



Risk Management - Core Controls Review Assignment Report 2023/24 (Final)

Cheshire Fire and Rescue Service

302CFRS_2324_009

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MIAA would like to thank all staff for their co-operation and assistance in completing this review.

This report has been prepared as commissioned by the organisation and is for your sole use. If you have any queries regarding this review, please contact the Engagement Manager. To discuss any other issues then please contact the Director.

1 Executive Summary

Overall Audit Objective: To review core risk management controls to assess whether they have been adequately designed.

Scope Limitations: The review focussed on core risk management controls only with an emphasis on control design. Detailed testing of compliance with controls e.g., review of specific risks, risk registers etc. was not undertaken as part of this review. The focus of this review is to assess the core controls in place for risk management with the focus on control design.

Findings/Conclusion:

Overall, Cheshire Fire and Rescue Service (CFRS) has a good system of internal control in relation to the risk management process. There is an in-date Risk Management policy that has been agreed and ratified in line with the CFRS' internal governance processes. The policy is supported by Risk Management Practitioner guidelines which is a 'how to' guidance document and is designed to provide a simple set of processes and guidance in relation to the CFRS approach to risk management. The policy and guidelines adequately detail all the aspects in relation to management and control of risk.

The risk management policy clearly defines the risk escalation processes and the processes of bringing significant risk to the attention of the Audit Committee and the Risk Management Group. The Risk Management Policy explains the roles and responsibilities of Fire Authority, Audit Committee and the Risk Management Group which comprises Chief Officers and the Risk and Project Officer.

Although an Executive lead for Risk Management is not stated, the Risk Management Group comprises Chief Officers including the Deputy Chief Fire Officer.

1 low risk recommendation has been raised with regards to implementing a formal risk appetite statement within the Risk Management policy. A risk appetite statement is a formal declaration, inclusive of operational risk and strategic risk that outlines an organisation's willingness to accept various risks in pursuit of its objectives. A risk appetite statement should clearly define what risks the organisation considers as threats and what the likely responses will be.

Objectives Reviewed	RAG Rating
Governance and Leadership	Green
Roles and responsibilities	Green
Staff awareness and training	Green
Processes- Risk Management Strategy and policies	Green
Monitoring and Feedback	Green
Risk Reporting	Green

Recommendations		
Risk Rating	Control Design	Operating Effectiveness
Critical	0	0
High	0	0
Medium	0	0
Low	1	0
Total	1	0

Areas of Good Practice

There is an in-date Risk Management Policy, which has been appropriately ratified by the Audit Committee. This is supported by the Risk Management Practitioner guidelines. These adequately detail controls for identifying, evaluating, addressing, and recommending plans to reduce the impacts of risk in relation to governance and leadership, roles and responsibilities, risk management process, monitoring and feedback and risk reporting.

Roles and responsibilities for the management of risk are clearly defined in the policy including Fire Authority, Audit Committee and the Risk Management Group which comprises Chief Officers and the Risk and Project Officer.

Staff can access the relevant documents via the intranet and CFRS' website.

Training in relation to risk is provided to individuals, groups and committees. Training requirements are stated within the Risk Management Policy and delivery of training is monitored and reported via the Risk Management Annual report which is received by the Audit Committee and The Risk Management Group.

The policy defines arrangements in relation to both operational and strategic risk management. The policy applies to all departments within the organisation. There is a scoring matrix based on impact and likelihood to prioritise risk based on their importance. There is a risk escalation process to bring significant risks to the attention of the Audit Committee and the Risk Management Group for reviewing on a regular basis.

A risk monitoring and reporting system has been established that identified ownership of risk at the appropriate hierarchical levels to ensure there is robust scrutiny and oversight by management. The Strategic Risk Register is reviewed by the Risk Management and the Audit Committee on a quarterly basis.

2. Detailed Recommendations

Risk Rating	Issue Identified	Recommendation	Agreed Action
Low	It was noted that a formal, approved risk appetite statement is not in place and does not form part of the Risk Management policy.	CFRS should develop and implement a formal risk appetite statement which outlines the organisation's willingness to accept various risks in pursuit of its objectives. A risk appetite statement should clearly define what risks the organisation considers as threats and what the likely responses will be.	We will consider the inclusion of a Risk Appetite Statement, but we are currently happy with the processes in place which mitigate this risk. Project & Risk Officer August 2024

Follow-up

A follow-up exercise will be undertaken during 2024/25 to evaluate progress made in respect of issues raised. This will include obtaining documentary evidence to demonstrate that actions agreed as part of this review have been implemented.

Appendix B: Engagement Scope

Scope

The overall objective was to provide assurance that core risk management controls have been adequately designed.

We reviewed the objective identified above in respect of the Risk Management - Core Controls through review of control design in relation to the following areas:

- Governance and leadership
- Roles and responsibilities
- Staff awareness and training
- Risk management processes
- Monitoring and Feedback; and
- Risk reporting.

MIAA also considered any changes to the control environment due to COVID-19.

The limitations to scope are as follows:

- The review focussed on core risk management controls only with an emphasis on control design. Detailed testing of compliance with controls e.g. reviews of specific risks, risk registers etc. was not undertaken as part of this review.

Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

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Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Limitations

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Appendix C: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> has a low impact on the achievement of the key system, function or process objectives; has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

Appendix D: Report Distribution

Name	Title	
Andrew Leadbetter	Director of Governance	Draft/Final
Chris Astall	Risk & Project Officer	Draft/Final
James Cunningham	Treasurer	Final
Alex Waller	Chief Fire Officer and Chief Executive	Final
Lee Shears	Deputy Chief Fire Officer	Final



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