

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

13 OCTOBER 2014

1. **CORPORATE RISK UPDATE QUARTER 1 - 2014/15**

Report of the Chief Fire Officer.

RECOMMENDED

THAT the Committee approves the Corporate Risk Assurance Map Summary (Appendix 1) and notes the quarter 1 Position Statement (Appendix 2) for each risk.

2. **PURPOSE OF REPORT**

This quarterly update is provided to ensure Members remain informed about all aspects relating to the management of the Authority's corporate risks.

3. **BACKGROUND**

- 3.1 In accordance with the Service's risk management strategy, the Corporate Risk Assurance Map Summary is submitted for approval by the Audit Committee on a quarterly basis, following its submission and discussion at the Corporate Performance Review Meeting.
- 3.2 Corporate risks are those risks which if they occurred would seriously affect the Authority's ability to carry out its core functions or deliver its strategic objectives as set out in The Plan. Currently, the Service maintains 11 corporate risks.

- 3.3 Each corporate risk has assigned to it a Risk Owner, who is a member of the Strategic Enabling Team. The Risk Owner has the overall responsibility for monitoring and reviewing the progress being made in managing the risk.
- 3.4 To enable for effective risk management the Risk Owner will periodically undertake an assessment of each corporate risk. The frequency of this review will be based upon the estimated risk rating undertaken on the basis of likelihood x impact. The likelihood is a measure of probability of a given risk occurring using a scale of 1(low) to 4 (high). The impact is a measure of the severity or loss should the risk occur again, using a scale of 1 (low) to 4 (high).

LIKELIHOOD	4				
	3				
	2				
	1				
		1	2	3	4
		IMPACT			

	HIGH RISK - periodic review every 6 weeks
	MEDIUM RISK - periodic review every 3 months
	LOW RISK - periodic review every 6 months
	VERY LOW RISK - periodic review every 12 months

- 3.5 In order to ensure that Members are kept informed of corporate risk matters a Position Statement (Appendix 2) and the overall Corporate Risk Assurance Map Summary are attached (Appendix 1).
- 3.6 In undertaking a review of corporate risks, the Risk Owner has reviewed the Corporate Risk Assurance Map. The Assurance Map provides details of:-
- the strategic objectives and performance indicators relevant to the risk.
 - the current risk score.

- a description of events that could lead the corporate risk to be realised.
- the control measures in place designed to reduce the likelihood of risk realisation or its impact should the risk be realised.
- additional control measures currently being implemented to further reduce the likelihood or impact.
- Control Owners who are responsible for the implementation, maintenance and review of individual control measures.

3.7 As part of the review the Risk Owner has considered the risk score and rating and updated the Assurance Map. The Risk Owner has provided assurance that the control measures identified are still effective in the management of risk and identified whether any new risk events or controls have been implemented or are required.

3.8 Where ongoing additional controls are being implemented, Risk Owners have confirmed the progress in implementing such controls. Overall the risk scores remain unaltered from last quarter.

Refresh of 'The Plan' 2014/17

3.9 Members will be aware that at its meeting of 21 July 2014, the Fire Authority approved changes to its corporate strategy, 'The Plan 2014/17'. This refresh encompassed refining The Plan's strategic objectives in order to align and provide clarity of the Authority's commitment to its Service Delivery model. As part of this, the Authority has attuned The Plan to reflect its Service Delivery/ Support Structure in support of the recent structural changes recommended within the Principal Management review. A key component of an effective planning framework is to ensure that any review of the Plan is accompanied by a review of Corporate Risks to ensure they remain aligned to the priorities, strategic objectives and outcomes set out in The Plan.

This work has been undertaken and no change is required to Authority's Corporate Risks.

Principal Management Team Review

- 3.10 The role of 'Risk Owner', that is the individual responsible for assuring the effective management and control of each Corporate Risk set out on the Corporate Risk Assurance Map Summary (Appendix 1) out on the has been re-aligned and re-designated to reflect the recent review of the Principal Management Team and the recommendations approved by the Fire Authority on 21 July 2014.

Internal Audit Review of Risk Management Arrangements

- 3.11 In support of the Authority's governance statement, the Internal Audit function undertakes an annual review of the Authority's risk Management framework as part of the Internal Audit Plan. This year the Service's risk management arrangements set out in Corporate Risk 5, 'The Fire Authority would be unable to deliver the core objectives of preventing, protecting and responding effectively as a result of extensive disruption to normal working methods' was audited. As a consequence of this audit, a 'substantial assurance', the highest level of assurance that can be provided, was awarded in respect of its management and control of this risk. This is particularly pleasing as this risk sets out our arrangements for enabling business continuity of emergency response services during periods of industrial action. However, it should be noted that whilst our contingency arrangements have managed periods of industrial action to date, the resources available during these periods would cause the Service's response to become stretched should a significant incident or a number of incidents occur during these periods.
- 3.12 Internal Audit also noted as 'good practice' the approach of Controls Owners providing evidence as a means of assurance to support their risk judgements.

Three Lines of Assurance Model

3.13 Following recent discussions between the Deputy Chief Fire Officer and Audit Committee, the Service has revised its approach to providing assurance. Currently, the Service approach means that the highest level of assurance (the 3rd line) can only be provided by internal audit and external audit functions. However, in keeping with the principles of The Institute of Internal Auditor's 'The Three Lines of Defence in Effective Risk Management and Control' publication the Service's approach as to who can provide assurance at what level has been revised to reflect that:

- line 1 assurance is provided by the person or persons who have day to day operational responsibility for ensuring an effective control environment;
- line 2 assurance is provided by any internally recognised independent source of assurance, for example Station Self Assessment or internal review mechanism; and
- line 3 assurance is provided by internal audit, external audit, any assurance provided by an accredited body (investors in People, Health and Safety Executive etc) or Sector devised assurance model (Operational Assessment).

Position Statement

3.14 The Position Statement attached as Appendix 2 provides the detail of the risk management activity undertaken or ongoing in respect of Authority's eleven Corporate Risks for quarter 1 of 2014/15. The overall risk rating and scores remain unaltered this quarter when compared to the previous quarter. The Level of Risk Owner confidence in the effectiveness of the Service's risk management and control environment remains high with the following confidence opinions being awarded.

- Corporate Risks 1, 4, 7, 8, 9, 10, 11 and 13 have been awarded a green confidence (substantial) opinion, which is the highest level that can be awarded.

- Corporate Risks 2, 5, 6 and have been awarded an amber (satisfactory) confidence opinion. In all cases, work is in progress to enable for a green rating to be attained.
- No red (limited) confidence opinions were awarded.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out.

5. **LEGAL IMPLICATIONS**

The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

6. **FINANCIAL IMPLICATIONS**

There are no financial implications arising from this report.

BACKGROUND PAPERS

Internal Audit of Risk Management, June 2014.

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CHIEF FIRE OFFICER