

CBSL

Review of the Risk Management Arrangements

Police and Crime Commissioner for
Wiltshire and Chief Constable Wiltshire
Police

FINAL



May 2014

2013/14

Review of the Risk Management Arrangements

- EXECUTIVE SUMMARY -

INTRODUCTION

1. We have carried out a review of the Risk Management Arrangements for Wiltshire Police. The review was carried out in March and April 2014 and was part of the planned internal audit work for 2013/14.

SUMMARY

2. The Key Risk Controls Objective were tested and based on the findings from this work an overall evaluation of the overall adequacy of the internal controls was established (figure 1 below).

Figure 1 - Evaluations of the Effectiveness of the Internal Controls



KEY FINDINGS

3. The key control and operational practice findings that need to be addressed in order to strengthen the control environment are set out in the Management and Operational Effectiveness Action Plans. Recommendations for improvements should be assessed by the organisation for their full impact before they are implemented. The priorities of the recommendations are summarised below (figure 2):

Figure 2 - Summary of Priorities of Recommendations

High	Medium	Low	Operational
-	3	2	-

RELEASE OF REPORT

4. The table below sets out the history of this report.

Date draft report issued:	24 th April 2014
Date management responses recd:	16 th May 2014
Date final report issued:	16 th May 2014

Review of the Risk Management Arrangements

MANAGEMENT ACTION PLAN
PRIORITY 1, 2 AND 3 RECOMMENDATIONS

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Governance Risk.	There is no formally documented Risk Management Policy. Guidance is contained within the "Risk Management – Practical Guide" dated April 2012. This document is designed to assist in the application of the Wiltshire Police Risk Management Process that has been adopted by the Force. This document pre-dates the appointment of the Police and Crime Commissioner and needs a review and update. Whilst this document details effectively the arrangements for recording the management of risk it does not detail the Force's overall "Risk Management Strategy" and how this fits into the requirements of the OPCC and the objectives of the Police and Crime Plan.	A formal Risk Management Strategy for the Force be documented linked to the requirements of the OPCC and the objectives of the Police and Crime Plan.	2	<i>The Risk Management Practical Guide does need a review, and amendment in relation to the OPCC. This can be developed into Policy on Risk which needs to be reviewed to provide consistency of Risk usage and score. This will be done in partnership with the OPCC representative for Risk.</i>	July 2014	<i>Head of Business Improvement and OPCC Responsible Risk Manager</i>

PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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2	MEDIUM	Significant weaknesses in control, which, although not fundamental, expose the Accounting Officer / Director to a risk of loss, exposure or poor value for money
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3	LOW	Minor weakness in control which expose the Accounting Officer / Director to relatively low risk of loss or exposure
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Review of the Risk Management Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Governance Risk.	Once this Strategy has been developed the guidance within the Risk Management guide can be updated.	The Risk Management guide be reviewed and updated following consideration of a formal Risk Management Strategy.	2	<i>The Risk Management Practical Guide does need a review, and amendment in relation to the OPCC. This can be developed into Policy on Risk which needs to be reviewed to provide consistency of Risk usage and score. This will be done in partnership with the OPCC representative for Risk.</i>	July 2014	<i>Head of Business Improvement and OPCC Responsible Risk Manager</i>
3	Governance Risk.	The OPCC does not have a formally documented Risk Management Strategy or any formal guidance and it was not clear whether the Force documentation was applicable.	A Risk Management Strategy, Policy and Procedures be documented for Risk management within the OPCC or reference be made within the Force documentation to whether it is also applicable to the OPCC.	2	<i>This is in line with recommendations two and three and will be covered during their implementation.</i>	July 2014	<i>Head of Business Improvement and OPCC Responsible Risk Manager</i>

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Review of the Risk Management Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Governance Risk.	From discussions with the temporary Head of Business Improvement it was noted that the Force is currently in the process of linking performance, risk and delivery plans with a project being undertaken to facilitate this. The current corporate risk register does not link to the Police and Crime Plan objectives and it was not possible to ascertain whether the existing departmental risk registers flow from the departmental business plans and how these how the departmental risks either help or hinder the achievement of the Police and Crime Plan priorities.	The performance, risk and delivery compliance and monitoring arrangements be linked with a clear flow from the Police and Crime Plan to departmental plans, objectives and risks as planned.	3	<i>This is an ongoing objective to link all improvement areas. The restructure of Superintendents also makes this a requirement to happen.</i>	September 2014	Head of Business Improvement

PRIORITY GRADINGS

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Review of the Risk Management Arrangements

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Governance Risk.	The Force and the OPCC Risk Register's both record the Event, Consequences and Outcome which is a clear way of documenting the issues. The mitigation arrangements included in both registers could be improved if these were given a timeline and noted as either preventative controls i.e. those in place which prevent the risk from occurring or remedial controls i.e. those which will manage a risk should it occur and minimise the effect of occurrence.	The mitigation arrangements included within the registers be improved by the inclusion of a timeline where applicable and each mitigation noted as a preventative or a remedial control as appropriate.	3	<i>This will be considered when updating the risk strategy and if appropriate implemented.</i>	July 2014	<i>Head of Business Improvement and OPCC Responsible Risk Manager</i>

PRIORITY GRADINGS

1	HIGH	Fundamental weaknesses in control which expose the Accounting Officer / Director to high risk or significant loss or exposure in terms of failure to achieve key objectives, impropriety or fraud.
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OPERATIONAL EFFECTIVENESS MATTERS

Ref	Item	Management Comments
	No operational effectiveness matters were identified.	

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures, rather than on a one-by-one basis

Review of the Risk Management arrangements

- DETAILED REPORT -**SCOPE AND LIMITATIONS OF THE REVIEW**

5. The review considered the integration of the Risk Management arrangements following the appointment of the PCC and whether they remain fit for purpose.
6. The review has been carried out by TIAA Ltd as the nominated sub-contractor of Capita Business Services Ltd ('CBSL'). CBSL is the arm through which Sector's non-FSA regulated services, including the former Sector Business Assurance, are delivered. The limitations and the responsibilities of management in regard to this review are set out in the Internal Audit Annual Plan.
7. The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. CBSL and TIAA neither owe nor accept any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

ASSESSMENT OF THE KEY RISK CONTROL OBJECTIVE

1. This review identified and tested the controls that are being operated by the organisation and an assessment of the combined effectiveness of the controls in mitigating the key control risks is provided. The assessments are:

Substantial Assurance	Robust series of internal controls in place designed to achieve the system objectives and which are being consistently applied.
Reasonable Assurance	Series of internal controls in place, however there are some control improvements that would assist in ensuring the continuous and effective achievement of the system objectives.
Limited Assurance	The controls in place are not sufficient to ensure the continuous and effective achievement of the system objectives.
No Assurance	Fundamental breakdown or absence of core internal controls.

MATERIALITY

8. The Wiltshire Police revenue budget for 2013/14 is approximately £106 million.

Review of the Risk Management arrangements

BACKGROUND

9. In November 2012 Police Authorities were abolished and replaced with a Police and Crime Commissioner (PCC) who would be elected by the people resident within the prescribed area for the PCC. Following elections the PCC for Wiltshire and Swindon Police took up office on 22 November 2012.
10. The change from a Police Authority to an elected PCC was a significant one with a number of material differences that would impact not only on the structure and makeup of the Commissioner's office (and staff) but also upon the Police and the policing arrangements for Wiltshire and its residents.
11. Of particular importance from day one would be to have robust governance arrangements in place which would demonstrate the balance between the need for transparency and the concerns of an essential emergency service. Governance for Wiltshire Police would be about transparency, accountability and scrutiny.
12. An important element of the governance arrangements for the policing service would be how the Force are embedding risk management. The principals of risk management are well known and for most organisations the paper trail of producing a strategy, policy, procedures, risk registers and holding a regular risk group meeting have become well established. For risk management to be truly embedded it would be about the culture and behaviour of the work force and how they have integrated the management of risk into their day to day activities.
13. Wiltshire Police both for the Force and the Office of the Police and Crime Commissioner (OPCC) have well established documentation which would have flowed from the previous Authority/Force arrangements. The audit would focus on how risk management had become embedded and was being used in every day decision making and how important risks were being escalated to senior management.

AUDIT FINDINGS

Risk	Failure to direct the process through approved policy & procedures.
Risk Control Objective	Arrangements in place for the process provide for direction through established policies, procedures and provide for safeguarding the organisation's assets and interests from avoidable losses.
Evaluation	Reasonable Assurance

14. The following matters were identified in reviewing the Key Risk Control Objective:

Risk: Failure to direct the process through approved policy and procedures.

- 14.1 There is no formally documented Risk Management Policy, guidance is contained within the "Risk Management – Practical Guide" dated April 2012. This document is designed to assist in the application of the Wiltshire Police Risk Management Process that has been adopted by the Force. This document pre-dates the appointment of the Police and Crime Commissioner and needs a review and update. Whilst this document details effectively the arrangements for recording the management of risk it does not details the Force's overall "Risk Management Strategy" and how this fits into the requirements of the OPCC and the objectives of the Police and Crime Plan.

Recommendation: 1

Priority: 2

A formal Risk Management Strategy for the Force be documented linked to the requirements of the OPCC and the objectives of the Police and Crime Plan.

- 14.2 Once this Strategy has been developed the guidance within the Risk Management guide can be updated.

Recommendation: 2

Priority: 2

The Risk Management guide be reviewed and updated following consideration of a formal Risk Management Strategy.

- 14.3 The OPCC does not have a formally documented Risk Management Strategy or any formal guidance and it was not clear whether the Force documentation was applicable.

Recommendation: 3

Priority: 2

A Risk Management Strategy, Policy and Procedures be documented for Risk management within the OPCC or reference be made within the Force documentation to whether it is also applicable to the OPCC.

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- 14.4 At the time of the review there was a temporary Head of Business Improvement been responsible for the administration of the Risk Management arrangements. The Force risk register is recorded on the Share-point system and accessible by all relevant staff and officers. The Risk Management arrangements for the OPCC are managed by a staff member within the OPCC using a spreadsheet based system. The Solicitor was responsible for the Risk Management arrangements within the OPCC. A spreadsheet based system was used. The format of the Registers is the same with both the Force and the OPCC using the same scoring system based on Likelihood, Controls and Impact with an initial risk score and a residual risk score after the current controls.
- 14.5 The Force's Corporate Risk Register is reported to the Strategic Improvement Board monthly. One of the aims of the Board is to provide strategic oversight and direction of all improvement activities conducted by the Force including Performance, Risk, Improvement Plans and progress against the Force Delivery Plan with an objective to approve and monitor the Corporate Risk Register. A review of a sample of minutes found this to be in place with the responsibility clearly recorded in the Terms of Reference.
- 14.6 The Corporate Risk Register for the OPCC is considered by the Joint Audit Committee quarterly as is the Corporate Risk Register for the Force. The responsibilities in respect of the OPCC and the Force's Risk management arrangements are documented within the Terms of Reference for the Joint Audit Committee. A review of a sample of minutes and agendas found this challenge and review to be operating.
- 14.7 From discussions with the temporary Head of Business Improvement it was noted that the Force is currently in the process of linking performance, risk and delivery plans with a project being undertaken to facilitate this. The current corporate risk register does not link to the Police and Crime Plan objectives and it was not possible to ascertain whether the existing departmental risk registers flow from the departmental business plans and how these how the departmental risks either help or hinder the achievement of the Police and Crime Plan priorities.

Recommendation: 4**Priority: 3**

The performance, risk and delivery compliance and monitoring arrangements be linked with a clear flow from the Police and Crime Plan to departmental plans, objectives and risks as planned.

- 14.8 The Force and the OPCC Risk Register's both record the Event, Consequences and Outcome which is a clear way of documenting the issues. The mitigation arrangements included in both registers could be improved if these were given a timeline and noted as either preventative controls i.e. those in place which prevent the risk from occurring or remedial controls i.e. those which will manage a risk should it occur and minimise the effect of occurrence.

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Recommendation: 5**Priority: 3****The mitigation arrangements included within the registers be improved by the inclusion of a timeline where applicable and each mitigation noted as a preventative or a remedial control as appropriate.**

- 14.9 Risk management is at the heart of good management. Risk should be on the agenda of all team and management meetings. From discussions with temporary Head of Business Improvements and a representative from the OPCC it is clear that risk management is well understood, however, the layout of the current does not help as it is not clearly focused upon the delivery of the Crime and Police Plan.
- 14.10 It would be good practice at performance reviews and team meetings to identify how the service being provided is supporting the key objectives and priorities of the policing service. For risk management to be embedded it must be an integral part of day to day decision making and for those key risks which may be on the horizon to be documented and included within the risk register. This allows others and in particular more senior management to be aware of and able to take decisions based upon known events which are likely to occur.
- 14.11 Embedded risk management will help facilitate running an exemplary Police force in the most cost effective way.
