Risk Management

Peak District National Park Authority

Internal Audit Report 2017/18

Business Unit: Peak District NPA
Responsible Officer: Director of Corporate Strategy and Performance
Service Manager: Senior Strategy Officer - Research
Date Issued: 2 January 2018
Status: Final
Reference: 69110/004

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

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

The audit included review of the corporate and service risk registers, and a brief review of processes to see where they could be streamlined.

Key Findings

The procedures in place for the identification, monitoring and reporting of risk appear robust. Risks are reviewed quarterly and scores and action plans updated. The annual report to Audit, Resources and Performance Committee clearly shows the movement of key risks throughout the year. If any have not been managed down to an acceptable level they are reviewed and rescored to see if any further mitigating actions can be implemented. This is in line with the risk management policy and procedures. However, the Conservation Planning service risk register has two risks that have not been allocated a responsible officer. One of these is amber and the other is red, so this needs rectifying as soon as possible.

All risks in all registers have some mitigating actions, and the majority have timescales for completing them, although these are not necessarily in the correct column. Service registers are discussed at the quarterly monitoring meetings, and any risks that have been managed down appropriately are removed from the register. If necessary, risks can be escalated to the corporate register.

The risk management policy and procedures have not been reviewed since 2011. There have been major restructures over the last two years, which may mean that roles are responsibilities are no longer wholly appropriate. Whilst there are prescriptive guidance criteria for scoring risks, these contain financial values for impact which may no longer be relevant due to funding changes. The sample risk map in the procedures still includes numerical scores as well as high/medium/low which are no longer in use and should be removed.

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**.

01 Responsible Officers

Issue/Control Weakness	Risk
Failure to formally identify responsible officers	Mitigating actions do not occur due to lack of ownership, leaving the Authority exposed to risk

Findings

On the Conservation Planning service risk register, the following risks have not been formally allocated a responsible officer:
'Failure to deliver an integrated conservation service for land managers and communities which increases awareness, understanding and support for the National Parks special qualities and the public goods delivered by the place.'
'Failure to create a common understanding for the White Peak, including engaging with the farming community and land managers.'
The first risk is scored amber and the second is red.

Agreed Action 1.1

Add in responsible officers for these risks.

Priority	3
Responsible Officer	Holly Waterman
Timescale	Q3 2017/18

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02 Risk Management Policy and Procedures

Issue/Control Weakness	Risk
The risk management policy and procedures have not been reviewed since 2011	Financial values attached to scoring criteria may no longer reflect the true value of the risk materialising

Findings

While there is fairly prescriptive guidance on how to score risks, the criteria have not been reviewed in several years and may no longer be appropriate, due to financial limits and exchange rates.
The guidance also still refers to numerical risk scores which are no longer in use.
Due to the restructure that has taken place throughout the Authority, the roles and responsibilities detailed in the policy may also not be appropriate any more.

Agreed Action 2.1

Review all risk management policy documents, make changes to ensure these are up-to-date, gain sign off from Members at ARP and circulate to all of OLT and SLT.

Priority	3
Responsible Officer	Holly Waterman
Timescale	Q4 2017/18

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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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