



# ROYAL BERKSHIRE FIRE & RESCUE SERVICE

## **Risk Management & Governance**

**FINAL**

**Internal audit report: 3.18/19**

**27 November 2018**

This report is solely for the use of the persons to whom it is addressed.

To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.





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# 1 EXECUTIVE SUMMARY

## 1.1 Background

An audit of Risk Management and Governance was undertaken as part of the approved internal audit periodic plan for 2018/19, focusing on the governance arrangements in place for setting strategic plans and objectives, subsequent monitoring of performance against delivery, and the risk management framework in place for managing risks.

A Corporate Plan and Integrated Risk Management Plan (IRMP) is in place and covers the four-year period 2015-19 and reflects where the Authority anticipate they will be by 2019, as this is coming to an end a new plan for the period 2019 – 2023 has been drafted and was reviewed by the Authority in November 2018. The Authority noted within their July 2018 meeting that many of the things set out to achieve had been met, including restructure savings and the introduction of the Lead Member model (2016). Some items have been delayed however these have been considered within the 2019 – 2023 plan.

The next four year plan sets out the six key commitments and vision for the next four years and beyond, this includes an increased focus in local communities and building on the past four years in developing a high skilled, professional and customer focussed service. On an annual basis an Annual Plan focussing on the upcoming year sets out the objectives the organisation sets to meet their overarching commitments. In 2018/19 this plan was approved at the April 2018 meeting of the Royal Berkshire Fire Authority (RBFA).

Strategic and operational risks are monitored and tracked through a Risk Management Database which is accessible to all risk owners and treatment owners. This is supported by a Risk Management Policy which is based on the ISO Standard 31000 (2009).

## 1.2 Conclusion

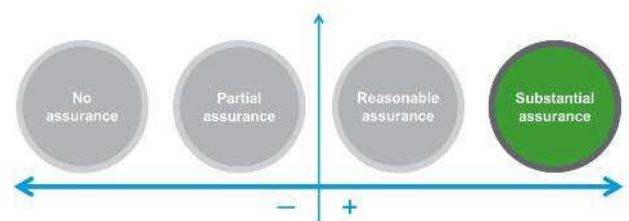
In the year since our last review we have noted further improvements across both Risk Management and Governance processes. This includes an improved Member Development focus including annual skills audits and development plans based on feedback from this.

Through our interviews with a selection of risk owners this year we also noted an increased awareness and even stronger ethos around risk management throughout the organisation. Our review has also noted 'Good' progress being made on the follow up of management actions raised in 17/18. A full definition of this can be found in Appendix A.

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### Internal audit opinion:

Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage the identified area(s) are suitably designed, consistently applied and operating effectively.



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## 1.3 Key findings

The key findings from this review are as follows:

No management actions have been raised in relation to the Design of and compliance with the control framework. We have identified the following examples of sound design and application of the control framework:

## Governance

- A Corporate Plan is in place, which sets the strategic direction the Fire Authority wish to take over the four-year period. Each year an annual plan is developed, which for 2018/19 includes ten strategic objectives designed to help meet the Fire Authority's six strategic commitments. The annual plan and objectives were approved by the Fire Authority in April 2018. Furthermore, we confirmed that since this plan covers the period 2015 – 2019, the new plan covering the period 2019 – 2023 was issued for review by the Authority in November 2018 following public consultation.
- Terms of reference are in place for each committee (Audit and Governance, and Management Committees) and we confirmed that the committee(s) completed their duties in line with these, reviewing the areas they are responsible for.
- Key performance indicators or other methods of gaining assurance are in place and underpin each of the strategic objectives.  
For a sample of five data items reported (covering 12 individual pieces of data) we confirmed the accuracy of the reported figures to underlying data. This included service measures, corporate measures and HR data.
- Papers are distributed at least five days in advance of each of the meetings.  
We confirmed that these were published online to the Modern.Gov app and website at least five days prior to the last two meetings of each committee.
- For two meetings of each committee we noted that all actions raised were followed up and closed in a timely manner and prior to the following meeting of that committee.  
We confirmed this was completed by the Democratic Support Team.
- Prior to the issue of the quarterly performance reports to the Audit and Governance Committee the Senior Leadership Team review this for accuracy and content.  
We confirmed for the last three quarterly performance reports that these were subject to approval by the SLT prior to reaching the Audit and Governance Committee.
- The Fire Authority receives updates from Lead Members every six months, these members are responsible for specific areas within the strategic commitments the Authority has set itself.  
We confirmed that in November 2018 the Fire Authority received updates from key members regarding collaboration, income generation, strategic assets and IRMP. Through these reports we noted that several key commitments are addressed, such as achieving cost savings and using public funds efficiently as well as raising awareness of safety among the public.
- Members development has been improved with annual skills audits and individual 1:1s between Members and their Group Leaders occurring on an annual basis.  
We confirmed that the outputs from these 1:1s includes training the member feels would assist them in carrying out their duty. From this a member development training plan has been devised is in place, this covers key issues highlighted by the skills audits.
- We confirmed that the Member Development Strategy that covers 2017 – 2019 is still in place with focus coming now onto the next strategy covering the period 2019 – 2021, this is due to be discussed at the meeting of the next Task and Finish Group in January 2019.

- The Members' job descriptions (including Lead Members) were reviewed and minor amendments approved by the Fire Authority at the June 2018 meeting.

## Risk Management

- Risks are all recorded within the Risk Management Databased which is built on Microsoft Access. Each risk is assessed by an appropriate individual at the time it's added to the database, this captures the risk, description, criteria and inherent risk score. Risk owners are assigned based on the level of risk score and area of the business it lies within.  
For a sample of seven risks (four operational, three strategic) we confirmed risks were assessed by an appropriate individual at the assessment stage and are now owned by someone within that risk area.
- Risks are assigned treatments of how the risk will be managed, each treatment is assigned an owner and regular update is provided when needed.  
Through review of 39 treatments across these seven sampled risks, we confirmed that adequate treatments have been assigned and reviewed. Diving deeper we confirmed that there was underlying evidence to support the progress of each treatment.
- Risks and treatments are assigned an assurance level, which is based on pre-defined levels within the risk management policy. This is to give an assurance level to the treatment being implemented. This ensures a consistent application of assurance levels across all risks, both strategic and operational.
- Discussions with risk owners confirmed that risks are reviewed on a regular basis or as and when key milestones are achieved. We noted no exceptions regarding the timing between reviews. Furthermore we confirmed adequate risk challenge through SLT group for higher risks, or other forums for operational risks.
- All strategic risks, and risks assigned with a treated score of 17 or above are reported to SLT meetings on a fortnightly basis. In the year since the last review, the agenda item for reviewing the risk register has moved to the front of each meeting. Thus, more focus has been placed on risk management and increasing the organisations attitude towards risk management.

Our interviews with risk owners (both operational risks and strategic risk owners) confirmed that this has seen an improvement in the year, with risk owners being more aware and keen to discuss their risks and treatments being applied.

## 1.4 Action tracking

Action tracking enhances an organisation's risk management and governance processes. It provides management with a method to record the implementation status of actions made by assurance providers, whilst allowing the audit committee to monitor actions taken by management.

## Progress on actions

Implementation status by review	Number of actions agreed (all low)	Status of management actions					
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)	Not yet due (5)	Completed or no longer necessary (1) + (4)
Risk Management & Governance 2. 17/18	5	5	0	0	0	0	5

Through our review we noted that all five management actions raised in the report have been implemented by management. Details of these actions can be found in Appendix B.

### 1.5 Additional Feedback

Through our review we noted one instance where the risk owner for an operational risk, with a treated score of 18 was a Head of Service instead of a Director per the Risk Management Policy. Discussions with both the Head of Corporate Services, the Owner and the Planning and Performance Officer confirmed that this was still reported through to SLT fortnightly due to the increased treated score. Thus, there is no risk that the risk is not being adequately monitored, and we confirmed it's monitored status at SLT meetings. Furthermore, we confirmed that the Policy is currently undergoing a review to bring it more in line with the scrutiny process.

Considering this we would suggest that as planned the Policy is updated and thought is put into reviewing the requirement for Directors to own high scoring operational risks when the SLT (including all Directors) review these risks on a fortnightly basis.

No management actions were agreed / required as a result of this review.

## APPENDIX A: DEFINITIONS FOR PROGRESS MADE

The following opinions are given on the progress made in implementing actions. This opinion relates solely to the implementation of those actions followed up and does not reflect an opinion on the entire control environment

Progress in implementing actions	Overall number of actions fully implemented	Consideration of high actions	Consideration of medium actions	Consideration of low actions
Good	> 75 percent	None outstanding	None outstanding	All low actions outstanding are in the process of being implemented
Reasonable	51 – 75 percent	None outstanding	75 percent of medium actions made are in the process of being implemented	75 percent of low actions made are in the process of being implemented
Little	30 – 50 percent	All high actions outstanding are in the process of being implemented	50 percent of medium actions made are in the process of being implemented	50 percent of low actions made are in the process of being implemented
Poor	< 30 percent	Unsatisfactory progress has been made to implement high actions	Unsatisfactory progress has been made to implement medium actions	Unsatisfactory progress has been made to implement low actions

## APPENDIX B: COMPLETED ACTIONS

From the testing conducted during this review we have found the following actions to have been fully implemented and are now closed:

Assignment title	Management action
Risk Management & Governance 2. 17/18	A defined remit will be put into place highlighting the purpose of the Development Task and Finish Group, this should include minimum meeting requirements. <b>(Low)</b>
	Management will ensure the risk register database script producing the risk register excel documents is updated to enable the treatment assurance level to be included on the final registers. <b>(Low)</b>
	Management will ensure that all risk owners are reminded of the need to regularly assess the risk treatments and owners, but in particular during periods of known staff change. <b>(Low)</b>
	Management will ensure the Risk Database is updated to include a quick link to the Risk Management Database - Quick Guide, in the same way the current Risk Management Policy is available. <b>(Low)</b>
	Should the proposed format be accepted, management will amend the following in the new Corporate Risk Register Summary: <ul style="list-style-type: none"><li>• The previous risk score as well as new risk score.</li><li>• A visual reference to whether the movement is positive and negative.</li><li>• The document changed to a landscape format.</li><li>• The columns will be re-arranged in the following order:<ol style="list-style-type: none"><li>1) Risk</li><li>2) Key Controls &amp; Mitigations</li><li>3) Risk Movement</li></ol><b>(Low)</b></li></ul>



# APPENDIX C: SCOPE

The scope below is a copy of the original document issued.

## Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following areas:

## Objectives relevant to the scope of the review

### Objective of the area under review

To ensure adequate and appropriate governance arrangements are in place to achieve the organisation's objectives

To ensure adequate and appropriate risk management mitigating controls and assurances are in place for a sample of current risks, to minimise the impact on the organisation, should the risk come to fruition.

## Additional management concerns

None noted during planning call with Head of Corporate Services on 10th October 2018.

## Scope of the review

The following areas will be considered as part of the review:

### Governance

We will consider the governance arrangements for the setting and approval of strategic plans and objectives and subsequent monitoring of performance against delivery, reviewing whether:

- Strategic plans and objectives have been set and approved by the Authority and responsibilities for monitoring and reporting have been delegated to subcommittees and management forums, as appropriate. We will also confirm this has been reflected within their terms of reference and minutes.
- Metrics have been developed to enable monitoring of performance against delivery.
- There is evidence in papers and minutes that timely and adequate information within reports is supplied to enable decision making at committee level including challenge and agreement of action which is followed up.
- The method for receiving assurances on the achievement of objectives has been clearly defined and the process for recording and reporting of assurances to relevant committees including the process for escalating to the Authority. We will also consider the check and challenge process to ensure the quality and accuracy of data being reported.
- Assurance on performance against strategies, plans and objectives are reported up to the Authority including what action and challenge is being taken where there is underperformance.
- There is a process for monitoring the effectiveness of members in discharging their duties and identifying subsequent training needs.

### Risk Management

A deep dive review for a sample of risks from the Corporate Risk Register and a small sample of operational risks, including discussion with risk owners to consider how risks are being managed. This will include consideration of whether:

- Risks have been recorded in sufficient and clear detail;
- Risks have been consistently evaluated and assessed;
- Controls have been identified and recorded in sufficient detail;
- Actions to further mitigate and manage the risk have been identified, given an owner and implementation date and are in progress or planned;
- Assurances have been recorded to determine whether controls are operating as intended, and those assurances are positive and where they are negative that the residual risk score has been re-evaluated;
- Risk owners understand their risks and review their risks at regular intervals.

### **Follow Up**

This review will also include a follow up on the agreed actions to be taken by management, following the Risk Management and Governance audit conducted as part of the 2017/18 internal audit plan.

### **The following limitations apply to the scope of our work:**

- All testing completed will be on a sample basis only and will focus on the current financial year (2018/19) only, where this results in sample sizes being too small the testing period will be expanded to include the previous financial year (2017/18).
- Our findings do not provide assurance that every risk on the risk register is being effectively controlled at an operational level and we will not comment on whether all risks have been identified.
- We will not comment on the organisation's risk appetite definition, only that it has been set.
- We do not endorse a particular means of risk management. It remains the responsibility of the Authority and senior management to agree and manage information needs and to determine what works most effectively for the organisation.
- Accuracy and quality of reported performance information will be tested on a sample basis only.
- Assurance and testing will be limited to only those areas for consideration listed above.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist

Please note that the full scope of the audit can only be completed within the audit budget if all the requested information is made available at the start of the audit, and the necessary key staff are available to assist the audit process during the audit. If the requested information and staff are not available we may have to reduce the scope of our work and/or increase the audit budget. If this is necessary we will agree this with the client sponsor during the audit.

## APPENDIX D: FURTHER INFORMATION

### **Persons interviewed during the audit:**

- Steve Foye, Deputy Chief Fire Officer
- Nikki Richards, Director of Support Services
- Alex Brown, Head of Property, Capital Projects and Estates
- Tony Vincent, Head of Business Information Systems
- Becci Jefferies, Head of HR & Learning and Development
- Katie Mills, Head of Corporate Services
- Julie Waterworth, Planning and Performance Officer Fayth Rowe, Democratic Support Lead
- Jackie Manning, HR Manager
- Vicky Lynch, Programme Office Assistant

Joanna Bromham, Communication and Engagement Officer

### **Documentation reviewed during the audit:**

- Audit and Governance Committee Minutes and Terms of Reference, 2018
- Management Committee Minutes and Terms of Reference, 2018
- Fire Authority Minutes, 2018
- Annual Plan 2018/19
- Corporate Plan, 2015 – 2019 / 2019 - 2023
- Member Development Strategy 2017 – 2019
- SLT Decision and Action Log, 2018
- Member Training Courses, 2018/19
- Risk Management Policy, 2016

## FOR FURTHER INFORMATION CONTACT

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