



# RISK MANAGEMENT DEEP DIVE

## Your key considerations

# Risk management deep dive – your key considerations

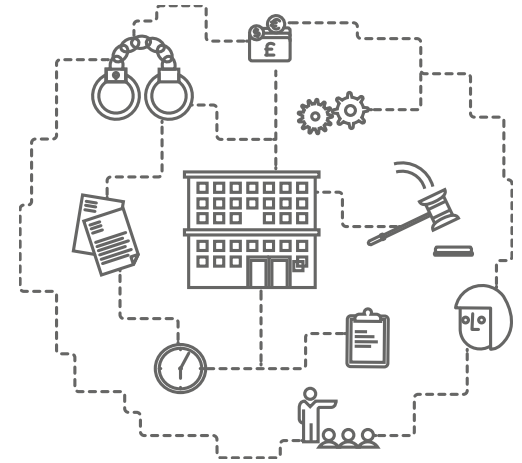
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# Why perform risk management deep dives?

## Purpose of risk deep dives

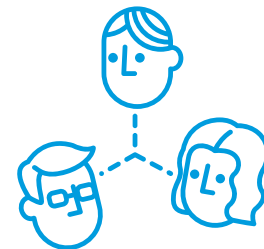
- Allow Audit Committees (or equivalent) to undertake a comprehensive review of a strategic risk.
- Allows for information in the strategic risk register to be elaborated upon, such as details on assurances around controls, as well as implications on the objectives, strategies and plans that are being pursued.
- Provide the opportunity to challenge the contents on the strategic risk register to ensure it is appropriate, in particular the effectiveness of the controls in place and the progress of actions to better improve the management of risk.
- Helps to determine if the current risk appetite remains appropriate.
- Assists in identifying further steps that may be required.
- Demonstrates that the Audit Committee take the management of risk seriously.



# Undertaking risk management deep dives

## Preparation for risk management deep dives

- Confirm deep dive language and communications – what does the Audit Committee mean by a deep dive? What is the objective? What outcomes are required?
- Create a deep dive scope - communicate this to those that will participate in the deep dive.
- Where does the deep dive take place? – as part of the Audit Committee meeting or outside?
- Agree strategic risks or topics to be discussed at Audit Committee (this can be undertaken in conjunction with the Board). Usually one per committee meeting and scheduled in advance.
- Audit Committee members to refresh themselves on the organisations current risk appetite prior to each risk deep dive. This will ensure that discussions and questions remain relevant and to the point.
- Agree who should attend the Audit committee and participate in the deep dive and why.
- Ensure the strategic risk information is up to-date.
- Audit Committee members to review the latest risk register in advance of the committee meeting to familiarise themselves with the particular risk subject to facilitate the deep dive.



# Risk management deep dive - coverage

## What you need to be able to explain

### Understand the strategic risk

- The strategic risk description, the current circumstances, drivers (or causes).
- The implications or effects of the strategic risk on the objectives of the business.
- Why the risk is scored as it is.

### Understand the effectiveness of the current controls and planned actions

- What current controls exist, how they are used to manage the risk and their effectiveness.
- What actions or planned activities are to be undertaken to help better manage the risk, progress made and outcomes.

### Understand the basis of assurance

- What assurances and evidence is available to support conclusions reached around controls effectiveness and progress / outcomes of actions.
- The cycle of management monitoring and review arrangements that are applied to the risk as part of reporting and oversight.
- Provide a forwards look, to the best of knowledge, as to how the risk and the controls etc might be affected by events on the horizon.



# Risk management deep dive – the area of risk

## Understand the strategic risk

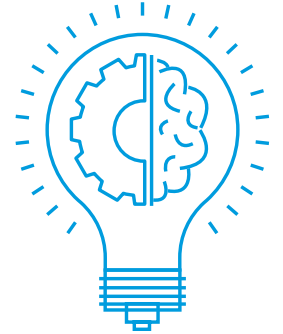
- Why was this strategic risk chosen for a deep dive?
- Why is the risk on the strategic risk register?
- **Context of the risk:**
  - alignment with corporate plan, projects, audit findings
  - recent problems/incidents
  - other underlying issues
  - consider the risk in context of sub risks, i.e. causes and consequences
  - emerging events or matters elsewhere (within / outside of the sector) that are a cause for concern.
- Have there been any changes to the above that have impacted the risk positively / negatively recently?
- Consider are assumptions realistic and can they be substantiated?
- How did the elements above influence the scoring of the risk? And does the risk score remain reasonable – inherently? residually and target?



# Risk management deep dive – current controls

## Understand the effectiveness of current controls

- What existing mitigating activities and / or controls are already in place? – if there are many focus on those that are key.
- Be clear about whether the mitigating activities/controls affect the likelihood of the risk occurring or if they help address the impact.
- Explain how you are assured that the mitigating activities take place and controls are in operation.
- Further explain how effective the mitigating activities and controls are by referencing to the risk assessment scores.
- Reference how the current risk assessment scores fit in with current risk appetite,
- Provide examples of realised benefits to demonstrate the effectiveness of the mitigating activities/controls.
- Be mindful if scores have changed since the last time Audit Committee reviewed the register, explain why.



# Risk management deep dive – planned actions

## Understand the effectiveness of planned actions

- How will these actions help improve the management of the risk?
- Reference how the current risk assessment scores fit in with current risk appetite and explain whether there is need for further activities or controls?
- And if not, why not?
  - Reference to realised benefits
  - Does effort/resources not outweigh further benefits, i.e. the risk assessment doesn't reduce significantly
  - Are there any limitations or constraints?
- If the risk assessment score needs to be reduced further, explain:
  - What you are going to do, and by when?
  - How will this affect the risk assessment scores both in terms of likelihood and impact?
  - What assurances will be available to confirm that the new mitigating activities / controls are effectively managing / minimising the occurrence of the risk?





# Risk management deep dive - assurances

## Understand the basis of assurance (existing controls / planned actions)

### What assurances exist?

- Who provides the assurance? What is the evidence base? How reliable is this?
- What is the frequency of this assurance?
- What are the outcomes of assurances provided? What does this tell us about the effectiveness of controls?
- What action is being taken to address weak levels of assurance? Or no where there are assurance gaps?



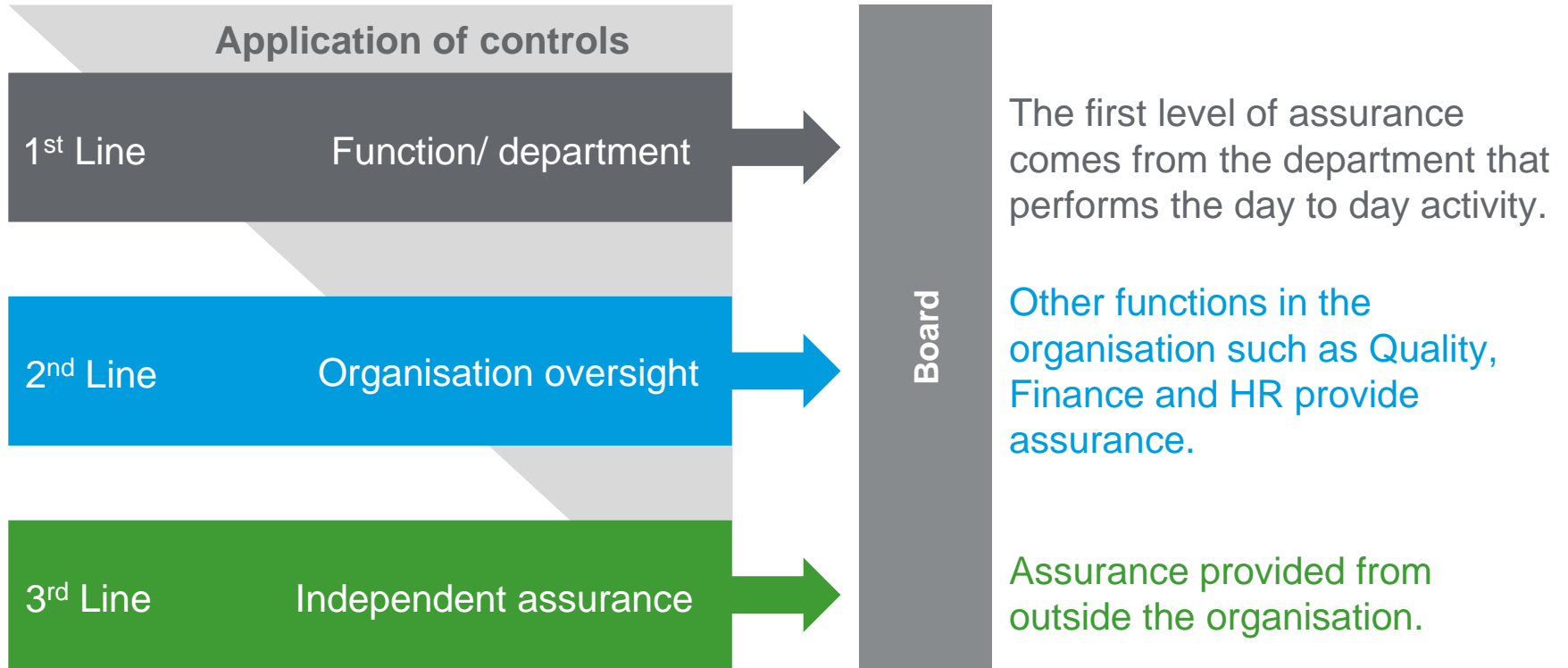
### What is the cycle of management monitoring and review of the risk, controls and actions?

- When does this occur?
- Who is involved? Is this management? Sub-committee?
- How does this take place? And what enquiries are made?
- What have been the outcomes to-date?

### How could this assurance provision change in the future?

- What future events within the business might impact on the risk, controls and actions? And what will be the impact when?
- What changes will be required to ensure the on-going management of the risk or assurance provision?
- How will this affect the risk assessment scores both in terms of likelihood and impact
- What will this mean to the business risk appetite? And decision making in the future?

# Who can give you assurance?



# Example board assurance template – three lines of assurance

9b. Board Assurance Framework Acad / Staff											
Risk Ref	Risk Title	Cause & Effect	Inherent Risk Score	Risk Control	Control Assurance (Department)	Control Assurance (Management)	Control Assurance (Independent)	Overall Assurance Strength of Control	Residual Risk Score	Action Required	Progress Notes
STAFF 1	Insufficient staff development and retention <b>Risk Owner:</b> Mrs H Jones <b>Risk Lead:</b> Mr C Smith <b>Last Updated:</b> 04 Nov 2021 <b>Latest Review Date:</b> 02 Mar 2021 <b>Latest Review By:</b> Mr C Smith <b>Last Review Comments:</b> Risk reviewed at Team Meeting and no updates made	<b>Cause</b> - Appraisal and performance management arrangements are not consistent - Unable to provide appropriate training and development opportunities - Insufficient resources to deliver training - Can't get staff out of day job to deliver training  <b>Effect</b> - Low standards of teaching and education. - High staff turnover / Shortage of staff. - Reputational damage - Difficulties in recruiting	I = 5 L = 5 25	Action Plans in place for all staff to further develop career <b>Control Owner:</b> Ms T Carter	All staff 1-1's carried out and reported into HR	HR report into Committee each meeting on progress	External Consultant used to support and review process	Adequate Assurance Date: 12 Jan 2021 Assurance By: Mr N Brown	I = 5 L = 2 10	Bring in an external HR specialist to undertake an independent survey across all staff on their views around the support and training. <b>Person Responsible:</b> Mr C Smith <b>To be implemented by:</b> 31 Jul 2021	<b>25 May 2021</b> <b>Ms T Carter</b> Shortlist down to 3 - decision to be made end June 21 <b>02 Mar 2021</b> <b>Mr C Smith</b> Contact has been made with a number of organisations and will discuss at next working group meeting March 2021
				All staff provided with personal training and development plan <b>Control Owner:</b> Mrs H Jones	Training and development plans reviewed termly with management and HR	Update report taken to Management Team termly	External staff survey results provided by ABC Ltd	Adequate Assurance Date: 12 Jan 2021 Assurance By: Mr N Brown			
				Annual Appraisal Processes in place for each member of staff that will include staff development plan that will be monitored throughout each year <b>Control Owner:</b> Mrs H Jones	All appraisals held centrally in HR and reviewed annually	Update report taken to Management Team termly	Internal Audit review of appraisals annually	Limited Assurance Date: 12 Jan 2021 Assurance By: Mr N Brown			
				Experienced in-house training and development team in place to support all staff on their specific needs. <b>Control Owner:</b> Mr C Smith	HR team includes mix of experienced and specialist staff to deliver the programme	Management team review the process ensuring we have the right skills mix in place	Internal Audit review carried out across the HR team including the effectiveness of the HR team to deliver the training	Substantial Assurance Date: 12 Jan 2021 Assurance By: Mr N Brown			
										Ensure all staff appraisals are carried out annually in line with policy <b>Person Responsible:</b> Mr N Brown <b>To be implemented by:</b> 02 Aug 2021	<b>25 May 2021</b> <b>Ms T Carter</b> Action on target and will be completed on time <b>12 Jan 2021</b> <b>Mr N Brown</b> 1st review carried out to determine who has not had an appraisal – action on track

# Risk management deep dive – challenge

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## Provide appropriate challenge (examples)

- How satisfied are you that the strategic risk is accurately described?
- What is the risk appetite for this risk? And why?
- How well is this risk understood within the wider business? How can this be evidenced?
- How content are you that the controls identified manage the risk? And what is this based on? How can this be evidenced?
- How satisfied are you that the planned actions will improve the management of the risk? And how content are you with the progress of actions? How can this be evidenced?
- What changes do you foresee that could impact on this risk and how?
- What further assurances could be obtained / would you like to obtain?
- Beyond what is already identified what further could be done to better manage or control the risk?

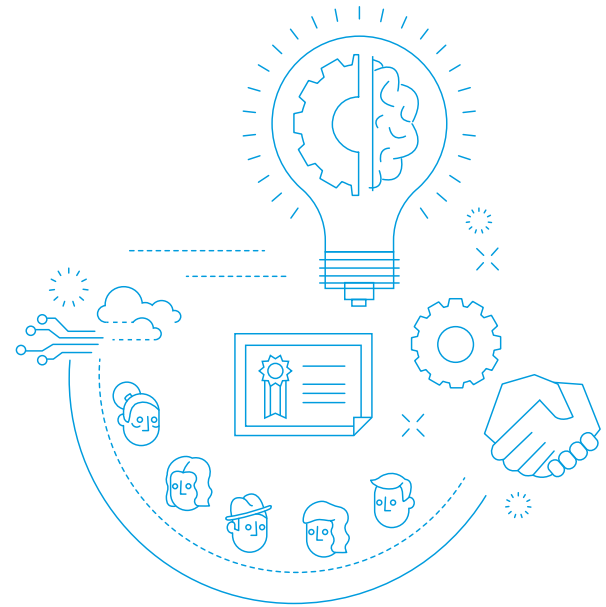


**Document outcomes, assign actions, follow up.**

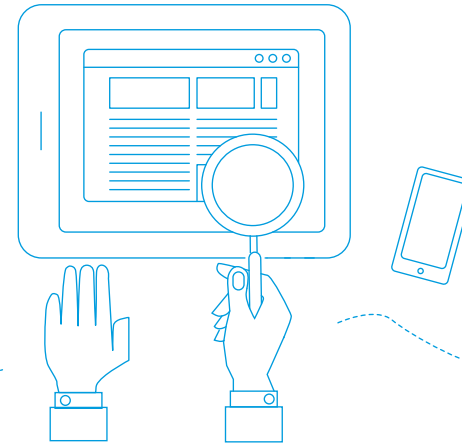
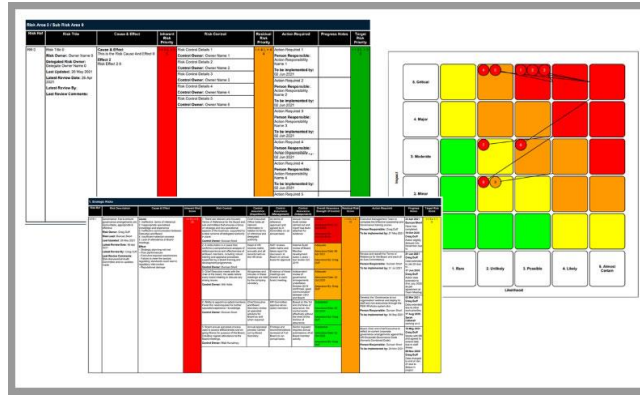
# Risk management deep dive - summing up

## Key steps

- 1) Be clear on the purpose and approach of the deep dive.
- 2) Make suitable preparations for a deep dive.
- 3) Focus the deep dive on a strategic risk or matter.
- 4) Understand (explore) the effectiveness of current controls that manage the risk.
- 5) Understand (explore) the effectiveness of planned actions.
- 6) Understand (explore) the basis of assurance
- 7) Provide appropriate challenge.
- 8) Document outcomes – actions to be taken, communicate and follow up.



# Visibility and oversight



## STR 1 - Governance:

Fail to ensure governance arrangements are accountable, appropriate & effective.

Cause and Effect	Existing Controls	Action Required	Notes/Risk Events	Strength of Controls	History
<b>Control Status:</b> Existing					
Risk Control	Assurance Given	Assurance Date	Strength of Control	Assurance Line	
1. There are relevant and focused Terms of Reference for the Board and sub committees that ensures a focus on strategic and key operational aspects of the business, supported by a clear scheme of delegated authority in place	Yes	19/01/2021	Limited	Management	<a href="#">View Details</a>
2. A skills matrix is in place that confirms a comprehensive analysis of skills/experience and effectiveness of all Board members, including robust training and appraisal processes supported by a Board training and development programmes	Yes	06/04/2021	Adequate	Overall Assurance	<a href="#">View Details</a>
3. Chief Executive meets with the chair of the board, the week before every board meeting to discuss any arising issues.	Yes	20/10/2020	Adequate	Overall Assurance	<a href="#">View Details</a>
4. Ability to appoint co-opted members if ever the need required for further specialist experience / knowledge.	Yes	20/10/2020	Substantial	Overall Assurance	<a href="#">View Details</a>
5. Board annual appraisal process used to assess effectiveness and on going fitness for purpose of the Board, including regular attendance to the Board meetings.	Yes	20/10/2020	Substantial	Overall Assurance	<a href="#">View Details</a>

## Insight4GRC



A complete picture of your risk management in real-time

[www.insight4grc.com](http://www.insight4grc.com)

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Strong collaborative relationships based on a genuine understanding.

## TAKING ACTION TO MANAGE RISKS AND DRIVE IMPROVEMENT

Responding effectively to internal audit management actions

February 2024

**THE POWER OF BEING UNDERSTOOD**  
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# TAKING ACTION TO MANAGE RISKS AND DRIVE IMPROVEMENT

## Understanding risks and implications

In delivering a risk based internal audit plan and in covering the breadth of organisational processes, beyond financial risks, internal audit is key in informing senior management and audit committees (or equivalent) of how well the organisation's systems and processes are operating. In evaluating an organisation's risk management, internal audit highlights exposures and agrees management actions, which if implemented, enable an organisation to be better placed to achieve its objectives.

In developing the risk based internal audit plan effective collaboration between senior management, audit committee and the internal audit provider is key. This enables a suitable breadth of internal audit coverage across organisational risks to be achieved. Ensuring there is internal audit coverage in areas where there have been procedure or system changes is natural and helps to manage risks. At RSM, we provide an agile internal audit plan, responding quickly and flexibly to emerging areas of risk and assurance needs across our clients.



## Key considerations for auditees – line management and Audit Sponsor

- At the assignment planning stage, management should raise any concerns or areas where they need specific assurance with internal audit at the outset. By actively discussing potential areas of concern or weakness in the area being audited will help to ensure the review focuses on the right areas, and where assurance is needed, in light of the associated risks.
- Following discussion on the scope of the review, management will receive an APS six weeks prior to the audit commencing. The Audit Sponsor (usually a senior executive) should review the APS and raise any amendments or proposed changes to the scope on a timely basis. The audit will be performed in line with the agreed APS, so it is essential that the Audit Sponsor is comfortable with the scope of the audit being proposed.

- Internal audit will want to be sure their review focuses on where assurance is required but naturally there will be limitations, detailing areas outside of scope. Effective communication is key, as given the associated risks management may find it beneficial to use contingency resource to bring more areas within the audit scope.
- At the start of the review all information and access to systems should be available to internal audit to enable effective use of time and to ensure the review does not over-run. The opening meeting should also be used to share any management concerns that may have come to light following initial scoping.

## Internal audit: RSM's approach



## Key considerations for auditees – line management and Audit Sponsor

- Following fieldwork, internal audit will hold a debrief meeting. To have an effective debrief meeting it is essential that organisations field the right individuals to attend the debrief to ensure that both detailed operational and wider strategic implications can be considered.
- The management actions agreed at the internal audit debrief stage will be captured in Management Action Implementation Plans set out in the draft internal audit report. This plan should set out the required action needed, identify action owners, resource requirements, the priority and include specific implementation timescales. This draft report stage gives management the final chance to sense check that they are happy with the agreed management actions in terms of the action needed, its ability to address the weakness identified and the achievability of the action in terms of implementation and timescale.
- Implementation dates should be realistic, achievable in light of time and resource availability, and link to the severity or categorisation of the action raised.

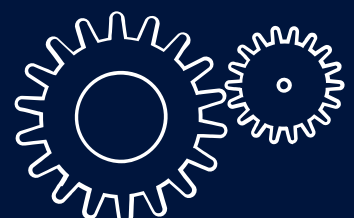


- Risks being explored by the audit.
- The audit findings. What have internal audit looked at and tested? Are any weaknesses identified by internal audit related to an absence of control, a poor design of control or a lack of compliance with an existing control?
- The implications of the weakness identified by internal audit. Has the risk actually occurred or is it a potential risk? What could go wrong? Is there a potential risk of:
  - an organisational objective will not be achieved;
  - operational delivery may be impacted;
  - loss of resource, income or unnecessary expenditure or poor value for money;
  - loss of assets;
  - reputational damage;
  - regulatory or statutory breach; or
  - fraud or irregularity etc.
- Does the understanding of the system by internal audit fit with the view of the system that management have? Have internal audit been made aware of any compensating control that may be in place which will address the risk and control weaknesses identified by internal audit?

- Consider the solutions to the problem. Some internal audit providers will impose 'recommendations' on their view of the action that the organisation must take to mitigate and control the risk identified.

The RSM approach is to discuss the issues and weaknesses with management and jointly agree practical, pragmatic, achievable and cost effective 'management actions' that will address weaknesses. It is important that management engage with this process to agree and ensure the actions are achievable and the timescales are realistic given other work and resource pressures.

- Are the solutions identified practical and sustainable? Can management carry on doing it, building it into workflows or will the solution lapse over time?
- What evidence will there be to demonstrate improvement? When considering the solutions and developing the management actions, the organisation needs to consider how their implementation will be evidenced or demonstrated.



## Key considerations for auditees

- The process for tracking management actions should be clearly defined, with set procedures communicated to managers, and timescales adhered to. Communication is key, as any process and timelines should have reference to the internal audit plan and any scheduled follow-up engagements.
- Where actions are reported as complete, evidence needs to be captured. This helps ensure the action has been implemented as expected and it has addressed the control weakness previously identified. This is an important consideration as internal audit may not follow-up every management action agreed in light of time and resources.
- Action tracking software for a full audit trail, assigned action owners, and real time reporting is beneficial. Dashboards can provide high level summaries and facilitates effective reporting to audit committee. Ideally, management reporting should include recommendations from other assurance providers in addition to internal audit.

## Cost and benefits

Assurance comes at a cost and whether internal audit is mandated in your industry or not, organisations are rightly looking to maximise value and ensure efficiency. Ultimately, all organisations should be sighted on the effectiveness of their governance, risk management and internal control processes. With a suitable breadth of coverage, internal audit helps organisations to achieve their objectives, to improve processes, and identify efficiencies. Yet, this is only achieved through taking action.

## Key considerations for auditees

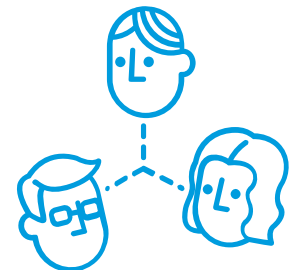
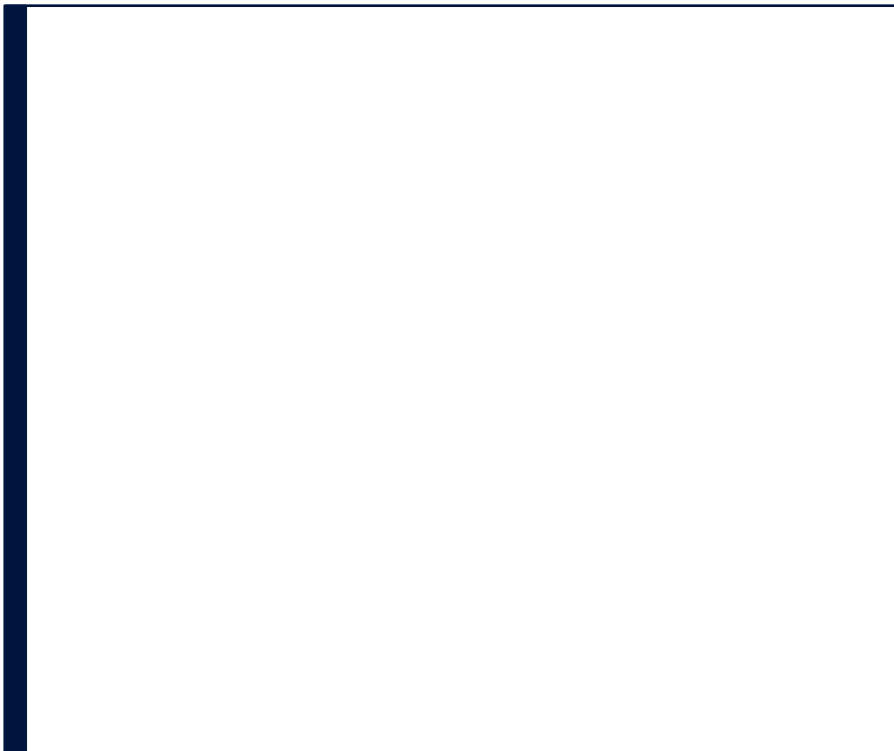
- The internal audit plan should be kept under review and adapt to changes in the organisation's risk profile. Working collaboratively with internal audit ensures the internal audit strategy responds flexibly and quickly to an organisation's changing assurance needs, and that assurance is always focused on the right areas.
- Organisation's should effectively monitor the implementation of management actions and implementation plans, and by working collaboratively with internal audit, greater efficiency can be achieved. Where actions have not been taken, senior management and the audit committee will need to be comfortable with the level of risk exposure this presents.
- In identifying control weaknesses, internal audit will have found systems and processes requiring improvement. Implementing management actions mitigates the associated risks, provides assurance to stakeholders and helps to support compliance with regulatory requirements and legislation.



## Internal audit follow-up reviews

Through follow-up, internal audit independently assesses the implementation of actions agreed with management, obtaining evidence of actions completed and those that are outstanding (either fully or partially). As part of our follow-up reviews, we set out whether there has been good, reasonable, little or poor progress in implementing actions.

### Key considerations for auditees

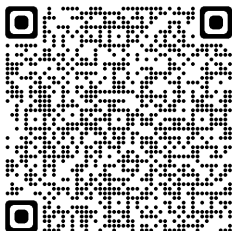


## Summary

With the reach, authority and independence of internal audit, organisations have a much better understanding of the nature of their risks and the effectiveness of the control environment. The conclusions reached will be based on triangulation of evidence and appropriate testing, providing for a strong evidence base. As such, the findings from our internal audit reviews and subsequent implementation of management actions are key to enhancing the internal control, governance and risk management of the organisation. It provides comfort to senior management and the audit committee that risks are being managed and that action is being taken by management to strengthen control weaknesses.

# HOW RSM'S 4ACTION™ CAN HELP CLIENTS

4action™ part of RSM's Insight4GRC software suite, is a powerful action tracking software system that helps ensure your agreed management actions and tasks are tracked and their performance monitored.



## Key features

- A full audit trail of all assigned actions and tasks.
- Extensive dashboards enable the identification of areas of weakness.
- Break actions down into stages.
- Flexible onscreen reporting.
- Track assigned actions and tasks all from a single simple interface.
- Automatic email reminders ensure users are prompted to update their actions.

## 4action

<https://youtu.be/xEuFSwzbzvw>

### INSIGHT4GRC

Insight4GRC ([www.insight4grc.com](http://www.insight4grc.com)) is RSM's proprietary digital governance, risk and compliance solution.

We have over 300 organisations that licence and use one, some or all, of the Insight4GRC modules, being 4risk, 4action, 4policies and 4questionnaires. Insight4GRC provides management with real time information in connection with the identification, assessment and management of risks, the communication and acceptance of policies and the distribution and tracking of actions.

To find out how Insight4GRC can help you better manage your organisational risks contact [matthew.humphrey@rsmuk.com](mailto:matthew.humphrey@rsmuk.com).

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# Global Internal Audit Standards

February 2024

# GLOBAL INTERNAL AUDIT STANDARDS

The Global Institute of Internal Auditors (the IIA) published the new Global Internal Audit Standards on 9 January 2024, following an extensive consultation in 2023. The Standards provide a new structure with their arrangement under five domains. There is also more emphasis on the working relationship of internal audit, the Board / audit committee and senior management. The Standards become effective from 9 January 2025.

This is the first in a series of papers which will be issued over the year, looking at the impact of the Standards on the provision of internal audit services and what this means for audit committees and senior management at clients.

The Standards five domains.

- I. Purpose of Internal Auditing.
- II. Ethics and Professionalism.
- III. Governing the Internal Audit Function.
- IV. Managing the Internal Audit Function.
- V. Performing Internal Audit Services.

Across the domains are 15 Principles and 52 Standards, and include requirements, considerations for implementation, and examples of evidence of conformance. The new International Professional Practices Framework (IPPF) includes the Standards, topical requirements and global guidance.

This briefing provides a summary of the main changes and implications of the new Standards for audit committee members and senior managers, who are responsible for overseeing and supporting the internal audit function in their organisations.

## IMPACT OF THE NEW STANDARDS ON CLIENTS

The Standards provide a framework for the practice of internal auditing and help ensure that internal auditors adhere to the highest standards of professionalism and ethics. This can help organisations improve their risk management, control, and governance processes, leading to better decision-making and overall performance.

As an audit committee, members play a vital role in ensuring that the internal audit function adheres to the Standards and fulfils its mandate effectively and efficiently. Audit committee members and senior management should be familiar with the new Standards and their implications. Communication and collaboration, whilst maintaining independence, is key to enable internal auditors to implement and comply with the new Standards.

## KEY CHANGES AND UPDATES IN SUMMARY

The new Standards represent an evolution and are organised to provide clear structure and visibility. Whilst there have been changes across the Standards, including to the glossary, below we summarise some of the key inclusions and updates.

- The value of internal audit is articulated in a purpose statement, combining the mission and definition from the 2017 IPPF.
- Behavioural expectations of internal auditors, including the requirement for professional scepticism are set out within domain II, which incorporates the former Code of Ethics and attribute standards.
- Domain III Governing the Internal Audit Function represents a significant change. The requirements for internal audit are followed by essential conditions for boards / audit committees and senior management. These essential conditions enable the internal audit function to be effective. Internal audit has always needed the support of the board / audit committee and senior management, and this is explicit within the Standards.
- An internal audit mandate is required and must be approved by the board / audit committee. To be documented within the internal audit charter, the mandate sets out the authority, role, responsibilities, scope and types of services (often defined as assurance or advisory) to be provided by internal audit.
- Chief audit executives (or heads of internal audit) are required to develop and implement a strategy detailing the vision, strategic objectives and related initiatives for the internal audit function. This should align with board / audit committee, senior management and key stakeholder expectations.
- In alignment with the 2017 Standards, conclusions from internal audit engagements must be communicated to the board / audit committee and senior management. Themes emerging across reviews in relation to governance, risk management and internal control can also be reported.
- Guidance on applying the Standards in the public sector is now provided.

## ALIGNING WITH THE STANDARDS

Having reviewed the requirements of the new Standards, our internal audit services align with the intent of the Standards. As we continue to evolve our services, our internal audit reports and charter will be refreshed. In due course, our internal Quality Assurance Department will also be undertaking reviews, which align with the new Standards. In adherence to the Standards, RSM will continue to undergo an external quality assessment (EQA) every five years. Our next EQA is due to take place in 2026.

Integrity, objectivity, competency, due professional care and confidentiality remain integral to how we provide internal audit services. The behaviours we uphold are supported through our policies, manuals and training. Through our internal training courses, supporting our internal auditors through professional qualification and undertaking continuous professional development we develop our people, 'growing our own'.

## CONCLUSION

The new Standards are designed to help internal auditors deliver value-added services to their stakeholders, by providing assurance, insight, and advice on the organisation's performance, risk management, internal control and governance. The new Standards also aim to enhance the quality, credibility, professionalism, and reputation of internal audit globally and serve as a consistent basis for evaluation.

During the year, we will be sharing further information and guidance to audit committees and senior management on the requirements of the Standards as we move through this year of transition. We will be covering the following topics.

- Internal audit service delivery and any enhancements following the introduction of the new Standards.
- Standard requirements for consideration by the audit committee and senior management.
- Impact of the new Standards on quality assurance.



## FURTHER INFORMATION

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# Emerging Risk Radar

Emerging risk considerations

January 2024

# Emerging Risk Radar: January 2024

**Given your strategic objectives what do you see as the emerging events or threats that could impact your business either negatively or positively and that you believe should be watched?**

The emerging risk radar is based on 194 survey responses from board members and professional advisors from across all industries (over the last 6 months).

## Key emerging risks in summary:

- New emerging risks in the form of reduced availability and access to public services due to demand and under-investment, increasing weather pattern shifts, and reduced business investment as a result of macro-economic conditions including geopolitical challenges.
- Many emerging risks are becoming more prevalent, such as shortages in people skills and experience, targeted cyber-attacks and the impacts of artificial intelligence (AI).
- The top 3 most prevalent emerging risks being:
  - i. Change in government and political instability.
  - ii. Shortages in people skills and experience available.
  - iii. Economic slow-down resulting from reduction in income through reduced spending.

## Emerging risk considerations:

- What do you see as the emerging risks? How far will these emerging risks affect your business?
- How far will these emerging risks play through into your existing strategic risks? How far will they change the way you currently manage your strategic risks?
- How will you respond? How will you continue to keep under review the emerging risks?

## Emerging Risk – Why? And What?

### Why?

The board should establish and keep under review the risk and internal control framework and determine the nature and extent of the principal risks it is willing to take to achieve its strategic objectives.

### What?

An emerging risk might be defined as:

a new or unforeseen level of uncertainty driven by external events – the risk may still be forming, and it may not be clear as to the implications for the business, be these negative or positive.

To be watchful of these emerging risks and how they might play through is an important element of preparedness and the business management of risk. We have framed the emerging risks as:

- **Most prevalent** being emerging risk themes that were more regularly being identified in responses;
- **Keep monitoring** to represent those emerging risk themes that occupied a deemed mid-range in prevalence in responses; and
- **Worth watching** being those emerging risk themes that were less prevalent.

However, all of these emerging risk themes are constantly evolving and shifting, and so are all worthy of consideration.





## Most prevalent

- 2.1 Change in government and political instability leading to changes in policies affecting all businesses, sectors and individuals – potential for increasing government interference in business (corporate and not for profit). **(Priority #1)**
- 7.1 Shortages in skills and experience - reduced investment in staff development, temporary contracts becoming more frequent, reduced pool of experienced / skilled staff available with constant movement between employers (who pays the most) versus increasing lack of commitment to longer term career. **(Priority #2)**
- 5.1 Economic slow-down resulting from reduction in income through reduced spending by consumers or reduced spending by government / public sector. **(Priority #3)**
- 5.2 Reduced investment in research and development as businesses take a short-term approach and focus on business as usual (reducing agility and innovation) due to macro-economic conditions including geo-political challenges. **(Priority #4)**
- 4.1 Cyber-attacks increasing in frequency and complexity. Unable to sufficiently invest in defence – attacks more disabling, coupled with loss of data in serious targeted attacks. **(Priority #4)**
- 4.2 Impact of artificial intelligence both positive and negative implications – still largely unknown what this may mean for business (all sectors) and employees. **(Priority #4)**
- 6.1 Shifts in inflation, interest rates, salaries and wages, energy costs etc creating financial forecasting and planning uncertainties. **(Priority #4)**
- 2.2 Geo-political instability, including fall-out from and expansion of conflicts eg the Middle East, the US Elections, Ukraine / Russia, relationships with China, North Korea aggression, terror organisations etc and the influence on society. **(Priority #5)**
- 8.1 Tick box governance – ‘Don’t walk the talk’. Lack of transparency in decision making, conflicts of interest justified, and loss of accountability. **(Priority #5)**
- 3.1 Engaging effectively with the Green Agenda including lack of finance and resources to commit to the environment and sustainability. Ability to meet green agenda targets (coupled with potential for Green Washing). **(Priority #6)**

## Keep monitoring

- 1.1 Availability and effectiveness of public services are reduced due to under investment, lack of resources and increased demand from the public. **(Priority #7)**
- 5.3 Reduced competition in the market – several dominant players creating less suppliers and less buyers, and overall reduced markets. **(Priority #7)**
- 6.2 Availability of supplies leading to increased costs across all ranges of materials. **(Priority #7)**
- 8.2 Maintaining board member capacity and capability - fitness for future, including availability of non-executives for appointment and hold modern world insights. **(Priority #8)**

## Worth watching

- 2.3 Ability to effectively respond to new legislation - legislation and regulation being rushed, not thought through and used by government to create change (with out-of-date regulators). **(Priority #9)**
- 1.3 Societal tensions stemming from, by example, racial, ethnicity, diversity, wealth, age, and cultural extremes. **(Priority #9)**
- 1.2 Increasing awareness of mental health and physical well-being issues stemming from post pandemic fall-out, increasing poverty, access to and quality of housing eg damp and mould hazards. Impacting on public services and employers. **(Priority #10)**
- 3.2 Increasing weather pattern shifts / extreme weather impacting the UK (and globally) – storms, floods, temperature changes impacting supplies and productivity . **(Priority #11)**

# Emerging Risk Radar January 2024

## Societal and Community

- 1.1 Availability and effectiveness of public services are reduced. **(Priority #7)**
- 1.2 Increasing awareness of mental health and physical well-being issues. **(Priority #10)**
- 1.3 Societal tensions stemming from, by example, racial, ethnicity, diversity, wealth, age, and cultural extremes. **(Priority #9)**

## Governance

- 8.1 Tick box governance – ‘Don’t walk the talk’. Lack of transparency in decision making, conflicts of interest justified, and loss of accountability. **(Priority #5)**
- 8.2 Maintaining board member capacity and capability – fitness for future. **(Priority #8)**

## Economic and Financial

- 6.1 Shifts in inflation, interest rates, salaries and wages, energy costs. **(Priority #4)**
- 6.2 Availability of supplies leading to increased costs across all ranges of materials. **(Priority #7)**

## People Resources

- 7.1 Shortages in skills and experience - reduced investment in staff development, temporary contracts more frequent, reduced pool of skilled staff with movement between employers and increasing lack of commitment to longer term career. **(Priority #2)**

## Political, Policy and Regulation

- 2.1 Change in government and political instability. **(Priority #1)**
- 2.2 Geo-political instability, including fall-out from and expansion of conflicts and the influence on society. **(Priority #5)**
- 2.3 Ability to effectively respond to new legislation. **(Priority #9)**

## Environmental

- 3.1 Engaging effectively with the Green Agenda including lack of finance and resources to commit to the environment and sustainability. **(Priority #6)**
- 3.2 Increasing weather pattern shifts / extreme weather impacting the UK (and globally). **(Priority #11)**

## Technological

- 4.1 Cyber-attacks increasing in frequency and complexity. **(Priority #4)**
- 4.2 Impact of artificial intelligence both positive and negative implications. **(Priority #4)**

## Commercial

- 5.1 Economic slow-down resulting from reduction in income through reduced spending. **(Priority #3)**
- 5.2 Reduced investment in research and development due to macro-economic conditions. **(Priority #4)**
- 5.3 Reduced competition in the market. **(Priority #7)**



# Risk movement and direction of travel

We identify the emerging risk themes where there has been movement since summer 2023.

2.1	Change in government and political instability. (Priority #1)	➤	1.1	Availability and effectiveness of public services are reduced. (Priority #7)	New
7.1	Shortages in skills and experience - reduced investment in staff development, temporary contracts more frequent, reduced pool of skilled staff with movement between employers and increasing lack of commitment to longer term career. (Priority #2)	⬆️	5.3	Reduced competition in the market. (Priority #7)	➤
5.1	Economic slow-down resulting from reduction in income through reduced spending. (Priority #3)	⬆️	6.2	Availability of supplies leading to increased costs across all ranges of materials. (Priority #7)	⬇️
5.2	Reduced investment in research and development due to macro-economic conditions. (Priority #4)	New	8.2	Maintaining board member capacity and capability – fitness for future. (Priority #8)	New
4.1	Cyber-attacks increasing in frequency and complexity. (Priority #4)	⬆️	2.3	Ability to effectively respond to new legislation. (Priority #9)	➤
4.2	Impact of artificial intelligence both positive and negative implications. (Priority #4)	⬆️	1.3	Societal tensions stemming from, by example, racial, ethnicity, diversity, wealth, age, and cultural extremes. (Priority #9)	⬇️
6.1	Shifts in inflation, interest rates, salaries and wages, energy costs. (Priority #4)	⬇️	1.2	Increasing awareness of mental health and physical well-being issues. (Priority #10)	➤
2.2	Geo-political instability, including fall-out from and expansion of conflicts and the influence on society. (Priority #5)	➤	3.2	Increasing weather pattern shifts / extreme weather impacting the UK (and globally). (Priority #11)	New
8.1	Tick box governance – lack of transparency in decision making, conflicts of interest justified, and loss of accountability. (Priority #5)	⬆️			
3.1	Engaging effectively with the Green Agenda including lack of finance and resources to commit to the environment and sustainability. (Priority #6)	⬆️			

Direction of travel

- Consistent
- ⬆️ Increasing
- ⬇️ Decreasing

# Emerging Risk Radar July 2023 Recap

## Societal and Community

- 1.1 Societal changes – including increasing poverty, crime, influencers, extremes creating new stakeholder pressures. **(Priority #6)**
- 1.2 A further pandemic and implications there on, as well as knock on effects of Covid-19 pandemic. **(Priority #14)**
- 1.3 Resilience of individuals, ensuring on-going well-being, including mental and physical health. **(Priority #15)**

## Governance

- 8.1 Governance status undermined by behaviours, actions, comments or decisions made which may not be appropriate / transparent associated with board members, business leaders, staff and individuals or by associated organisations. **(Priority #11)**

## Economic and Financial

- 6.1 Inflation and effects of increasing costs of services on business and individuals. **(Priority #2)**
- 6.2 Reductions in funding and likely less spending by UK government impacting business. **(Priority #3)**
- 6.3 Fuel and energy crisis – access to and availability of energy and increasing costs **(Priority #12)**

## People Resources

- 7.1 Labour availability (experienced and skilled) – being able to recruit, develop and retain the right staff. **(Priority #4)**

## Political, Policy and Regulation

- 2.1 Political instability resulting in change in political priorities, policy changes and reform. **(Priority #1)**
- 2.2 Geo-political tensions, including fall-out from the war in Ukraine and splinter territory conflicts in the same region (central and eastern Europe), coupled with potential for escalation of conflicts involving China and North Korea. **(Priority #5)**
- 2.3 Increasing levels of legislation and regulation affecting businesses. **(Priority #13)**

## Environmental

- 3.1 Climate change and sustainability implications both positive, eg opportunity to fully embrace green agenda and leverage off this and negative, eg greenwashing and costs of meeting targets. **(Priority #9)**

## Technological

- 4.1 Cyber-attacks – increasingly more aggressive and more frequent. **(Priority #7)**
- 4.2 Keeping up and taking advantage of advances in technology (versus cost of investment) including use of artificial intelligence. **(Priority #8)**

## Commercial

- 5.1 Deterioration in supply chains – challenges in ensuring continuity and quality in an extended supply chain. **(Priority #10)**



## Further information

### Insight4GRC™

RSM's Governance, Risk Management and Compliance Digital Solution.

4risk: <https://youtu.be/12NyJhSNK3o>

4action: <https://youtu.be/xEuFSwzbzvw>

4policies: <https://youtu.be/ufXYt1juwhA>

4questionnaires: <https://youtu.be/NW17EoRJsjs>

[Boredom in the Boardroom: The RSM NED Network | RSM UK](#)



[www.insight4grc.com](http://www.insight4grc.com)



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# Emergency Services News Briefing

March 2024





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In this edition of our news briefing, we draw attention to some of the key developments and publications in the sector, with a particular focus on the challenges and pressures faced by the police and policing conduct, as well as a new fire and rescue data management framework.

# Police

## Outcome following independent investigations report 2022/23

The Independent Office for Police Conduct (IOPC) has published its independent investigations report for 2022/23. There were 312 investigations undertaken by the IOPC, of which 116 conduct matters involved 232 police officers and staff. Of the 116 completed investigations relating to conduct, 48 were also criminal investigations, leading to 33 referrals to the Crown Prosecution Service (CPS). There were also 87 misconduct proceedings in the year, of which 70 were proven cases. A total of 18 officers or staff faced criminal proceedings, with 11 either pleading guilty or at trial were found to be guilty.

## Police must apply safeguards and improve scrutiny to minimise harm when using stop and search

HM Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) has published a report to reduce harm in the use of stop and search powers, and to improve understanding of their effectiveness. The Criminal Justice Alliance raised a super-complaint highlighting concerns over the damage caused by 'suspicion-less' section 60 stop and searches and the insufficient oversight of all stop and search powers. Following a joint investigation into these concerns, HMICFRS, the College of Policing (CoP) and the IOPC revealed that police forces must improve how they clarify and assess their use of section 60. The [report](#) makes 10 recommendations, including that chief constables ensure that:

- officers are aware of and adhere to their duty to protect children who are stopped and searched;
- forces communicate openly and effectively with communities regarding the use of section 60 stop and search powers; and
- briefings on section 60 operations 'are recorded and are subject to scrutiny.'



### Questions for committee's consideration

- How does your organisation compare to the findings within the investigation report and are learnings being disseminated?



### Questions for committee's consideration

- What steps have been taken to complete the recommendations within the report?



## Update on activism and impartiality in policing inspection

HMICFRS has published a letter outlining the initial findings of its inspection into activism and impartiality in policing. Key findings so far include:

- all 43 police forces 'recognise their responsibilities under the Equality Act 2010' but equality impact assessments are not always complete or consistent;
- there were 'wide-ranging inconsistencies' in how forces approached non-crime hate incidents (NCHIs) with not all forces inspected having developed processes in response to the NCHI Code of Practice on Recording and Retention of Personal Data and the CoP's hate crime authorised professional practice (APP);
- in the majority of forces a 'culture of risk aversion' was observed in respect of recording NCHIs; and
- whilst police staff networks have evolved, the inspectorate found inconsistency in their 'accountability and governance arrangements.'

The inspections are still underway and more detailed outcomes is to be revealed in the final report expected to be published in March 2024.

## New Code of Ethics for policing

The CoP has published a new Code of Ethics that outlines the professional behaviours expected from officers, staff, and volunteers. The Code is based on evidence and first-hand experience, with the goal of supporting everyone working in policing. The changes include mapping the nine principles from the 2014 Code of Ethics into three principles: courage; respect and empathy; and public service. The national decision model has also been updated to reflect the changes in the Code of Ethics. The new Code of Ethics works alongside the [Code of Practice for Ethical Policing](#).

## Police to get funding boost to cut crime and keep the public safe

A proposed funding package of up to £922m for 2024/25 for police in England and Wales has been published by the Home Office. The funding aims to support the police to reduce crime in communities and tackle anti-social behaviour. Where police and crime commissioners use the precept flexibility, the funding 'represents a 30.7% rise in cash terms compared to 2019-20.' Funding is to be used for priority projects such as Violence Reduction Units (VRU's) which have engaged 215,000 young people. VRU's coupled with Grip hotspot policing have managed to avert an estimated 136,000 instances of violent crime.

The government's key priorities for 2024/25 are:

- maintaining the police officer uplift programme, recruiting 20,000 additional officers;
- deliver opportunities for technology to drive innovative improvement; and
- improve police visibility on the streets to combat crime and make communities feel safe in their neighbourhood.

The Home Office states that 'in total, £92 million will be available for hotspot policing and other work to tackle anti-social behaviour and serious violence'. The provisional funding begins a period of consultation, which will be discussed in Parliament before the next fiscal year.



### Questions for committee's consideration

- How is the new Code of Ethics being embedded within your organisation?



## The Angiolini Inquiry Part 1 Report

The Angiolini Inquiry, investigating how Wayne Couzens, an off-duty Metropolitan police officer was able to abduct, rape and murder Sarah Everard, has published its Part 1 report. The report provides a comprehensive assessment into Couzens' conduct, behaviour, and performance leading up to conviction. It also examines missed opportunities related to vetting and decision-making. The report contains 16 recommendations aimed at preventing the abuse of power by those holding the office of constable, emphasising the need for robust vetting standards, effective supervision, intelligence management, and continuous review to prevent and address such misconduct.



### Questions for committee's consideration

- When was the last independent audit of vetting at your Force

## Policing Productivity Review

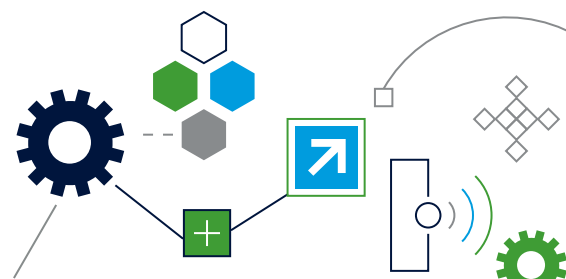
The Home Office has released the Policing Productivity Review. The National Police Chiefs' Council was tasked with conducting this independent review to assess police productivity and provide recommendations for improving efficiency. The Home Office will work with the police and other government departments to consider the recommendations before issuing a full response. Some of the recommendations made in the review were:

- the Policing Productivity team and the national police lead for mental health should report on the progress made in implementing the mental health related recommendations to ministers every six months;
- to ensure productivity gains persist, the Policing Productivity Team and the national police lead for crime data integrity should report progress to ministers every six months;
- the government should review the guidance and practice of the case file submission process used by the police to make it more time-efficient and productive;
- the government should introduce an exemption to the Data Protection Act to improve collaboration and sharing of materials between police and the CPS; and
- conduct further work to examine other barriers to police productivity in key areas such as missing persons and police custody operations.



### Questions for committee's consideration

- Are you aware of the Productivity Review and have any steps been taken based on the initial recommendations?





## Crime outcomes year to September 2023

The Home office has released statistics from the Crime Survey for England and Wales (CSEW). The Office for National Statistics (ONS) highlights approximately 8.5 million offences were recorded in the year ending September 2023. Although this figure does not represent a significant statistical shift from the previous year, it continues a long-term decline in total crime, which has been particularly pronounced since the onset of the Covid-19 pandemic. Total crime is 17% lower than it was in March 2020.

Key findings include:

- fraud saw a decrease of 13%, with significant reductions in advance fee fraud (33%) and other types of fraud (40%);
- computer misuse saw an increase of 30%, largely due to a 36% surge in unauthorised access to personal information;
- criminal damage fell by 21%, including a substantial 30% decrease in damage to vehicles;
- there was a 9% decrease in homicides, with the number of offences falling to 591 from 651 in the previous year; and
- police-recorded robbery offences saw a 12% increase, rising to 79,091 offences from 70,792 offences in the year ending September 2022. This figure is still 12% lower than the count in March 2020, which stood at 90,187 offences.

## Child Sexual Abuse and Exploitation Analysis

The National Police Chiefs Council has released a report, from the Vulnerability Knowledge and Practice Programme (VKPP) which sets out publicly for the first-time details of reported Child Sexual Abuse and Exploitation (CSAE) crimes across England and Wales. The study looked at data from 42 police forces in England and Wales and highlights a consistent increase in CSAE reported to the police.

Key findings include:

- there was a 7.6% increase in offences reported in 2022 when compared to 2021, up to 107,000, nearly quadruple the amount from 10 years ago;
- around '75% of CSAE offences related to sexual offences committed directly against children', with around 25% relating to online offences of indecent images of children;
- 52% of CSAE cases involved reports of 'children offending against other children with 14 being the most common age', an increasing and alarming trend that encompasses various types of offenses; and
- 'the number of recorded incidents of online sexual abuse continues to grow, accounting for at least 32% of CSAE.'



### Questions for committee's consideration

- How does your Force compare to the crime statistics nationally?



### Questions for committee's consideration

- How does your Force compare to the crime statistics for Child Sexual Abuse and Exploitation (CSAE) crimes?



## New officer training to better assist those in crisis

The National Police Chiefs' Council (NPCC) has announced that officers and staff will have access to new online training and guidance to help them understand 'when and how best to apply' Right Care Right Person to ensure vulnerable people receive the specialist health support required.

The training, released on 19 December 2023, forms part of the wider national toolkit launched earlier in the year by the NPCC and the CoP. It is designed to support police forces in applying the 'Right Care, Right Person' approach to decide if the police are the best-suited body to handle health-related service calls.

Assistant Chief Constable Jenny Gilmer, NPCC's Lead for Right Care Right Person, said 'ultimately, this is about ensuring vulnerable individuals in our communities receive the specialist care they need, and it is encouraging to see this at the centre of local delivery.'

## Challenges faced by police demand urgent attention and reform

The Police Federation of England and Wales (PFEW) has raised significant concerns regarding the wellbeing of individuals within the policing workforce, emphasising the demanding and stressful nature of the profession. Research conducted by Oscar Kilo, published in the [National police wellbeing survey 2023 insights](#) report revealed that even though individuals have a high level of 'professional commitment', police officers face substantial hurdles including occupational violence, verbal intimidation, and encounters with distressing situations. Shift work and workload are also leading to burn out and contribute to the declining mental wellbeing of the policing workforce.

Key findings include:

- 69% and 28.9% of officers claimed to be experiencing 'high levels' or 'very high' levels of fatigue, respectively;
- there is some dissatisfaction with pay and an increase in financial worries; and
- there is low morale amongst officers and therefore, an increase in staff intentions to quit.



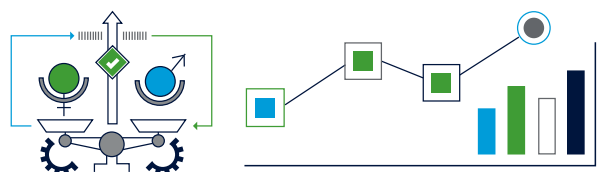
### Questions for committee's consideration

- Is the Force aware of this training and what steps have been taken to implement it?
- Do you have a target set for this training and how compliant are you?



### Questions for committee's consideration

- What steps are you taking to ensure the wellbeing of your workforce?



# Fire

## Fire and rescue incident statistics

The Home office has released the fire and rescue incident statistics for the year ending September 2023. The statistics focus on incidents and fires attended by fire and rescue services (FRSs), fire-related fatalities, casualties from those fires and response times.

Key findings include:

- FRSs attended 143,625 fires, marking a 23% decrease from the previous 2022 year, and an 18% decrease from 10 years ago;
- out of these incidents, 278 resulted in fire-related fatalities, a slight increase of 1.8% compared to the previous year's 273 fatalities;
- there were 62,558 primary fires and 78,584 secondary fires, representing decreases of 7.2% and 32% respectively, compared to the previous year. The average response times to these fires also decreased; and
- 18,664 flooding incidents were attended by the FRSs, a significant increase of 30% from the previous year and 13% more compared to five years ago.



### Questions for committee's consideration

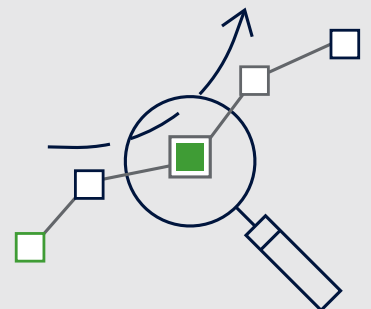
- How does your organisation compare to the national statistics?

## The government's response to the fire reform white paper and consultation

The government has released its response statement to the 'Reforming Our Fire and Rescue Service' white paper and consultation. The white paper outlined the government's vision for fire reform, focusing on people, enhancing systems, increasing flexibility and culture, with an aim to empower fire professionals to better serve their communities. The Minister of State for Crime, Policing and Fire, Chris Philp, has detailed how the consultation feedback has helped shape the next steps for a package of reforms focusing on 'the areas that have the biggest impact for the public and fire professionals.'

The Minister has confirmed:

- the introduction of a professional College of Fire & Rescue which aims to enhance standards and leadership;
- fire chiefs are to have operational independence;
- to improve integrity and culture across fire and rescue services training will be improved, recruitment practices are to be more transparent, and there are plans for a statutory code of ethics for employees; and
- the National Joint Council has been tasked to review the pay negotiation mechanism.





## New Data Management Framework

The National Fire Chiefs Council (NFCC) has launched a new framework to support FRSs with their data management. Their Digital, Data and Technology (DDaT) Hub developed the Data Management Framework (DMF) to ensure compliance with good data management practice and related legal obligations. This supports the Data Management Fire Standard introduced last year, which was developed through discussions with subject matter experts from the fire and rescue service sector. Data is a crucial asset for FRSs. It supports activity across all areas of the service, as well as being key in decision making. Good effective data management is vital to maximise potential and aid effective community improvements.

Andy Hopkinson, Chair of the NFCC DDaT Committee, said 'the launch of the recent Data Management Fire Standard, now followed by the Data Management Framework, will help fire and rescue services to enhance their professionalism and data capabilities, delivering improved consistency across the sector.'

All NFCC staff will be invited to attend one of two NFCC online implementation workshops. The NFCC have also published additional support guidance to help.

## Consultation on Internal Governance and Assurance Fire Standard

The Fire Standards Board launched a consultation on the Internal Governance and Assurance Fire Standard. A further consultation on the Procurement and Asset Management Fire Standard is also expected to be published soon. Responses to the consultations will help shape the final version of the Fire Standards before they undergo an external quality assurance process and are published. The Fire Standards Board invited feedback from stakeholders in the sector. The consultation on the Internal Governance and Assurance Fire Standard closed on 18 December 2023.



### Questions for committee's consideration

- What steps are being undertaken to implement the Data Management Framework?







## New guidance on reformed off-payroll working rules



HM Revenue & Customs (HMRC) has released [new guidance on the reformed off-payroll working rules](#) (IR35). The guidance is designed to help organisations and employers understand what HMRC considers to be good practice.

Organisations are advised to benchmark their off-payroll working systems, processes, and controls against these standards. Though extensive (14 parts), the guidance should also be considered in conjunction with other resources such as the HMRC Employment Status Manual and HMRC's Check Employment Status for Tax (CEST). Part 13 of the guidance suggests organisations should carry out regular audits. These audits should examine the processes from start to finish and can be conducted internally or externally.

If you require any assistance, please contact:

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# References



[Outcome following independent investigations report 2022/23](#)



[Police must apply safeguards and improve scrutiny to minimise harm when using stop and search](#)



[Update on activism and impartiality in policing inspection](#)



[Police to get funding boost to cut crime and keep the public safe](#)



[New Code of Ethics for policing](#)



[The Angiolini Inquiry](#)



[Policing Productivity Review](#)



[Crime outcomes year to September 2023](#)



[Child Sexual Abuse and Exploitation Analysis](#)



[New officer training to better assist those in crisis](#)



[Challenges faced by police demand urgent attention and reform](#)



[Fire and rescue incident statistics](#)



[The government's response to the fire reform white paper and consultation](#)



[New Data Management Framework](#)



[Consultation on Internal Governance and Assurance Fire Standard](#)



# Further information

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