

Risk Management

Peak District National Park Authority

Internal Audit Report 2016/17

Business Unit: Peak District NPA
Responsible Officer: Head of Law
Service Manager: Head of Strategy and Performance
Date Issued: 26 April 2017
Status: Final
Reference: 69110/003

	P1	P2	P3
Actions	0	0	2
Overall Audit Opinion	High Assurance		

Summary and Overall Conclusions

Introduction

The Authority's risk management policy supports one of the core principles in the Authority's Code of Corporate Governance of 'Taking informed and transparent decisions which are subject to effective scrutiny and managing risk'.

The risk management policy states that the Authority will use risk management to achieve its objectives through pro-actively managing its exposure to risk.

It will seek to recognise risk and mitigate the adverse consequences but recognises that, in pursuit of its vision and objectives, it may choose to accept an increased degree of risk in certain circumstances.

It will do so, subject always to ensuring that the potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:

- significant risks are identified and addressed
- actions are carried out in a timely manner, ensuring risks are mitigated
- the requirements of the risk management policy are followed

Key Findings

The risk management arrangements within the Authority were found to be very good. For the service risk registers, risks are added or removed as appropriate, and escalated to the corporate register when required. Actions to address risks are monitored with their Director through the Quarterly Performance Outturn Meeting. The corporate risk register is reviewed at SMT and the Audit, Resources and Performance committee meetings. Emerging risks are reviewed and added as required, whilst current risks are assessed to determine whether the level of risk has been managed down sufficiently to remove the risk from the register.

The risk management policy is reviewed annually and approved, and clearly sets out roles and responsibilities and monitoring requirements. The template and scoring criteria are referred to within the policy. However, not all risks on the service risk registers have a date for action, and occasionally where there is a date, the date has passed but does not appear to have been updated to reflect whether the action has been completed or just that the date has moved. While the registers also include a quarterly update column where progress against the action is

recorded this has not been completed on the Finance service register, so the risk score recorded is that at the beginning of the year, not the quarterly score once the risks have been reviewed. Ten of the seventeen Q3 service registers are still using numbers to score the risks, rather than (or in addition to) to more recently approved high/medium or low scores. One of these is also in a completely different format from the standard template and uses different scoring criteria. Only four of the seventeen registers reviewed contained information in all of the columns.

Overall Conclusions

It was found that the arrangements for managing risk were very good. An effective control environment appears to be in operation. Our overall opinion of the controls within the system at the time of the audit was that they provided **High Assurance**.

1 Service Risk Scoring

Issue/Control Weakness

Not all risk registers comply with the risk management policy requirements

Risk

Risks may not be managed appropriately

Findings

Appropriate guidance is provided to service areas which details the scoring criteria required. However, this is not being properly used as a number of service registers are still using numbers to score their risks. The monitoring does not appear to have identified this. The Moors for the Future register uses a totally different format and scoring mechanism, and the score has not been updated on the finance register to reflect the quarterly reviews.

Agreed Action 1.1

Moors for the Future to complete a risk register in the correct format.

Template to be updated to remove numbers so that from Q1 2017/8, all are in the right format.

Priority

3

Responsible Officer

Senior Strategy Officer
- Research

Timescale

30 April 2017

2 Completeness of Registers

Issue/Control Weakness

Failure to include all necessary information on the risk registers

Risk

Risks are not appropriately mitigated

Findings

The majority of service registers do not include all of the required information. All of the service registers for q2 and q3 were reviewed, and only four were found to have all of the required columns completed. This could lead to risks not being properly mitigated due to no lead officer or timescale for review being allocated, and no information on how progress against the mitigation action/s will be monitored

Agreed Action 2.1

All service risk registers to be fully completed for the year beginning 2017/18.

Priority

3

Responsible Officer

Senior Strategy Officer
- Research

Timescale

30 April 2017

Audit Opinions and Priorities for Actions

Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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