continue to report to FRA Executive Panel and consider how to report strategic risks to the full FRA.</p> <p><b>Responsible Officer:</b> Head of Planning, Performance and Transformation</p> <p><b>Implementation Date:</b> Implementation of group by end of Q2 2024/25. Reporting of Strategic Risk Register to full FRA to be defined by no later than end of Q3.</p>

## Follow-up

A follow-up exercise will be undertaken during 2024/25 to evaluate progress made in respect of issues raised. This will include obtaining documentary evidence to demonstrate that actions agreed as part of this review have been implemented.

## Appendix A: Engagement Scope

### Scope

The overall objective was to assess the core risk management controls in place to ensure that they have been adequately designed.

We reviewed the objective identified above in respect of the Risk Management - Core Controls through review of control design in relation to the following areas:

- Governance and leadership;
- Roles and responsibilities;
- Staff awareness and training;
- Risk management processes;
- Monitoring and Feedback; and
- Risk reporting.

The limitations to scope are as follows:

- The review focussed on core risk management controls only with an emphasis on control design. Detailed testing of compliance with controls e.g. reviews of specific risks, risk registers etc. was not undertaken as part of this review.

### Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that

may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

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### Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Limitations

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statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

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## Appendix B: Report Distribution

Name	Title	
Helen MacArthur	Assistant Chief Fire Officer	Draft/Final
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**Public Sector Internal Audit Standards**

Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Standards for the Professional Practice of Internal Auditing.