



STAFFORDSHIRE POLICE, FIRE & CRIME COMMISSIONER

OPFCC Risk Management

Internal audit report 9.21/22

Final

16 March 2022

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1. EXECUTIVE SUMMARY

Background

A review of Risk Management was undertaken at Staffordshire Police, Fire & Crime Commissioner as part of the approved internal audit periodic plan for 2021/22.

The objective of the audit was to review the Staffordshire Commissioner's Office (SCO) Risk Management Policy Monitoring Framework and its application to the Strategic and Operational Risk Register. Additionally, we have sought to ensure that strategic risks are being appropriately scrutinised, reviewed, managed and updated on a regular basis.

Governance of general risk management processes is overseen by the Head of Governance and Assurance.

Conclusion

There is an appropriately designed control framework in place for Risk Management. Our review concluded that key controls are being applied consistently and effectively. No exceptions have been noted which would require us to comment upon or agree corresponding management actions.

This audit has specifically considered the risk management arrangements within the Commissioner's office. The Risk Management arrangements are currently being revised across the Force and therefore it is in the intention to complete a specific review of Force risk management arrangements during 2022/23, once the revised framework has become embedded. As part of this audit we can see through review of minutes and documentation that has been reported within the governance structure that risk management across the Force has been reported and considered throughout the year, both within the Force and to the Commissioner.









Internal audit opinion:

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



Key findings

The key findings from this review are as follows:

-  There is a Risk Management Policy and Monitoring Framework document in place. The Policy was last updated and approved by the SCO Management Team in August 2021 and is maintained by the Head of Governance and Assurance. The Policy sets out the Risk Management Policy of the Commissioner and references the elements of the Governance Framework within which it operates.
-  Section eight of the Risk Management Policy and Monitoring Framework outlines the governance arrangements and roles and responsibilities for risk management across the SCO.
-  There is a Strategic Risk Register in place. The Register was found to have been maintained up to date and was last updated in December 2021.
-  There are currently 12 strategic risks included within the SCO strategic Risk Register, all with a unique risk identifier and allocated department/team ownership. Each risk also has a dedicated risk owner who is responsible for the day-to-day management of the risk.
-  All risks are split across the following risk category areas: People, Reputation, Compliance, Financial Investment and Financial Management. All risks were found to have been attributed to a relevant risk category area. Additionally, all risks have been linked to the strategic priorities for the Staffordshire Commissioner.
-  All risks have accompanying risk descriptions in place based on a three-tier model (what is the risk? what is the root cause of the risk? and, what would be the resulting consequence if the risk materialises?).
-  All risks have been scored (inherent and residual) based on a five-by-five impact and likelihood matrix model. Recalculation of risk scores confirmed that the documented scores had been accurately calculated.
-  Risk appetite scores have been set and documented for each risk. Based on the residual risk score in relation to the appetite score, appropriate mitigations and strategies had been documented.



Three lines of defence monitoring arrangements were found to have been documented for risks where applicable. First line and second line of defence control activities were found to have been in place for all applicable risks, which are 'owned by the Commissioner.'



Actions for risks with set owners and review dates have been documented where appropriate. All five risks that required actions had a set due date of February 2022. It was noted that the Management Team meeting is scheduled for the end of February 2022 and we were advised that the updates will be reviewed at that time.



Operational risks have been incorporated within the Strategic Risk Register as a separate section. As part of the audit, we selected a sample of operational risks relating to the Information Assurance Board and confirmed that they have been recorded, scored and managed in accordance with Policy requirements. There is currently no formalised process in place regarding the escalation of operational risks to the Strategic Risk Register due to the size of the Organisation. However, due to the regular review cycle of operational risks, any escalation needs would be identified as part of this process. Additionally, the Head of Governance and Assurance confirmed that regular intercommunication channels are in place with Heads of Service to discuss any emerging risks or changes within the current risk landscape which need to be escalated and highlighted.



The Terms of Reference (ToR) for the Management Team was found to have been last updated in July 2021 with a set review date of August 2022. The ToR was found to have clear references to risk management review and responsibilities of the Team. Through review of meeting minutes for the current financial year, we confirmed that the Strategic Risk Register had been presented and reviewed at each Management Team meeting.



The ToR for the Strategic Governance Board (SGB) was found to have been last updated in October 2021. The ToR was found to have clear references to risk management review and responsibilities of the Team. Through review of meeting minutes for the current financial year, we confirmed that the Strategic Risk Register had been presented and reviewed at each SGB meeting.

APPENDIX A: CATEGORISATION OF FINDINGS

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
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 reputational damage, negative publicity in local or regional media.
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, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The following table highlights the number and categories of management actions made as a result of this audit.

Area	Control design not effective*		Non Compliance with controls*		Agreed Management Actions		
					Low	Medium	High
Risk Management	0	(8)	0	(8)	0	0	0
Total					0	0	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

APPENDIX B: SCOPE

Scope of the review

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

Objective of the area under review

A review of the OPFCC Risk Management Policy Monitoring Framework to provide assurance over the processes in place in relation to the use of risk registers, risk scoring, escalation, use of controls and assurances.

When planning the audit, the following areas for consideration and limitations were agreed:

- Review of the Risk Management Policy and Monitoring Framework. Has the Policy been approved and subject to regular review?
- Review of the Strategic Risk Register. Has the Register been subject to regular review and update?
- Roles and responsibilities for risk management have been clearly defined.
- Identification and categorisation of risks.
- Risk scoring criteria (inherent, risk appetite and residual).
- Application of controls.
- Three lines of defence application.
- Further mitigations, mitigation strategies and actions.
- Management and escalation of operational risks.
- Review of strategic risks at Management Team, Strategic Governance Board and ETAP – Finance Panel meetings.

Limitations to the scope of the audit assignment:

- Any testing undertaken as part of this audit will be compliance based and sample testing only.
- We will not provide an opinion on whether the structure adopted is the most appropriate or that it will allow it to achieve its objectives.
- The results of our work are reliant on the quality and completeness of the information provided to us.
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

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

Debrief held	22 February 2022
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