



MANAGEMENT AUDIT UNIT

CUMBRIA POLICE INTERNAL AUDIT REPORT

RISK MANAGEMENT ARRANGEMENTS

Draft Report Issued: February 2005
Final Report Issued: February 2005

1.0 INTRODUCTION

- 1.1 A review of risk management arrangements was included in the 2004/05 internal audit plan to enable a fuller opinion to be given on general controls operating in the Constabulary and Authority to meet the requirements of the annual SIC (Statement of Internal Control). As the Audit Commission had carried out an initial corporate review of this area in early 2004/05, and reported on this in August 2004, it was agreed to concentrate on following up progress on the agreed Action Plan following that report.
- 1.2 In addition to this, risk management arrangements were also included for the first time in Area reviews by Internal Audit and findings on these have been reported separately for North Cumbria BCU and Operational Support Department. Separate recommendations have been agreed in those reports.
- 1.3 No recommendations have been made in this report, as key staff know what is needed and are planning to achieve this.

2.0 OVERALL EVALUATION & CONCLUSION

- 2.1 **Satisfactory progress has been made in implementing the Audit Commission recommendations and both the Constabulary and Police Authority are well aware of what needs to be developed. Both the Director of Legal Services and the Clerk to the Police Authority would like to make faster progress & expect this should happen once further training has been carried out.**
- 2.2 **The Director of Legal Services has previous experience of introducing risk management and the framework/policy/strategy on risk management has been of a high standard. The next stage is critical – actually applying this across the Constabulary. The Constabulary has demonstrated its commitment to progressing this matter by appointing the Deputy Chief Constable to chair meetings of the Risk Management Group.**
- 2.3 **The Clerk to the Police Authority has experience of risk management issues and has prepared a separate risk register for those risks more particular to the Authority, which is a good starting point. The intention is to develop this in line with the Constabulary register in terms of format once the latter's is closer to finalisation and an agreed approach to common and shared risks can then be adopted. There is a recognition that the Constabulary and the Authority each have their own separate risks as well as common or shared risks. The Authority has demonstrated its commitment to progressing this matter by appointing a member to be trained and represent it on the Constabulary's Risk Management Group.**
- 2.4 **A formal report to the Chief Officers Group (Constabulary) and to the relevant Committee of the Police Authority (Authority) will be needed in due course to confirm that key risks have been identified and are being effectively managed.**

3.0 FOLLOW UP TO PREVIOUS AUDIT RECOMMENDATIONS

- 3.1 This is the first time that risk management has been reviewed so there are no previous internal audit recommendations.

4.0 AUDIT SCOPE

- 4.1 The audit scope was to follow up the agreed Action Plan from the Audit Commission report of August 2004.
- 4.2 Discussions were held with Andrew Dobson (Director of Legal Services) and Clive Alcock (Clerk to the Police Authority) during January 2005 to ascertain progress. Documentation was reviewed which showed that the approach to risk management is being developed.

5.0 DETAILED FINDINGS & RECOMMENDATIONS

- 5.1 Progress against the specific recommendations is set out below:

R1

Recommendation	Priority	Responsibility	Comments	Date
Review the risk management policy and strategy documents to reflect lessons learned both internally and externally.	3	Director Legal Services	The risk policy and strategy have been updated to include more information on processes, following a report to Business Management Board (BMB) in June 2004. The revised version will return to BMB for approval in September 2004.	September 2004

Confirmed that both the risk policy and strategy had been updated and approved by the Business Management Board in September 2004. Both documents were comprehensive and set out the approach to risk management in a clear and logical manner. The strategy set out 19 specific actions which will facilitate monitoring of the process. Diagrammatic appendices also helped to elucidate the system proposed.

R2

Recommendation	Priority	Responsibility	Comments	Date
Approve the revised risk management policy and strategy documents.	3	Director Legal Services	The revised version will return to BMB for approval in September 2004.	September 2004

Confirmed that both the risk policy and strategy had been updated and approved by the Business Management Board in September 2004.

R3

Recommendation	Priority	Responsibility	Comments	Date
Review the remit and constitution of the risk management group in line with the aims of the revised risk management strategy.	2	Director Legal Services	The terms of reference and membership of Risk Management Group have been revised to BMB members plus senior operational representation.	September 2004

Revised terms of reference were debated at the Risk Management Group meeting in November 2004 and some minor amendments agreed. The constitution of the group was also agreed – the Operations Board are to nominate an officer to represent operational policing and the Police Authority were invited to be represented at future meetings. Membership of the group is to be reviewed after 3 meetings.

The risk policy sets out the responsibilities of the RMG in managing strategic risks – defined as those that cannot be managed by an Area or a Department.

R4

Recommendation	Priority	Responsibility	Comments	Date
Review the existing risk register to ensure that it reflects current and emerging issues.	3	Director Legal Services	Work has begun to update the risk register, a risk identification and initial assessment workshop was held in July 2004.	December 2004

The existing risk registers were reviewed by RMG in November 2004 and a single new risk register (comprising 21 strategic risks) is being created by the Director of Legal Services. Risk owners have been allocated by RMG and they are to complete an impact analysis, risk score and control strategy. This is to be considered further at a risk training day (1 February) with Gallagher Bassett and at the next RMG meeting on 14 February.

Update

The training day has been held and work on progressing the strategic risk register was discussed at 14 February meeting. The register is to be considered further at the next meeting of the re-named Strategic Risk Group (formerly RMG) in the light of recent changes to the Constabulary Board structure. It is possible that separate risk registers may be developed for each Board to manage.

R5

Recommendation	Priority	Responsibility	Comments	Date
Develop appropriate controls and action plans to address any new risks that are identified.	3	Director Legal Services	Work on the risk register will identify controls and actions as an integral part of planning for 2005/06.	December 2004

Control strategies have been requested by the Director of Legal Services from nominated risk owners. These control strategies will require more detail, including timescale and potential costs, and a method of assessing whether the control is working in practice. A formal assessment of this will be needed for the annual Statement of Internal Control (SIC).

R6

Recommendation	Priority	Responsibility	Comments	Date
Agree monitoring arrangements and a timetable for reviewing and updating the risk register.	2	Director Legal Services	These will be agreed as part of the agreement of the policy and strategy.	September 2004

The Policy states that risks will be reviewed and updated on an annual basis. Areas and Departments will include this in their annual planning cycle and there will also be a corporate/Constabulary level review of risk. A key control to be developed is for Area/Department risks to be reviewed to ensure any potential strategic risks are escalated into the corporate risk register for management – this is included in the Risk strategy. It is possible that this may form part of a general quality review of Area/Departmental plans to be carried out by the Corporate Development Department.

R7

Recommendation	Priority	Responsibility	Comments	Date
Adopt and extend the risk management approach, including developing a risk register, to cover authority	3	Clerk to the Police Authority	A Key issues workshop held for members of the Police Authority in October 2004 also provided an occasion to identify key risks and these will then be brought together with an assessment of the action being taken.	December 2004

A draft risk register for the Police Authority has been prepared by the Clerk to the Authority. Discussions between the Clerk and the Deputy Chief Constable secured agreement that joint work is done on risk management and this is planned once the Constabulary has updated its risk register. There is scope for comparing and assessing actual risks identified and control strategies, as well as the methodology/approach to documenting/scoring risks.

A member of the Police Authority nominated to attend joint training with the Constabulary on risk management on 1st February 2005 will be able to attend future meetings of the Constabulary's Risk Management Group. It is envisaged, as a result of this training and co-operation, that an improved draft of the Authority's Risk Register can be developed in consultation with the Constabulary before submission to the Authority for final approval.

