Appendix 1

# RISK MANAGEMENT

## PEAK DISTRICT NATIONAL PARK AUTHORITY

INTERNAL AUDIT REPORT

| | Critical | Significant | Moderate | Opportunity |
|---|---|---|---|---|
| Findings | 0 | 0 | 3 | 1 |
| Overall audit opinion | **Substantial assurance** | | | |

**Status:** Final

**Date Issued:** 14 October 2025

**Responsible Officer:** Head of Resources

Veritau

## INTRODUCTION

Effective management of risk is a key component of governance and essential to the way in which an organisation is managed and controlled. Robust risk management processes can help an organisation to achieve its strategic objectives and allow for an agile and responsive approach in a world where risks are emerging at a rapid pace.

The Peak District National Park Authority (the authority) works with a number of partner organisations to ensure the upkeep and effective management of the national park area. The authority achieves this by working to an agenda set out by central government. Two key documents set out the authority's overarching aims and objectives (the National Park Management Plan and the Authority Plan). These documents outline the authority's vision and how this will be achieved in practice. Identification and the subsequent monitoring of relevant risks must be embedded throughout these processes to ensure the objectives can be achieved. Robust action plans should also be used to track progress against any mitigating activities.

The Strategy and Performance Manager and the wider team is responsible for overarching risk management support. A corporate risk register and a risk management policy are in place to underpin the authority's approach to the management of risk. The team is currently undertaking a review of the authority's risk management processes, and a draft proposal is in discussion for approval. The new process is anticipated to be implemented for the start of the next financial year (2026/27).

## OBJECTIVES AND SCOPE

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

- Robust governance is in place to ensure risks are identified, assessed, and managed effectively.
- Risk is embedded into regular communication forums, and this is used to inform effective decision making.
- Identified risks can be linked back to the authority's management plan, with clear alignment to the overall strategy.
- The draft proposal for a new risk management process is fit for purpose and demonstrates improvements in efficiency and practice.

The audit also followed up the actions agreed during the previous audit to assess progress made towards completion.

## KEY FINDINGS

Risk management at the authority is currently in a state of change ahead of the new process coming into effect from the start of the 2026/27 financial year. Some gaps and weaknesses within the control environment were identified during the audit and previous actions remain outstanding. However, the team are currently undertaking work to improve these areas and it is anticipated that the new process will address the majority of the issues identified in this report.

A clear structure for risk management is in place at the authority with roles and responsibilities outlined and carried out in practice. This is underpinned by a high-level policy which includes all key expected areas; however, this is not supported by an accompanying framework or procedure. The policy was last reviewed in October 2023 but should be reviewed annually. Risk management training has also not been completed for several years (the exact timescale was not known). The need for guidance and training is underscored by inconsistencies and gaps in risk registers. While corporate and service risk registers are in place, we identified issues including non-completion of some risk register areas, vague or unclear controls, non-specific action timescales, and a lack of quarterly review as per expectations.

Communication forums are in place to allow for effective discussion and escalation of risk, including quarterly senior management and head of service discussions with the Strategy and Performance Team, and quarterly reporting of risk to members. Risk is considered throughout decision making; for example, when projects are presented to members and when working to complete of the aims and objectives outlined in the management plans.

Both the corporate and service-level risk registers include direct links to both the National Park Management Plan and the Authority Plan. A review of objectives from both plans showed links to risk entries where relevant, however, some issues with referencing and inconsistencies in the format of the service plan documents were noted.

Three actions were agreed as part of the previous audit with an original implementation date of March 2023. The audit assessed only one action as complete; however, despite the action wording being addressed, issues in this area were noted during this audit. Issues relating to the completion of risk registers and action plans, and risk scoring remain outstanding.

A review of the new process demonstrated key efficiencies and improvements which should remedy the weaknesses identified through both the previous and current audit work. For example, risk discussion will be further embedded and is aimed to become a core element of day-to-day decision making. Responsibility for service-level risk management will be delegated to team managers to ensure a greater understanding and familiarity with the operational risks the services face. Regular discussions will then aid the escalation of risks to the corporate risk register where warranted. Furthermore, a new

corporate risk register template is in development which will help to improve usability and align more closely with best practice elements such as risk scoring and clarity of action plans. The new register also introduces risk categorisation (organisational, partnership, place) and highlights the controllability of risks – an area previously as an issue raised by members.

In developing the new process, the authority may wish to consider whether there is a need to review service risk registers given that the new template is currently only planned to be used for corporate risks. This is due to service risk registers being completed as part of the service planning process and document; however, this leaves the authority exposed to the risk that registers across the authority are not aligned and that service-level risks are not considered with the same importance or are not compliant with best practice. Other areas are still to be decided, such as the responsibility for, and frequency of, completion of service risk registers.

## OVERALL CONCLUSIONS 

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.

## 1 Completion of risk registers — Moderate

### Control weakness

A number of gaps and issues were seen throughout the completion of corporate and service-level risk registers.

### What is the risk?

Risks are not identified, assessed, or managed appropriately. This could lead to misallocation of resources, misalignment with the authority's strategy, and financial, reputational or other harm if unidentified or unassessed risks materialise.

### Findings

A sample of risks from across three risk registers (corporate, resources and planning) was reviewed to determine whether the registers had been adequately completed and risks appropriately assessed. Some general, and some more specific, issues were noted throughout the testing. Appendix 1 lists the sample-specific issues found during testing.

Across risks, inconsistency was noted in how risk titles, descriptions and impacts are documented. Some included a title and / or description in the 'description' box and some of the titles in the 'risk' box were not clear. The new corporate risk register template should remedy this by splitting out the 'hazard' from the 'risk.' Several risks had also not been referenced correctly (to the related aim / objective from the authority or management plans).

As above, specific issues seen across risks are listed at Appendix 1. Some of the issues found included vague or unclear existing or additional actions, non-specific timescales, and the absence of an update at the required interval (quarterly). These gaps link to the potential need for guidance or a framework to accompany the policy, and refresher training as part of the rollout of the new process to ensure officers completing the registers are sufficiently knowledgeable to do so.

### Agreed action

Training and accompanying guidance (see Finding 4) will be developed and rolled out alongside the new process to embed good practice. The new process also aims to transfer responsibility for risk registers to those officers closer to the work itself, enabling more informed and effective completion. At the time of the audit, references to the authority and management plans have been removed from the new template, however this area is still in discussion.

**Responsible officer:** Strategy and Performance Manager **Timescale:** 30 June 2026

## 2 Previous audit actions

**Moderate**

### Control weakness

Actions agreed as part of the previous audit, completed in January 2022, have not been satisfactorily addressed.

### What is the risk?

Risks to the effective operation of the authority remain outstanding. Risks are not assessed or managed appropriately leading to potential financial, reputational or other harm if they were to materialise.

### Findings

The previous audit was completed in January 2022. It gave an overall opinion of 'Reasonable assurance' and raised three findings in total. Appendix 2 provides an overview of each finding raised and an assessment of progress made toward completion of the agreed actions. In summary, one of the actions has been assessed as completed. However, it should be noted that although the action wording has been addressed, the issues raised relating to risk scoring (see Finding 3) remain outstanding. The first finding raised issues relating to action plans, including unclear mitigating actions, non-specific timescales, and quarterly updates not taking place as required. Testing completed during the current audit found the same issues which suggests little progress has been made. A summary of these issues is detailed at Finding 1 and Appendix 1.

The final finding raised further issues with the scoring of risks, including the order of risk scores and the inclusion of a target score, as well as the use of a 3x3, in place of a more robust, 5x5 matrix. These issues have not yet been rectified; however, the new process should address these and make the scoring process clearer. For example, the new corporate risk register template includes a residual and target risk score. The inherent score, as recommended during the previous audit, was discussed and is not felt crucial to effective risk management at the authority at this point in time.

### Agreed action

The introduction of the new process should allow for completion of all previous audit actions. Tasks include introduction of new guidance and training to enable more effective risk register and action plan completion, transition to a 5x5 matrix and new (numerical) risk scoring process, and a new corporate risk register format. Consideration should also be given as to whether service risk registers can also be aligned with the new template to allow for compliance with best practice.

**Responsible officer:** Strategy and Performance Manager **Timescale:** 30 June 2026

## 3 Risk scoring — Moderate

### Control weakness

Risk scoring is not undertaken consistently or in line with the corporately agreed approach. Service risk registers are at risk of not complying with best practice and the new process.

### What is the risk?

Risks are not scored accurately leading to the potential misallocation of resources and financial, reputational or other harm if unidentified or unassessed risks materialise.

### Findings

As detailed within Finding 2, the previous audit report raised a finding around incorporating best practice elements, including the introduction of numerical scoring and the use of a more robust 5x5 matrix. Another finding raised that inconsistencies were found relating to risk scoring across corporate and service-level risk registers.

As part of this audit's testing of a sample of risks, this inconsistency in risk scoring was noted again. The corporate and planning risk registers use letters (i.e., 'HxH') to score the risks, whereas the resources risk register uses a number. Some of the risks on the resources risk register simply used a colour. It was also noted that the risk scoring matrices included on the documents as a reference were inconsistent, which could have compounded the confusion. The corporate risk register includes a matrix with no numbers, whereas the service risk registers include matrices with numbers included in each box.

The new process will introduce a 5x5 numerical risk scoring matrix and should make the expectations surrounding this explicit. However, it is not clear whether this will also be rolled out to service risk registers, which may still create inconsistency and exposes the authority to the risk that these risks are not captured, assessed or monitored in the same way as the corporate risks. This should be considered ahead of implementation to ensure full alignment with best practice.

### Agreed action

A new 5x5 numerical scoring matrix will be introduced. Consideration will be given as to whether the service risk registers will also be completed in alignment with the new corporate approach.

**Responsible officer:** Strategy and Performance Manager **Timescale:** 30 June 2026

## 4 Policy and accompanying guidance

Opportunity

### Area for potential improvement

Review of the current policy and consideration of the introduction of accompanying guidance or a framework.

### What is the opportunity?

Improved understanding of the risk management process. More effective completion of risk registers.

### Findings

The Risk Management Policy outlines several key required areas of risk management, including a risk appetite statement, roles and responsibilities, monitoring and evaluation, and some high-level guidance relating to the identification, monitoring and reporting of risk. The policy was last updated in October 2023 and did not receive a review in October 2024 as per expectations. However, a new policy has been drafted and is due to come into effect for the start of the next financial year (2026/27) alongside the new process. A review of this highlights minimal changes and the team explained the focus has been more on changes to the actual process, rather than the policy itself.

Due to the policy being a high-level document, it may be prudent for the authority to consider developing some accompanying guidance or a risk management framework. The need for this is underscored by the number of changes being proposed as part of the revised process and the gaps identified during testing which suggests that officers are not suitably knowledgeable with regards to expectations for managing risk. It is, however, noted that resources for developing a document such as this are tight. Training is planned to be rolled out alongside the new process which should help to introduce officers to the proposed changes, however it could be useful for them to have a reference point with regards to areas such as risk scoring and completion of risk registers. This could also help with accountability for those officers completing the risk registers and prevent queries from coming into the Strategy and Performance Team.

### Agreed action

The team will develop accompanying guidance to sit alongside the main policy and provide a reference point. This will be issued along with the implementation of the new process and updated policy for the start of the 2026/27 financial year.

**Responsible officer:** Strategy and Performance Manager **Timescale:** 30 June 2026

## 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 four grades of opinion, as set out below.

| Opinion | Assessment of internal control |
|---|---|
| Substantial assurance | A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. |
| Reasonable assurance | There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited. |
| Limited assurance | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. |
| No assurance | Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited. |

## Finding ratings

| | |
|---|---|
| Critical | A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management. |
| Significant | A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management. |
| Moderate | The system objectives are not exposed to significant risk, but the issue merits attention by management. |
| Opportunity | There is an opportunity for improvement in efficiency or outcomes but the system objectives are not exposed to risk. |