

**Report of the Chief Executive
to the Chair and Members
Of the Audit and Internal Control Panel
25th March 2010**

**Presenting Officer:
Author: Norman Wright/Paul Kirkham
Status: For Decision**

Police Authority Risk Register March 2010

1 Purpose

- 1.1 To provide Members with the opportunity to review the CPA Risk Register and Action Plan.

2 Recommendations

That Members:

- 2.1 Agree the formal inclusion of "Fraud" as a matter for monitoring and review as part of the authority's risk register.
- 2.2 Review the Risk Register (Appendix A) and Action Plan (Appendix B) as part of the assurance role of the panel.

3 Reasons

- 3.1. The 2007 CIPFA/APA guidance for Police Authorities "Delivering Good Governance in Local Government Framework" recommends that an effective risk management system be put in place and that decisions be subject to effective scrutiny and the management of risk. It further recommends that the Authority should ensure that risk management is embedded into the culture of the organisation, with members and managers at all levels recognising that risk management is part of their job.

- 3.2. The management of risk within the Force has recently undergone a transformation with extra resources provided and a new *Service Continuity and Risk Management Implementation Programme* well underway. As reported to members at the Panel meeting in September 2009, in order to engender and support a culture of risk management across the Authority and Force, the Chief Executive has established a Joint Risk Management Group that meets monthly. The terms of reference, including membership details, were considered and agreed at your November 2009 meeting. This Group reviews the progress being made with the Force implementation programme and will, amongst other things, facilitate consistency between the Authority and Force Risk registers.
- 3.3. The CPA Risk Register has been updated after scrutiny by the Joint Risk Management Group (Appendix A). The CPA Risk Register is migrating onto the new *4Risk* software, alongside the Force Strategic Risk Register and the Service Unit Risk Registers. The Action Plan to mitigate risks is set out at Appendix B for Member Review.
- 3.4. The risk of Fraud has been the subject, along with the risk of Corruption, of strategies over a number of years to mitigate the probability of it occurring to the extent that it has not previously been considered sufficiently material for inclusion in the corporate CPA risk register. However both Internal and external Audit have commented on this omission within the context of asserting the Authority's and Force's policies on Counter Fraud and Corruption. It is now shown at PA8 in both appendices.
- 3.5. Elsewhere on today's agenda is a report on the Authority's Risk Management Policy and Strategy, and this will steer the arrangements for identifying, monitoring and managing risk.
- 3.6. Project I is on the emerging risks register pending the final decisions about awarding the contract. At that juncture the associated risks and mitigations can be fully assessed in the knowledge of the governance arrangements that will be in place and the risk transferred to the CPA Risk Register.

4. **Implications**

Sustainability – Future Management of Risks

- 4.1 The Joint Risk Management Group will meet monthly to assist in the management of risk across both Authority and Force. This will promote the embedding of risk management within integrated business and financial planning processes.

Financial Implications

- 4.2 There are no direct financial implications.

Diversity and Equal Opportunities

- 4.3 There are diversity and equal opportunities implications in that this is an area of business risk that is monitored by the Police Authority.

Risk Management

- 4.4 The ability to identify and manage its risks will enhance the Authority's capability to promote openness and accountability, promote corporate governance and performance improvement.

Human Rights

- 4.5 There are no direct human rights implications in this report.

5 Conclusions

- 5.1 This report is part of an ongoing process within both Authority and Force to embed risk management in every aspect of the business.

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CPA Risk Register March 2010

Ref	Risk Title (description)	Cause & Effect	Date	Owner	Inherent Risk	Controls & Mitigations	Residual Risk	Residual Actions
PA1	Consultation <i>Risk of failure to comply with legislative and technical requirements for police authorities in relation to public consultation.</i>	Inability to provide the necessary resources (human, financial and partnership) to fully complete the required/planned consultation and communications workload. Consequent impact on the quality and relevance of the results, including feedback loops to the Policing Plan priorities and achievement of the minimum technical requirements for local confidence surveys (NPIA). Resulting criticism from our partners and stakeholders (e.g. HMIC and CDRP).	1/4/7	CPA	Imp. 3 Lik. 3 = 9	<ol style="list-style-type: none"> 1. A joint Consultation Strategy, including a comprehensive Neighbourhood Survey that is properly scoped and funded. 2. An established process for setting local policing priorities, starting with the Members' briefing and culminating in the production of a Three Year Strategy and Annual Policing Plan. 3. Contingency plan in the event of long term staff shortage within CPA. 	Imp. 3 Lik. 2 = 6	<ol style="list-style-type: none"> 1. Continue to work with the Force and partners to maintain a robust consultation service with greater citizen focus. 2. Work with the Force to ensure that the Neighbourhood Survey covers the basic consultation and engagement requirements, including the confidence and perception measures, and that it meets the NPIA minimum technical requirements for local confidence surveys.
PA2	Effectiveness & VFM. <i>Risk of failure to provide effectiveness and value for money in policing services and to achieve the efficiency saving necessary to enable core services to be protected and enhanced against a backdrop of tight funding settlements.</i>	<ol style="list-style-type: none"> 1. Govt. funding post CSR 2007 may be insufficient to maintain service levels. 2. Possible lack of progress on efficiency savings and national initiatives such as collaboration, workforce modernisation and process reengineering. 3. Results in a deterioration in frontline services as budgets are balanced, which in turn results in adverse assessments from HMIC/Audit Commission/Home Office. 	17/7/8	CPA	Imp. 4 Lik. 3 = 12	<ol style="list-style-type: none"> 1. Long term financial planning process. 2. Efficiency planning and implementation processes. 3. Annual use of resources assessment. 4. Current initiatives to outsource, collaborate, process reengineer and improve the procurement processes. 	Imp. 4 Lik. 2 = 8	<ol style="list-style-type: none"> 1. LTFP to identify future sources of savings and any funding gaps. 2. Demonstrable developments in outsourcing, process reengineering, workforce modernisation, collaboration and other service improvement/efficiency initiatives. 3. Development of an efficiency and productivity strategy.

CPA Risk Register March 2010

Ref	Risk Title (description)	Cause & Effect	Date	Owner	Inherent Risk	Controls & Mitigations	Residual Risk	Residual Actions
PA3	Diversity & Equality <i>Risk of failure to comply with legal requirements regarding the promotion of diversity and equal opportunities.</i>	1. Failure of CPA to comply with legal requirements regarding equality schemes and impact assessments. Lack of resources/training in this respect. 2. Failure to monitor force procedures and practices to ensure similar compliance. 3. Ineffective recruitment and retention of BME officers and staff. 4. Consequent risk to reputation if enforcement action or legal action is forthcoming.	1/4/7	CPA	Imp. 3 Lik. 3 = 9	1. CPA Single Equality Scheme with details of action plan and equality impact assessments. 2. Force Single Equality Scheme and work to implement new Equality Standard for Policing. This includes BME recruitment and retention considerations. 3. Ongoing diversity, equality and human rights training for members and staff. 4. Outline Schedule of reports covers Authority and Force diversity and equality requirements.	Imp. 3 Lik. 2 = 6	1. Fully implement new Equality Standard for Policing. 2. Improve recruitment and retention of BME officers and staff. 3. Monitor the effectiveness of equality impact assessments. 4. Monitor requirements from the new Equalities Bill.
PA4	Partnerships <i>Risk of failure to establish effective representation on the local area partnerships – CDRPs, LSPs, Children's Trust Boards and LCJB.</i>	A lack of effective representation on the statutory partnerships and no direct representation on 3 of 4 LSPs and the LCJB could result in insufficient influence over partnership strategies, policies and funding, including collaborative working, which in turn leads to criticism from partners and stakeholders (e.g. HMIC).	1/4/7	CPA	Imp. 3 Lik. 3 = 9	1. Maintenance of effective representation on statutory partnerships by members and officers. 2. District Commanders represent CPA strategies and policies at LSPs.	Imp. 3 Lik. 2 = 6	1. Further clarify partnership strategy and produce a Code of Practice for Partnership Working. Aim to represent CPA strategies and policies within the various partnerships. 2. Establish formalised reporting to CPA panels on partnership arrangements. 3. Continue to press for representation on LSPs and CCJB.
PA5	Governance <i>Risk of failure to comply with the provisions of the Code of Corporate Governance and the relevant Acts/Orders/ Regulations.</i>	The legal requirements of the Police Authority, its members and officers, and the delegated authorities may not be fully understood and followed by all concerned. A lack of adherence to the Code or Acts/Orders/ Regulations on an individual or corporate level could lead to bad publicity, loss of reputation, financial loss and	1/11/7	CPA	Imp. 4 Lik. 3 = 12	1. Code regularly reviewed, updated and disseminated. 2. Members signed for Code of Conduct 2007 Regulations and they sign off declarations of interests and gifts every year. 3. Annual Governance Statement and use of resources assessment process undertaken annually and reported to	Imp. 4 Lik. 2 = 8	1. Thoroughly plan for the 2010 inspection by HMIC/Audit Commission. 2. Ongoing environmental scanning for new regulatory requirements. 3. Assess the training requirements for compliance by members and staff.

CPA Risk Register March 2010

Ref	Risk Title (description)	Cause & Effect	Date	Owner	Inherent Risk	Controls & Mitigations	Residual Risk	Residual Actions
PA6	Employment Law <i>Risk of costs and litigation in relation to current workforce policies and the failure to apply effective employment law practices.</i>	possible legal sanction. Possible failure to apply correct employment law procedures with respect to the Equal Pay Act, the Employment Rights Act and other pieces of legislation, associated Regulations and Codes of Practice. This could lead to claims for equal pay, unfair dismissal and grievances, with a consequent effect on reputation and financial loss.	1/11/7	CPA	Imp. 4 Lik. 3 = 12	members. 1. Current HR policies and procedures, with associated training. 2. Limited equal pay audit in 2008. 3. Established grading panel.	Imp. 4 Lik. 2 = 8	1. Review HR policies and procedures for effectiveness an compliance (ongoing). 2. Carry out a more comprehensive equal pay audit and job evaluation exercise. 3. Consider need for further training in grievance and discipline procedures. 4. Consider these issues within the potential outsourcing process.
PA7	Replace HQ <i>Risk of the current HQ becoming increasingly expensive and unfit for purpose.</i>	The current economic and regulatory (buildings) climate may render the replacement of the Force HQ unaffordable in the short to medium term.	1/7/8	CPA	Imp. 4 Lik. 3 = 12	1. Police Authority Executive to oversee the sourcing of a new HQ. 2. Processes in place to commence the sale and purchases required to provide a new police HQ.	Imp. 4 Lik. 2 = 8	1. Develop costed options for a new HQ. 2. Effectively manage the local authority planning process. 3. Arrange for professional project management. 4. Deliver an affordable, fit for purpose HQ.
PA8	Fraud Financial loss to the authority as a consequence of acts of commission or omission by Members, staff or contractors	No organisation is immune from the risk of fraud	1/3/10	CPA and Force	Imp. 3 Lik. 3 = 9	1 Whistle-blowing Strategy. 2 Counter Fraud and Corruption Strategy. 3 Confidential e-mail system. 4 Work of the Professional Standards Department. 5 Work of the Internal Audit Services 6 Codes of Practice 7 Disciplinary codes. 8 Police conduct regulations. 9 Systems of management including Delegation	Imp. 3 Lik. 2 = 6	Annual review of effectiveness. Cyclical review of counter Fraud and Corruption arrangements by Internal Audit

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						<p>Scheme</p> <p>10 Financial Standing Orders (including Contract Standing Orders) are in place. Any significant failure to apply is reported to the Audit Panel.</p> <p>11 The Force has in place Standing Financial Instructions embodying formal arrangements covering a range of matters including separation of duties and these are supported by disciplinary codes of practice.</p> <p>12 Budgetary control system in operation, with monthly analysis and review.</p>		

CPA Risk Register – Action Plan - March 2010

Risk Item	Required Actions and Controls	Status
<p>PA1. Consultation. Risk of failure to comply with legislative requirements for police authorities in relation to public consultation.</p>	<ol style="list-style-type: none"> 1. Maintain a contingency plan in the event of long-term staff absence. 2. Agree and implement a joint consultation strategy with the Force, including the introduction of a Neighbourhood Survey that meets the basic requirements for consultation, including confidence and perception measures, and complies with the NPJA minimum technical requirements for local confidence surveys. 	<p>Completed</p> <p>Joint strategy completed. Neighbourhood Survey commenced April 2009 and has been revamped by CPA/CP&P prior to going live October 2009.</p>
<p>PA2. Effectiveness and Value for Money. Risk of failure to provide effectiveness and value for money in policing services and to achieve the efficiency saving necessary to enable core services to be protected and enhanced against a backdrop of tight funding settlements.</p>	<ol style="list-style-type: none"> 1. Continue to support the Corporate Planning and Governance function in work to integrate the financial, workforce and business planning processes and strengthen the Force's corporate governance arrangements. 2. Police Authority scrutiny of costed plans and options for future efficiency savings and service options which take into account national initiatives such as workforce modernisation & collaboration. This to include the delivery of a Force Efficiency and Productivity Strategy. 3. Improved monitoring and reporting of service and efficiency improvement initiatives to the Police Authority, resulting in enhanced quarterly reporting to police authority. 4. LTFP to identify future sources of savings and efficiencies required to meet any funding gaps. 	<p>Ongoing with support from CPA</p> <p>Covered by the LTFP planning and approval process</p> <p>Covered by the LTFP planning and approval process.</p> <p>Covered by the LTFP planning and approval process.</p>
<p>PA3. Diversity and Equality. Risk of failure to comply with legal requirements regarding the promotion of diversity and equality.</p>	<ol style="list-style-type: none"> 1. Continue to scrutinise the Force and Authority processes and procedures for Single Equality Scheme management and equality impact assessments to ensure that they are robust and compliant. 2. Complete consultation on disability and gender equality schemes as per legal requirements for 3-year review. 3. Ensure that the force and authority Action Plans are monitored and reviewed. 	<p>Ongoing (included in outline schedule of reports 2009/10).</p> <p>Planning ongoing with Force Diversity Unit.</p> <p>Included within action point 1.</p>

CPA Risk Register – Action Plan - March 2010

Risk Item	Required Actions and Controls	Status
	<ol style="list-style-type: none"> Continue to monitor for new legislation to be included within the Single Equality Scheme Work with the Force to develop the new Equality Standard for Policing. Work with the Force to increase the recruitment and retention of BME officers and staff. 	<p>Included within action point 1.</p> <p>April 2010.</p> <p>Ongoing (included in outline schedule of reports 2009/10).</p>
<p>PA4. Partnerships.</p> <ol style="list-style-type: none"> Risk of failure to establish representation on the local area partnerships - CDRPs, LSPs, Children's Trust Boards, LCJB and other relevant partnerships - thus possibly compromising the effectiveness of CPA's partnership working arrangements and its influence over the allocation of LAA and other funding streams. Risk of adverse comment from HMIC/Audit Commission inspection of the Police Authority. 	<ol style="list-style-type: none"> Establish Strategy and a Code of Practice for Partnership Working. Establish annual reporting to the Operational Policing Panel on partnership and collaboration issues. CPA to press for representation on 3 LSPs and the CCJB Authority to continue to monitor the Force in the development of collaboration and partnership projects, with a view to achieving cost savings and service improvements. 	<p>Completed via report to January 2010 P&R Panel.</p> <p>Ongoing (included within the outline schedule of reports for 2009/10).</p> <p>Ongoing requests by members and officers.</p> <p>Ongoing (collaboration and partnership reports in outline schedule of reports for 2009/10.) (Also see item PA2 above).</p>
<p>PA5. Governance.</p> <p>Risk of failure to comply with the provisions of the Code of Corporate Governance and the relevant Acts, Orders and Regulations. This could entail anything from personal misconduct to incorrect exercise of delegated authorities or a</p>	<ol style="list-style-type: none"> Provide training for stakeholders in the provisions of the Code of Corporate Governance and ensure that this forms part of induction training for all Members and officers of CPA Check on compliance with the provisions of the Code of Corporate Governance via internal control; for example, checking that the Code of Conduct, Contract Standing Orders and Registers of Interests and Gifts are being adhered to, reporting on such as part of the Annual Governance Statement process. 	<p>Part completed 2008. To be fully completed by March 2010. (Strategy & Performance Mgr).</p> <p>Ongoing annual AGS process and Annual Audit Report. Internal Audit of Governance completed in Aug.2009</p>

CPA Risk Register – Action Plan - March 2010

Risk Item	Required Actions and Controls	Status
<p>corporate failure to apply legal procedures.</p>	<p>3. Maintain arrangements for compliance with the requirements of the National Fraud Initiative and Whistle-Blowing regulations, reporting on such as part of the Annual Governance Statement process</p> <p>4. Environmental scanning for new legal requirements, reporting to the relevant panel.</p> <p>5. Plan for the future HMIC/Audit Commission inspection of CPA, regularly reporting on progress to Members.</p>	<p>Ongoing annual AGS process and Annual Audit Report.</p> <p>Monitoring Officer and Strategy & Performance Manager - ongoing.</p> <p>CPA in line with national timetable 2009/10.</p>
<p>PA6. Employment Law. Risk of costs and litigation in relation to current workforce policies and the failure to apply effective employment law practices.</p>	<p>1. Review the need for an equal pay audit of whole establishment.</p> <p>2. Follow this up with a job evaluation exercise in order to establish a fair system of remuneration.</p> <p>3. Fully risk-assess any proposals for workforce modernisation, job restructuring or outsourcing in light of recent legislation, litigation and cost issues experienced by the public sector, reporting to the Police Authority.</p> <p>4. Review HR policies around grievance and discipline for efficacy and effectiveness, changing and providing further training, as necessary.</p>	<p>Chief Constable to propose actions and report in accordance with the timetable - which is yet to be agreed</p> <p>Chief Constable and Chief Executive (ongoing)</p> <p>New policies out for consultation November 2009.</p>
<p>PA7. Replace Police HQ. Risk of the current HQ becoming increasingly expensive and unfit for purpose.</p>	<p>1. Assess and cost the requirements and options for a replacement H.Q. ahead of any commitment to proceed with sale or purchase.</p> <p>2. Appoint a professional project management team to oversee the project, reporting regularly to the Police Authority on progress</p> <p>3. Obtain outline planning permission for the Ladgate Lane site and any relocation site, as required and within appropriate timescales.</p> <p>1 Annual review of effectiveness.</p>	<p>Chief Executive and Chief Constable to establish project management and reporting arrangements.</p> <p>As above PA7 1</p> <p>As above PA7 1</p>
<p>PA8. Fraud Financial loss to the authority as a</p>		<p>Part of the AGS process overseen by the Audit & Internal Control</p>

CPA Risk Register – Action Plan - March 2010

Risk Item	Required Actions and Controls	Status
consequence of acts of commission or omission by Members, staff or contractors	2 Cyclical review of counter Fraud and Corruption arrangements by Internal Audit	Panel Last undertaken in 2009.