Risk Management Audit Action Plan

		Priority Grading
1	High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.
2	Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible regulatory scrutiny/reputational damage, negative publicity in local or regional media.
3	Low	There is scope for enhancing control or improving efficiency and quality.

Impact	
L	Local
SW	Service Wide

No.	Control	Audit Findings & Implications		Action Requirement	Impact	Priority Grading	Responsible Person	Time Line	Progress Commentary
1	**Risk Management Framework** The Service has a Risk Management Framework documentation in place that is available to staff on the intranet The Risk Management Strategy and Guidance were last updated and reviewed by the Strategic Management Board in December 2015. Due to the change in organisational structure on 1 October 2017 to the Police, Fire and Crime Commissioner Fire and Rescue Service the Risk Management Framework is undergoing review by the Risk Management Department and the SLT.	**Existing Framework** We reviewed the existing Risk Management Framework documentation that included the Policy (signed by the Chair of Essex Fire Service and the Acting Chief Fire Officer), Strategy and Guidance. We noted that the documentation did not evidence the version number, date of approval, delegated Service to approve and there was no scheduled review date. We were advised by the Corporate Risk & Business Continuity Manager that the Risk Management Strategy and Guidance were refreshed and review by the Strategic Management Board in December 2015 and that the Risk Appetite in Annex D has been removed and has not been replaced pending update. However, we were not supplied with evidence of approval of the overall framework by the Service (this was raised in our previous audit report dated April 2017).	1	The SLT will ensure that the draft Risk Management Framework is completed, reviewed and approved by the Commissioner.	L	2	Service Leadership Team	30 April 2018	This work is in hand, with the draft revised policy and strategy passing between Service managers and the OPFCC for pre-approval. To the SLT for formal adoption on 17 April and then to the OPFCC for formal approval by the PFCC via the Performance & Resources Board. When considering risk appetite, the SLT should bear in mind the use of a single organisational risk appetite level, and separate risk appetites for, e.g. financial loss. This also introduces the concept of risk tolerances.

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		Draft Framework We reviewed the draft Risk Management Policy and Strategy that will be submitted to the SLT at their meeting in February 2018. We were advised by the Corporate Risk & Business Continuity Manager that the guidance that accompanies the Risk Management Policy and Strategy will be updated once the content of the draft Risk Management Policy and Strategy is agreed. We were also advised that the draft is to be reviewed by the SLT against contents of the Police Fire & Crime Commissioner's Constitution, to confirm the assessment of the risk appetite for the Service aligns with the Police and to seek comment over the content. We confirmed that the draft Policy and Strategy document included a defined escalation process for risk in Annex E- Risk and Management Reporting Structure, a framework for managing risk, how to identify and manage risks and information around documenting risk appetite. It also included a completed proposed risk appetite statement in Annex D. If the Risk Management Framework documentation is not completed and approved for changes to reflect the organisational change by the SLT and then submitted for approval to the Commissioner in line with the Essex Police, Fire and Crime Commissioner, Fire and Rescue Service Constitution, there is a risk that the Policy and Strategy may not align with the requirements of the newly formed organisations strategic direction.	Review Risk Management Guidance Document			Risk and Business Continuity Manager	31 July 2018	Will commence once the Risk Management Policy and Strategy has been approved.

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2	**Assignment of Risks** The Key Strategic Risks identified by the Service are held in the Strategic Risk Register. Each risk is maintained in the JCAD risk management system and is assigned to an Executive lead. Each risk is review at the frequency determined by the Executive lead and is	We obtained a copy of the Strategic Risk Register and confirmed that there were seven risks identified and that each risk was assigned to an Executive Lead. We tested to confirm that review had been carried out of strategic risk in the JCAD system by the risk owners on the target dates set. We identified the following risk which was set for a three-month cycle of review which was overdue for review and had not been reviewed since 27 September 2017: • SRR-150005 Organisational Learning and Knowledge Management review due 27 December 2017. There is a risk that changes to the risk profile are	2 The SLT will ensure that review of strategic risks and related controls is carried out in line with timeframes and that this reflects the nature of the risk.	L	2	Service Leadership Team	31 May 2018	The SRR will be reviewed by May 2018. This review will look at the risks as they are currently articulated, and consider new risks. A monthly risk paper will be provided to SLT on Risk Management which will consider escalation requirements for strategic, departmental and project/programme risks and any updates required for the SRR.

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	dependent on the nature of the risk. The default review period for the system is quarterly.	not identified and there are not sufficient controls in place to mitigate the risk.							

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3	**Controls and assurances** The Executive lead is responsible for regular monitoring and reporting against their risks in the Strategic Risk Register to the SLT which includes the identification of controls, their status, target date, control owner and review date	For the same sample of strategic risks from the Strategic Risk Register we tested that all risks had relevant controls documented. We found that the documented controls in place for two of the risks were brief and not worded as controls, therefore it was not possible to determine what the actual control was, for example Resilience (SRR 150002), Staff Engagement (SRR 150005). We also confirmed that there were no actions or sub controls documented to underpin the overall control measures. We tested the three samples to ensure that all identified controls for each risk had been reviewed within the established review times. We found that: • SRR 150002 - HR Arrangements – became overdue for review on 23 November 2017 • SRR 150005 - Succession planning - became overdue for review on 23 September 2017, Staff Engagement – became overdue for review on 23 November 2017. There is a risk that if controls are not clearly articulated and regularly reviewed, it may not be possible to ensure the control is adequate to mitigate the risk	3	The SLT will ensure that the controls identified to mitigate the Strategic Risks maintained in the JCAD system are worded as controls, and include clearly worded sub controls or actions.	L	2	Service Leadership Team	31 May 2018	See above at 2. The risk review process will emphasise the need for detailed and documented actions for control measures. Where necessary, managers will have the opportunity to undertake JCAD refresher training to understand better how the recording system works.

Risks and controls that are not reviewed as per agreed timescales will be reported to SLT as part of the monthly paper. |

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4	Assurances and effectiveness of controls Controls included in the JCAD system to mitigate identified risk do not have the documented assurances in place showing the latest date of assurance to support that the controls are effective. Each control identified shows its effectiveness, calculated by percentage, for example 100 per cent means that the control is effective.	For the same sample of strategic risks from the Strategic Risk Register we confirmed that there were no assurances provided on JCAD for any controls identified. It is difficult to understand how the percentage effectiveness for each control could be validated given there was no assurance or evidence to support the control effectiveness assessment. We discussed the methodology behind the assessment of the percentage of effectiveness with three control owners who had assessed their controls as 100 per cent effective. • SRR150002/001 Physical Security; • SRR150002/002 Network Resilience: and• SRR 150002/003 HR Arrangements. We found that two control	3	The SLT will ensure that the commentary in JCAD provides assurance and supports the effectiveness of controls.	L	2	Service Leadership Team	31 May 2018	The review mentioned in action 2 above will include challenging current control statements and assurance requirements.

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		owners had a rationale to support the assessment. However, this was not documented by actions and assurances in JCAD, and one owner was new to the Service so was unable to comment. There is a risk that without documented assurances in place or it is not possible to measure the quality of the assurance and therefore the effectiveness of the control.							
5	Gaps in controls The Executive Lead applies a target risk score to each risk, this is based on the risk appetite for specific registers and/or risks groupings with specific scaling, the difference between the post controls applied risk score and the target score identifies the perceived gap in controls. The gaps in the control and assurance frameworks are identified by the controls that are less than 100 per cent effective. There were no action plans documented in JCAD to address the gap in controls between the risk score post controls and the target risk score.	We reviewed the control gaps for a sample of three strategic risks from the Strategic Risk Register: • SRR 150002; • SRR 150005; and • SRR 150008. We confirmed that there were control gaps between the post control risk score and the target risk scores. We confirmed that there were controls that had been assessed as less than 100 per cent effective which implied that actions were in place to close the identified plan. However, we noted that there were no action plans documented on JCAD to address this gap in control effectiveness. We met with two of the Executive Leads for the risks reviewed and they confirmed that there were action plans in place, but these were not documented in JCAD in relation to the strategic risk. There is a risk that if actions are not in place to address the gap in controls the Service may be exposed to undue risk that exceeds their risk appetite.	3	The SLT will ensure that actions are added to the controls in JCAD to address the gap in control effectiveness.	L	2	Service Leadership Team	31 July 2018	See above at 1, 2 and 3 above. Action points will be developed once the SRR, control and scores have been reviewed.

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6	**Projects - assessment of new or emerging risks** Project risks are monitored by the Change Board (a sub group of the SLT. Project risks are recorded on a project risk register maintained in the JCAD system. These are reviewed throughout the life of the project by the Project Lead.	We reviewed a sample of three projects to confirm that regular review of risks for the project had been undertaken by the project lead to update or identify any new or emerging risks. We found: • Project Cosmos – 16 risks, all risks had been reviewed; • Project Home fire safety – seven risks, all risks had been reviewed; and • Project Programme 2020– five risks, three overdue for review (risk 0008 and 0007 date for review 30 November 2017, risk 0011 date for review 21 December 2017). We identified that for the projects we reviewed there were two risks that did not have controls recorded in JCAD to mitigate the identified risks. (Cosmos risk 0028 and Home Safety risk 0007). If risks are not reviewed regularly and controls not in place to mitigate those risks there is a risk that projects may not identify changes to existing risks or the impact of new or emerging risks.	3	The Project Leads will ensure that all project risks are reviewed within the specified timeframes and that all risks have documented controls to mitigate the risk.	L	2	Assistant Director of Programme 2020	31 May 2018	The relationship between project risk management, the Change Board reporting process, and recording project risks in JCAD needs attention. It appears that there are some limitations in using JCAD for recording project risks, e.g., around cost and time restraints, although this is less evident at the programme level. Pending a review of available software to manage both corporate and project risks, the essential ingredient of providing transparency across the Service for managers should be observed. The new monthly reporting to SLT will include escalating project risks not reviewed Assistant Director Programme 2020 will ensure all project risk registers are on JCAD.
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7	**Project risk reporting** Project risks are monitored by the Change Board (a sub group of the SLT). Any adverse change to risk is identified and reported to the Change Board as part of the monthly progress report for all projects. The progress reports on projects are reported to the Performance and Resources Board (Fire and Rescue) on a quarterly basis.	We reviewed the Change Board Progress Report presented to the Essex Fire and Rescue Performance and Resources Board dated 23 October 2017. We tested three projects that were identified as being RAG status red or amber or had any new risks identified. This was to ensure that updates had been made to the project risk register for identified changes to risk status. HR and OD Business System The Progress Report identified amber and red status changes to the project timeframe and scope. However, the project risk register's related risk, HOBS 0008 - Go Live Delayed, did not show any change to risk status from review in November 2017. Cloud Migration The Progress Report identified amber status changes due to delays. However, the project risk register did not include any risks. Home Safety Model The Progress Report identified amber status for delays in providing the service. However, the three risks included in the project risk register that may have related to the change in status were not updated (0003,0004,0006). If new risks or changes to risk reported to the Change Board in the Project Progress Report are not	3	The SLT will ensure that all changes to risk or newly identified risks are updated in the project risk register in JCAD in a timely and dynamic way, that appropriate controls are put in place to mitigate the change in status of the risk in JCAD and this is escalated to the Change Board via the Project Progress Report.	L	2	Assistant Director - Programme 2020	31 May 2018	See above at 6.

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		recorded in the Project Risk Register in the JCAD system evidenced as completed in the Project Progress Report there is a risk that project risks may not be recorded and appropriate controls may not be implemented to mitigate the risk.							
8	SLT review for new or emerging risks The Executive Leads report to the SLT on their areas of responsibility on a frequency stated in the SLT's Terms of Reference. The SLT is the forum where new or emerging risks that have been identified by the Departments and Executive Leads are escalated and discussed.	We reviewed the minutes from the SLT for 16 May, 20 June, 22 August, 17 October and 21 November 2017. We noted that topics were discussed at the meetings that would give rise to new risk: • May - Potential Impacts of the Seven Force Strategic Collaboration Programme for Essex County Fire and Rescue; • June - Grenfell Tower Fire; and • August - ESMCP (Airwave replacement) existing strategic risk. However, there was no indication that any perceived risk to the Service was assessed. There was also no standard agenda item for members to consider whether any issues discussed at the meeting gave rise to new risk or change to existing risk and required recording in the Strategic or Departmental risk registers. It is important that new and emerging risks are assessed to understand the impact on the Service both at a Departmental and Strategic level and these are recorded as risks in the risk registers if appropriate. There is a risk that new and emerging risks may not be effectively assessed to understand their impact on the Service.	3	The SLT will include a standard agenda item at the end of each meeting to assess whether any items discussed impact on the risk profile of the Service. Strategic risk impacts need to be acknowledged within papers.	L	2	Service Leadership Team	31 May 2018	There is now a reporting scheme for risk (and business continuity) to the formal SLT meetings, at which one or more risks on the strategic risk register will be reviewed. In addition, ad hoc reports will identify matters requiring attention when needed. In order to ensure more effective acknowledgement of risk within papers a guidance document will be produced.

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9	Departmental Review of new or emerging risks. Risk assessment of business as usual risks are assessed annually by each department as part of the business planning process. Any new or emerging risks are added to the existing risks maintained in the department risk register which are then reviewed by the Executive Lead.	We selected three Department Risk Registers and tested to confirm whether new or emerging risks were considered. We did this by ensuring that there was regular review of the risk register by the Executive Lead. We found: • Health and Safety – Two high rated risks, frequency of review annual, with last review 21 November 2017. Given the function of the department and the fact that the SLT Terms of Reference requires a quarterly update on performance, an annual review does not seem appropriate to review for changes to existing new or emerging risks. • Corporate Communications – Two medium high rated risks, frequency of review four monthly, last reviewed on the 5 December 2017. Given that that the SLT's Terms of Reference requires a monthly update on performance a four-monthly review does not seem appropriate to assess for changes to existing new or emerging risks. • Human Resources – One very high and five High rated risks, five of the risks were overdue for review including the very high risk which was due for review 23 November 2017. The review frequency was three months for five risks and six months for one of the High risks. The SLT'S Terms of Reference required a quarterly update on performance, but given the problems with implementation of the HOBS HR system a three-month review period does not seem appropriate for all risks to ensure that changes to existing new or emerging risks are considered. There is a risk that changes to existing or the impact of new and emerging risks are not being considered by the Departments.	3	The SLT will ensure that the Executive Leads' review of strategic risks in JCAD aligns with the reporting frequency to the SLT meetings as stated in their Terms of Reference.	L	2	The Service Leadership Team and Department Heads.	30 June 2018	See above at 8. Departments should have new and emerging risks in their team meeting agendas, to include considering risks when any new legislation/change in the environment takes place or if there is a change in objectives/new piece of work. These will align with the department line managers on SLT reporting new or emerging risks as required. Equally, the SLT collectively should ensure that risks it identifies through its deliberations are taken up by individual SLT members and passed down to their departments as necessary.
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10	**Department Risk Register Structure** The SLT does not collectively review the very high risks from the Department Risk Registers.	We reviewed the very high and high risks in the all the Departmental Risk Register (not including the strategic risks) and identified that there were three very high risks and 13 high risks relating to 11 departments. Part of the role of the SLT is to review, monitor and ensure effective management of corporate risk, Currently the Risk Management Guidance states that department risks are handled by Departmental Managers. Currently there is no review of the very high and high risks included in the Departmental Risk Registers by the SLT to	3	A reporting mechanism will be established which will allow the SLT and appropriate Boards or Committees of the Commissioner to review the very high risks from the Departmental Risk Registers on a regular basis.	L	2	Service Leadership Team	30 April 2018	The risk strategy identifies risk reporting and risk escalation processes, which the SLT members should be clear on. This includes a risk appetite and tolerance to inform the basis of reporting.

		confirm the accuracy of the risk assessment and to assess the potential impact on Strategic Risk. There is a risk that SLT is not made aware of the risks facing the delivery of services.							

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11	Oversight by SLT. The SLT role is to ensure that that the corporate risk is reviewed, monitored and effectively managed corporate risk. This a key role as stated in their Terms of Reference and is carried out on a quarterly basis at their formal monthly meeting.	We confirmed from review of the minutes of the SLT meetings for 16 May 2017, 22 August 2017 and 21 November 2017 that a quarterly update on the Strategic Risk Register was included as an agenda item. We noted that the discussion did not extend further than to request the SLT to review the risks and controls. There was no systematic review or challenge of individual strategic risks by the SLT as a whole. Rather it was left to individual owners to manage to their assigned risk in isolation without input from the team. It is important that strategic risks are reviewed by all members of the SLT to ensure that assessment of risks is carried out utilising the skill set of the whole Team. The SLT is not currently fulfilling its role as stated in the Terms of Reference to review, monitor and ensure effective management of corporate risk. There is a risk that strategic risks, triggers and impacts are not clearly articulated or complete and identified controls are not effective in management of the risks.	3	The SLT will perform a systematic detailed review of each strategic risk in the Strategic Risk Register throughout the year to satisfy the requirements of their Terms of Reference.	L	2	Director of Protection Prevention and Response	30 April 2018	Risk management will now be a monthly agenda item for SLT.

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12	**Oversight by the Audit Committee.** The Strategic Risk Register is presented to the Audit Committee. The governance structure changed on 1 October 2017 from the Essex Fire Service to the Essex Police, Fire and Crime Commissioner Fire and Rescue Service. This has meant that the Strategic Risk Register was presented to Essex Fire Service at their final meeting on 6 was next reported to the Joint Audit Committee (Fire and Rescue) on 15 December 2017.	We reviewed the meeting minutes for the Joint Audit Committee (Fire and Rescue)'s first meeting on 15 December 2017. We confirmed that the Strategic Risk Register along with narrative was presented at the meeting. We reviewed the format of the Strategic Risk Register presented to the Audit Committee and noted that it did not include the following components that would assist in assessing the status of risks: • • Initial risk scores; • • current risk score (after controls applied); • • Target Score (risk appetite); previous risk score; • • direction of travel for risk; • • Details of controls or assurances for each control heading identified; • • Gaps in controls; and • • Action plans in place to close the control gap; and date that the report produced.	3	The SLT will review the format of the Strategic Risk Register provided to the Audit Committee, to ensure that it meets their reporting requirements.	L	2	Corporate Risk & Business Continuity Manager	30 April 2018	The Audit Committee appears to be satisfied with the revised Strategic Risk Register format. 6 April 2018). However, the Committee will wish to see properly articulated content. This must follow the SLT review of its risks. The format is an extension of the reporting available within JCAD. The SLT may wish to consider using this format for its own reporting.

	The Audit Committee's Terms of Reference form part of the Constitution of the Essex Police, Fire and Crime Commissioner Fire and Rescue Service. The Terms of Reference identify that the Audit Committee is tasked with oversight of the risk management and internal control framework operated bythe Chief Fire Officer and that a report summarising any significant changes to the Commissioner's risk and controls profile and any action planned in response is to be presented at each quarterly meeting.	We identified that the Committee had raised similar concerns over the current format and the content of the Strategic Risk Register, and that management would be taking these concerns forward. There is a risk that the Audit Committee may not be able to assess the status of the strategic risks if they do not have sufficient information.						

Area: Follow-up on Management Actions from 2016/17

No.	Control	Audit Findings & Implications		Action Requirement	Impact	Priority Grading	Responsible Person	Time Line	Progress Commentary
13	The SLT will complete the Risk Management Chart detailing linkage of Service's objective to risks.	We confirmed with the Director of Prevention Protection and Response that the SLT has not completed the Risk Management Chart detailing linkage of Service's objective to its Integrated Risk Management Plan and strategic risks. We understand that this was due to resourcing problems. However, this will be completed in 2018 as a dedicated resource has now been assigned to the task.	3	The SLT will complete the Risk Management Chart detailing linkage of Service's objectives to the Integrated Risk Management Plan and strategic risks.	L	2	Director of Prevention Protection and Response	31 December 2018	This has been allocated as an objective for Area Manager PPR Policy as a priority. It is acknowledged that this is a large but fundamental piece of work.