

DYFED-POWYS POLICE AUTHORITY



RISK MANAGEMENT POLICY

*Ensuring the safety of the communities
and individuals in Dyfed-Powys and
their confidence in the force*

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INTRODUCTION

This document sets out the Risk Management Strategy of Dyfed-Powys Police Authority and where responsibilities lie for successful delivery.

THE RISK MANAGEMENT STRATEGY

The Authority's Risk Management Strategy is the adoption of a structured and focused approach to the management of risk through the identification, analyses, assessment and control of risks which threaten the effective and efficient discharge of its business.

Accordingly, the objectives of this strategy are to:

- Protect the reputation and image of the Authority.
- Improve the delivery of Strategic Priorities.
- Minimise the cost of risk and enhance the quality of outputs/deliverables.
- Ensure compliance with statutory obligations including Corporate Governance.
- Secure the Authority's assets and resources.
- Achieve a prudent balance between retained and transferred risks.
- Correctly evaluate new opportunities for innovation and improvement.

The Authority also recognises the crucial importance of working closely with the Force in these matters to ensure the provision of an efficient and effective Police Service to the communities within the Dyfed Powys area. It is committed therefore to ensuring that Risk Management is an integral part of both the Authority and Force planning and management processes.

WHAT IS MEANT BY RISK MANAGEMENT?

Risks are inherent in every activity and decision but in order to achieve objectives it is necessary to manage them. A risk can be defined as the chance of something happening which can have an impact on objectives and priorities. Risks are mostly regarded as negative but there are also opportunities where there is a chance of a favourable outcome.

Risk Management is a strategic tool and is an essential part of the culture, processes and structures that are directed towards effective management of potential opportunities and threats to the Authority achieving its objectives.

WHY RISK MANAGEMENT IS NEEDED?

As a matter of good practice, a public authority should have a Risk Management System identifying, prioritising and managing risk to improve performance management, assist strategic planning and decision making and create a positive internal culture not averse to risk. Furthermore, the Accounts and Audit Regulations

2003 require the Authority to have a sound system of internal control which includes Risk Management arrangements. The Authority is required to review the effectiveness of its systems of internal control at least annually and to publish a Statement of Internal Control that is reviewed by the Authority's External Auditors.

The Authority wishes to maintain and implement a systematic approach for tackling the risks that stop it meeting all of its objectives. Risk Management allows for the prioritisation of risks and assists the allocation of resources by providing a further mechanism for ensuring that resources are allocated to the appropriate areas and also highlights those risks that the Authority must learn to live with.

Applied properly, Risk Management methods ensure that all relevant issues are considered before decisions are made including the cost (reputational as well as financial) should the worst happen when set against the cost of a control measure. Looking ahead in this way demonstrates clearly that the Authority has made reasonable provision against risks, and that money has not been wasted on treating a risk that might never happen.

Moreover, the Authority needs to defend itself when challenged about its decisions. The public and the government are, quite rightly, demanding increasing transparency of actions. A documented Risk Management System does this by demonstrating that the Authority's decision making process at the time was sound as all the necessary information was considered and the decisions reasonable even if with the benefit of hindsight the Authority might change certain actions.

A well embedded and strategic approach to Risk Management will assist in the delivery of the Authority's objectives.

RESPONSIBILITIES FOR RISK MANAGEMENT

Everybody within the Authority - Members and Staff alike whether individually or as groups - has a role to play to ensure that Risk Management is part of the day to day activities of the Authority.

Thus Members of the Authority have a responsibility to understand the strategic risks faced not only by the Authority but also the Force and how these risks are being managed as part of their governance responsibilities. Committees will need to seek assurances from the Force that decision-making processes have included risk and opportunity identification and assessment and they will need to satisfy themselves that the area of responsibility covered by the Committee is controlled and that all the risks have been identified to them. The same principles apply to Authority activity covered by the Committee.

Specifically, roles and responsibilities are identified as follows:

The Authority shall be responsible for:

- Approving the Authority's Risk Management Policy Statement and subsequent revisions, on the recommendation of the Audit and Review Committee.

- Receiving an Annual Report on Risk Management activity from the Audit and Review Committee.
- Considering the Authority's Risk Register on a regular basis.

The Audit and Review Committee shall be responsible for:

- Exercising oversight of and monitoring the Authority's Risk Management Strategy.
- Considering and approving an Annual Statement of the Authority's Risk Management Policy Statement.
- Considering and approving arrangements for the identification, assessment and effective management of risk and to monitor implementation.
- Reviewing the annual statement on the Authority's system of internal controls.
- Regularly reviewing the Risk Register and amending it as appropriate.

The Chief Executive shall be responsible for:

- Overseeing the Authority's implementation of its Risk Management policy.
- Ensuring that all key reports and policy decisions give due consideration to risks and how they will be managed (including the identification of an appropriate owner) and that appropriate action is taken to mitigate Police Authority risks.
- Acting as the driver for identifying new risks and ensuring their inclusion in the risk register.
- Ensuring that appropriate advice and training on Risk Management is available for all Authority Members and Secretariat personnel.

The Treasurer/S.112 Officer shall be responsible for:

- Managing the risk framework for the Force/Authority and acting as the principal link between the Authority and the Force in Risk Management matters.
- Leading the work on Risk Management policy within the Authority.
- Maintaining the Authority's Risk Register and ensuring the existence of clear audit trails to demonstrate openness and accountability.
- Reporting to the Audit and Review Committee on Risk Management activity within the Authority.

Report Writers shall be responsible for:

- Ensuring that during the production of a report that the Authority's Risk Register is examined in order to establish whether there will be any impact upon the entries contained within the Register as a result of the report content. If any changes are foreseen, the report should contain sufficient information to enable the Register to be updated. The proposed additions or changes to the Risk Register should be specified.

All Committees shall be responsible for:

- Ensuring risks are considered and assessed as part of their decision-making and an appropriate owner identified.

All Staff shall be responsible for:

- Maintaining an awareness of risk and feeding this into the decision making processes.

- Supporting and participating in Risk Management activities.

Internal Audit shall be responsible for:

- Reviewing the content and scope of the Risk Registers.
- Reviewing the adequacy of procedures to assess, review and respond to risks.
- Reviewing the effectiveness of internal controls.
- Making recommendations as appropriate on Risk Management.

OUTCOMES

The implementation of the strategy will deliver certain interim outputs such as:

- A Risk Register.
- Identification of the organisation's key risks.
- A variety of control measures applied to risks.

However, in themselves, these outputs will not deliver a benefit to the Authority, as they are not sufficient to demonstrate that Risk Management has made a positive difference to the organisation. The key issue is being able to demonstrate what difference the management of risks has made to the Authority. It is therefore necessary not just to be able to identify the outputs of implementing the Risk Management Strategy, but also the outcomes from doing so.

The outcomes of successfully implementing a Risk Management Strategy will manifest themselves differently in different parts of the organisation and, far more often than not, are likely to be reflected in outcomes such as:

- Improved targeting of resources.
- Improved results in meeting corporate objectives.
- Improved service delivery.
- Improved decision making processes.
- Protection/enhancement of reputation.
- Lower risk related costs, (insured and uninsured).

GLOSSARY OF TERMS

Cost of Risk	<i>The total cost of bearing and managing risk - i.e. the value of any losses incurred, the cost of implementing internal controls (including training, equipment, monitoring systems), insurance premiums etc</i>
Internal Controls	<i>Measures (including any process, policy, device, practice or other action) taken to modify risks</i>
Key risks	<i>Most significant risks or those on which the Authority focuses</i>
Operational risk	<i>Risk relating to inadequate or failed internal processes, people and systems or from external events</i>
Retained risk	<i>Those risks, or those elements of the costs of risks which the Authority accepts, without further application of internal controls</i>
Risk framework	<i>Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management processes throughout the Authority.</i>
Risk register	<i>Record of information about identified risks</i>
Transferred risk	<i>A risk where part or all of the potential cost (or gain), has been formally transferred to another party (e.g. via insurance, contract terms, partnership agreement etc)</i>