



# THE POLICE, FIRE AND CRIME COMMISSIONER FOR NORTH YORKSHIRE AND THE CHIEF CONSTABLE OF NORTH YORKSHIRE POLICE

## Risk Management

Internal Audit Report 7.22/23

FINAL

2 June 2023

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# 1. EXECUTIVE SUMMARY

## Why we completed this audit

We have undertaken a risk management review at the Police, Fire, and Crime Commissioner for North Yorkshire (PFCC) and the Chief Constable of North Yorkshire to provide assurance that the organisations have an appropriate and effective process in place to identify and manage both risks and opportunities that support the delivery of the Police and Crime Plan.

The PFCC and the Chief Constable of North Yorkshire Police have in place departmental risk registers for each service area, a Force Risk Register and Principal Risk Register. The departmental risk registers include risks and opportunities which could impact the achievement of departmental or organisational objectives. The Force Risk Register is maintained by the Business Insight Team and contain individual and aggregate risks escalated from the departmental risk registers. The Principal Risk Register also maintained by the Business Insights Team contains risks escalated from the Force Risk Register. The Principal Risk Register is reported and for the attention of the Joint Independent Audit and Risk Committee (JIAC) and are specifically aligned to organisational objectives.

At the time of our review the Force Risk Register and Principal Risk Register included a total of 11 and six risks respectively. Risk registers are maintained on the enterprise risk management application titled Active Risk Manager (ARM). The PFCC and the Chief Constable of North Yorkshire have established a process for reporting risks where the Principal Risk Register is reported to the JIAC.

As part of our review, we conducted interviews with the following risk owners: Information Management Lead, Head of ICT, Chief Executive and Monitoring Officer, and Director of Commissioning and Partnerships. The purpose of these interviews was to understand the processes in place for the maintenance, monitoring and updating of the departmental, Force and Principal risk registers.

## Conclusion

As a result of our review, we have agreed **four medium** and **seven low priority** management actions. We concluded that the PFCC and the Chief Constable of North Yorkshire have systems in place to manage risk and to ensure that risks are reported through the governance structure to inform decision making. We noted the PFCC and Force have had a redesign which has led to changes in governance structures. Changes in governance structures has led to changes in the service planning processes which considers risk and two new directorates at the PFCC has meant monitoring of risk at departmental level has been impacted. Our testing and review of documentation identified areas of non-compliance with controls which impact the effectiveness of the systems in place to manage risks.

The four medium priority management actions relate to the recording of controls, monitoring of further mitigating actions to ensure risks are managed in line with the organisations risk appetite, establishing risk registers on ARM for the Delivery and Assurance and Public Confidence directorates at the PFCC.

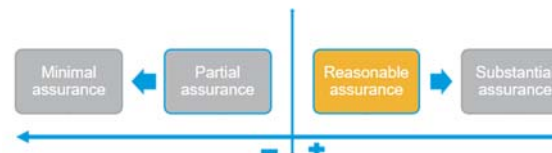
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### Internal audit opinion:

Taking account of the issues identified, the Police, Fire and Crime Commissioner for North Yorkshire and the Chief Constable of North Yorkshire can take **reasonable assurance** that the controls upon which the organisations rely to manage this area are suitably designed, consistently applied and effective.

However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified area.

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## Key findings

**We identified the following findings that have resulted in four medium priority management actions being agreed:**



The PFCC had a redesign in October 2022 which resulted in two new directorates (Delivery and Assurance and Public Confidence) alongside the Commissioning and Partnerships directorate. This led to two Director posts being recruited to. One director joined in December 2022 and the one other Director will be joining in February 2023. Due to the gap in posts and restructure, the risk management process is yet to be formalised in the two directorates. As a result, relevant risk registers from these directorates are yet to be compiled on ARM which could result in risks not being adequately tracked and monitored. **(Medium)**



Testing a sample of 30 risks which comprised of 20 departmental risks and 10 risks from across the Principal and Force Risk Register confirmed in 28 cases the risk had been assigned a risk owner on ARM and in two remaining cases a risk owner had not been recorded.

In 13 of the 30 cases, controls had been recorded against the risk which were clear in detail. In three cases the control was worded as an action therefore, it was not clear whether the control was in place or if this was an action to be implemented. In 14 cases the controls in place to manage the risk had not been documented. In three of the 14 cases the risk owner was in the process of adding the risk information on ARM, and in a further three of the 14 cases where no controls had been recorded, we found further actions had been recorded on ARM and documented as completed. Thus, it appeared further mitigative actions had been completed however ARM had not been updated to reflect controls in place.

Our testing and discussions with the Business Continuity Risk Manager indicated an inconsistent understanding among staff on using ARM to document the controls in place and the further mitigative actions required to manage risk in line with the target risk score. Failure to use ARM consistently across the organisations, could result in risks not being managed effectively. **(Medium)**



In 25 cases (out of 30) the current risk was greater than the target risk score thus, indicating the need for further mitigating action. Our testing of these 25 cases confirmed in 24 cases further actions had been recorded on ARM, with an action owner and completion date assigned. In the remaining case the risk was added to ARM in January 2023 and thus the Risk and Planning Manager was in the process of completing the entry on ARM. In the 24 cases where further action had been recorded and assigned a completion date, we found in 17 cases the completion date was not yet due. In the remaining seven cases the risk was assigned further actions with completion dates which were overdue.

These overdue completion dates were between August 2017 and 31 December 2022. Failure to record or implement future actions could result in the risk not being reduced to an acceptable risk tolerance level. **(Medium)**



Our review confirmed the Quarterly Departmental Performance meetings and Force Performance Meetings are in place for the Chief Constable thus, ensuring risk is considered as part of performance reporting. Weekly Senior Management Team meeting within the Commissioning and Partnerships directorate considers risk as part of performance reporting. However, it was noted that performance reporting within the Delivery and Assurance and Public Confidence directorate does not currently align with risk reporting.. Where performance reporting at the PFCC is not aligned with risks, this may lead to risks not informing discussions and decisions made on performance. **(Medium)**

For details of the seven low priority management actions agreed, please see section two of this report.

**Our audit review identified that the following controls are suitably designed, consistently applied, and are operating effectively:**



The PFCC and Chief Constable of North Yorkshire have established a 5x5 scoring matrix which considers probability and impact to determine the RAG rating in line with the risk severity. The risk score and RAG rating is assigned automatically once the impact and probability rating have been recorded on ARM. Our testing of 30 risks demonstrated the target and current risk score is recorded on ARM.



Risk is a standing agenda item of the monthly Force Performance Meetings chaired by the Deputy Chief Constable for each command area and the Quarterly Departmental Performance meetings chaired by the Assistant Chief Constable. Thus, our review confirmed that a process is in place for ensuring risk is considered as part of performance reporting at the Chief Constable.



The Researcher within the Business Insight Team actively undertakes horizon scanning as part of their job role and records outputs of horizon scanning on the scanning dashboard which is maintained on the SharePoint. The Business Continuity Risk Manager and Planning Manager confirmed that relevant information from environmental scanning and the scanning dashboard informs the discussions between the Business Insight team and departments. Interviews with our sample of risk owner confirmed horizon scanning is undertaken by departments through external intelligence and networking opportunities.



The Risk and Planning Manager meets with each risk lead included on the Principal Risk Register prior to the quarterly JIAC meeting. Review of the Risk Register and Business Continuity Overview report provided to the JIAC in June, October and November 2022 confirmed updates are provided to members based on discussions held with the risk leads. Review of JIAC meeting minutes dated 15 March 2022, 21 June 2022, and 4 October 2022 confirmed the committee receives an update on the Principal Risk Register, including new risks which have been escalated to the Principal Risk Register.

## 2. DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Area: Risk Management					
<b>Control</b>	<p>The risk identification process is detailed within ARM Champions supporting guidance note and includes the following considerations:</p> <ul style="list-style-type: none"> <li>• Meetings and engagement with officers, staff and volunteers.</li> <li>• Incidents or de-briefs.</li> <li>• Project management activity.</li> <li>• Health and safety and other reports.</li> </ul> <p>Risks are also identified as part of business and service planning processes. Strategic risks are identified by departments and discussed at regular meetings by departments and with the Business Insight team. Risks are recorded on ARM for further monitoring.</p>				
	<p><b>Assessment:</b></p> <table border="0"> <tr> <td style="padding-right: 20px;"><b>Design</b></td> <td style="text-align: right;">✓</td> </tr> <tr> <td><b>Compliance</b></td> <td style="text-align: right;">×</td> </tr> </table>	<b>Design</b>	✓	<b>Compliance</b>	×
<b>Design</b>	✓				
<b>Compliance</b>	×				
<b>Findings / Implications</b>	<p>As part of this review we interviewed a sample of risk owners. Our sample included the Information Management Lead, Head of ICT, Chief Executive and Monitoring Officer of the PFCC, and Director of Commissioning and Partnerships at the PFCC. Our discussions confirmed there are processes in place within departments to identify risks on an ongoing basis. For example, the Information Management Lead confirmed risks are identified at fortnightly one to ones with the senior manager for each of the business areas within the department. Furthermore both the Director of Commissioning and Partnerships and Information Management Lead confirmed that risk is embedded in discussions at the weekly Senior Management Team meeting. Similarly the Head of ICT confirmed risks are considered and raised at weekly ICT Management meetings and the ICT Operational meeting. Review of the ICT Management Meeting Terms of Reference confirmed risks actions and risk registers are reviewed on a monthly basis.</p> <p>Discussions with the Risk and Planning Manager confirmed that risks are identified as part of the new Police and Crime Plan, individual service plans, and through the planning process. As departments identify risks, these are recorded on the departmental risk register on ARM. Review of JIAC meeting minutes dated 4 October 2022 confirmed the Head of Business Design and Assurance provided confirmation that a check is underway to ensure the Principal Risk Register reflects the emerging themes from the service planning process.</p> <p>A walkthrough of the SharePoint confirmed the Costed Service Plan templates is available and a Risk and Opportunities Identification Form is available and can be completed as part of this process. It was noted that the PFCC and the Chief Constable of North Yorkshire undertook a governance restructure and that the process for undertaking service planning was uncertain in 2022/23, but this is now in the process of being re-embedded. Our interviews with the sample of risk owners demonstrated how risks are considered as part of the strategic and service planning process. For example the Information Management Lead exemplified that the process enables the department to compare current resource to its future demand and identify gaps in resource.</p>				

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This then led to a Costed Service Plan which identifies the risk associated with being under resourced. The Head of ICT also highlighted risks are identified through monitoring of the budget.

Our review of the Risk Management Policy and supporting guidance notes identified that the process for identifying risk as part of the business and service planning process has not been detailed. If this process is not documented as part of the risk identification process, there is a risk staff are not aware of the importance of linking the risk register with the planning processes.

The Risk Register and Business Continuity Overview paper from September and November 2022 also demonstrated that the PFCC and Chief Constable of North Yorkshire are currently undertaking a refresh of the Principal Risk Register to ensure the risk register supports the delivery of the new Police and Crime Plan, and align with the HMICFRS pillars of Police Effectiveness, Efficiency and Legitimacy (PEEL). Our review also confirmed that the PFCC and Chief Constable of North Yorkshire are undertaking a refresh exercise to ensure that the business, performance and service planning processes informs the risk registers. The PFCC and Chief Constable of North Yorkshire's aspirations are to link risks and opportunities associated with planned departmental activities to the risk registers. As reported to the JIAC on 4 October 2022, this is an ongoing activity, and the PFCC and Chief Constable of North Yorkshire Police are aiming to have implemented this by the end of quarter two of 2023/24, as decisions on future funding and efficiency plans are finalised. The Risk and Planning Manager further reiterated that the linking of risk identification to business, performance and service planning process is work in progress and requires embedding to ensure the process is effective following changes in the governance structure.

The Risk and Planning Manager confirmed that they are currently working with the Head of Business Design and Assurance to review the risks on ARM and ensure these are linked to the pillars of PEEL. Review of the Police and Crime Plan 2022 - 2025 confirmed the link between the PFCC and Chief Constable of North Yorkshire's priorities and PEEL have been mapped. The Risk and Planning Manager demonstrated on ARM that there is functionality on ARM to map the risk against PEEL and this is currently work in progress as this will be completed for departmental risks through meetings with each department. Our testing of 20 departmental risks and 10 risks from across the Force and Principal Risk Register confirmed 27 cases where the risk had been linked to PEEL and in three cases where this was yet to be completed.

Review of the JIAC minutes for the meeting held on 15 March, 21 June and 4 October 2022 demonstrated risk and the identification of risk is embedded in discussions. For instance at the meeting held on 21 June 2022 demonstrated that a member requested management to identify the risk and sought assurance on an appeal matter.

Discussions with the Director of Commissioning and Partnerships and Chief Executive and Monitoring Officer of the PFCC highlighted that the PFCC's redesign in October 2022 resulted in two new directorates alongside the Commissioning and Partnerships directorate. This led to two posts for a director which have since been recruited for. One director joined in December 2022 and the one other director will be joining in February 2023. Due to the gap in post and restructure, the risk management process is yet to be formalised in these two directorates. The two new directorate are Delivery and Assurance and Public Confidence. As a result, relevant risk registers from these directorates are yet to be compiled on ARM. The Business Continuity Risk Manager confirmed that they are working with the Director of Commissioning and Partnerships to begin developing these risk registers on ARM. If relevant risks from the PFCC are not fully captured in ARM there is a risk these are not escalated through existing governance channels and managed effectively in line with the Risk Management Policy.

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<b>Management Action 1</b>	The PFCC will ensure relevant risks from the Delivery and Assurance and Public Confidence directorates at the PFCC are recorded on ARM.	<b>Responsible Owner:</b> Director of Public Confidence Director of Delivery and Assurance	<b>Date:</b> 30 June 2023	<b>Priority:</b> Medium
<b>Management Action</b>	See management action 7.	<b>Responsible Owner:</b> N/A	<b>Date:</b> N/A	<b>Priority:</b> N/A

## Area: Risk Management

<b>Control</b>	<p>Each risk is assigned a risk owner and controls in place to manage the risk are recorded on ARM.</p> <p>Where the current risk score is greater than the target risk score, further mitigating actions are in place and documented on ARM. Further actions to manage/mitigate the risk, are assigned a review date on ARM and an action owner.</p>	<p><b>Assessment:</b></p> <p><b>Design</b> ✓</p> <p><b>Compliance</b> ×</p>
<b>Findings / Implications</b>	<p>Testing a sample of 30 risks which comprised of 20 departmental risks and 10 risks from across the Principal and Force Risk Register confirmed the following:</p> <ul style="list-style-type: none"> <li>• In 28 cases the risk had been assigned a risk owner on ARM. The two remaining cases relate to departmental risks where a risk owner had not been recorded. If risks are not assigned a risk owner there is a risk that the responsibility for reviewing and managing the risk is unclear; and</li> <li>• In 13 of the 30 cases, controls had been recorded against the risk which were clear in detail. In three cases the control was worded as an action therefore, it was not clear whether the control was in place or if this was an action to be implemented and in 14 cases the controls in place to manage the risk had not been documented. In three of the 14 cases the risk owner was in the process of adding the risk information on ARM, and in a further three of the 14 cases where no controls had been recorded, we found further actions had been recorded on ARM and documented as completed. Thus, it appeared further mitigative actions had been completed however, ARM had not been updated to reflect the controls in place. If controls are not documented or are not clear this may lead to the ineffective use of ARM to manage risk and inform decision making across the PFCC and the Chief Constable of North Yorkshire.</li> </ul> <p>Our testing and discussions with the Business Continuity Risk Manager indicate an inconsistent understanding among staff on using ARM to document the controls in place and the further mitigative actions required to manage risk in line with the target risk score. In the absence of a consistent and good understanding of applying the risk management process on ARM there is a risk that risks are not effectively managed across the PFCC and the Chief Constable of North Yorkshire.</p> <p>In 25 cases the current risk was greater than the target risk score thus, indicating the need for further mitigating action. Our testing of these 25 cases identified the following:</p> <ul style="list-style-type: none"> <li>• In 24 of these cases further actions had been recorded on ARM, with an action owner and completion date assigned. In the remaining case further mitigative controls had not been recorded for a principal level risk. The Risk and Planning Manager highlighted that this risk was re-added to ARM as a principal risk in January 2023 and thus is in the process of completing the entry on ARM.</li> <li>• In the 24 cases where further action had been recorded and assigned a completion date, we reviewed the completion dates to confirm these had not passed. In 17 cases the completion date was not yet due. In the remaining seven cases the risk was assigned further actions with completion dates which were overdue. These overdue completion dates were between August 2017 and 31 December 2022.</li> </ul> <p>If further actions are not implemented, risks may not be managed in line with the PFCC and Chief Constable of North Yorkshire's risk appetite. Discussions with the Business Continuity Risk Manager noted that a task may be required whereby all risks with overdue further actions are listed within a system generated report and escalated with departments for review.</p>	



We also noted that current and target risk score are recorded on ARM however, inherent risk score is not recorded. If inherent risk score is not recorded on ARM, it is difficult to identify whether the controls in place are effective in reducing the current risk score. Furthermore, by not recording inherent risk score it is not clear to departments the impact risk in the absence of control therefore, the importance of controls and further actions.

<b>Management Action 2</b>	The PFCC and the Chief Constable of North Yorkshire will ensure relevant staff such as key roles involved in risk management at departmental level are provided with awareness material to ensure a consistent understanding of how to use ARM, specifically the importance of documenting controls and monitoring further mitigative actions.	<b>Responsible Owner:</b> Risk and Planning Manager Business Continuity Risk Manager	<b>Date:</b> 31 July 2023	<b>Priority:</b> Medium
<b>Management Action 3</b>	The Business Insight team will ensure a report is generated from ARM to highlight all risks with overdue further action. These risks and further actions will be discussed with departments to ensure a review is undertaken and ARM is updated by departments.	<b>Responsible Owner:</b> Risk and Planning Manager	<b>Date:</b> 31 July 2023	<b>Priority:</b> Medium
<b>Management Action 4</b>	The PFCC and the Chief Constable will consider whether it is beneficial to assess and record the inherent risk score of risks on ARM to facilitate a better understanding and better inform decision making.	<b>Responsible Owner:</b> Risk and Planning Manager	<b>Date:</b> 31 July 2023	<b>Priority:</b> Low

**Area: Risk Management**

<b>Control</b>	<b>Partially missing control</b>	<b>Assessment:</b>	
	Performance reporting is aligned with risk reporting for the Commissioning and Partnerships directorate via the weekly Senior Management Team meetings.	<b>Design</b>	×
	The PFCC is currently in the process of establishing its risk and performance reporting for the Delivery and Assurance and Public Confidence directorate.	<b>Compliance</b>	-

**Findings / Implications**

Through review of evidence and discussions with the Risk and Planning Manager, we confirmed the Quarterly Performance Meetings and Force Performance Meetings are in place for the Chief Constable which aligns performance reporting with risk reporting. However, this is not in place for the PFCC.

Discussions with the Director of Commissioning and Partnerships confirmed the Senior Management Team (SMT) within the directorate meet on a weekly basis to discuss performance and risk. This includes identifying new risk and changes in risks. The Director of Commissioning and Partnerships confirmed the SMT meetings are not supported by meeting minutes; however, there is a standing agenda in place. Our review of the standing agenda demonstrated that it includes review of performance against the Delivery Plan and risk.

The PFCC had a redesign in October 2022 which resulted in two new directorates (Delivery and Assurance and Public Confidence) alongside the Commissioning and Partnerships directorate. At present performance reporting within the Delivery and Assurance and Public Confidence directorate does not align with risk reporting. The Chief Executive and Monitoring Officer of the PFCC confirmed that the PFCC is currently reviewing its risk management and reporting processes in order to implement a performance reporting process that aligns with risk reporting within the two new directorates.

The Chief Executive and Monitoring Officer of the PFCC confirmed they have attended a risk management workshop held by the Business Insight Team on 6 April 2023. The Business Continuity Risk Manager highlighted that through this workshop the team are aware of the need to review how PFCC risk and performance reporting at directorate level feeds into the overall performance reporting at the PFCC. If the PFCC performance reporting for the Delivery and Assurance and Public Confidence directorate is not aligned with risk this may lead to risk not informing discussions and decisions made on performance.

<b>Management Action 5</b>	The PFCC will ensure risks are considered as part of performance reporting overall for the PFCC and for the Delivery and Assurance, Public Confidence directorate.	<b>Responsible Owner:</b> PFCC Chief Executive and Monitoring Officer	<b>Date:</b> 30 June 2023	<b>Priority:</b> <b>Medium</b>
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## Area: Risk Management

<b>Control</b>	The PFCC and the Chief Constable of North Yorkshire have in place a Risk Management Policy. The policy is approved by the Risk Assurance Board and reviewed on a cyclical basis. The Risk Management Policy is supported by supporting guidance notes. The Risk Management Policy and supporting guidance notes are available to all staff via SharePoint, The Source.	<b>Assessment:</b>  <b>Design</b> ✓ <b>Compliance</b> ×
<b>Findings / Implications</b>	<p>The PFCC and the Chief Constable of North Yorkshire have in place a Risk Management Policy that was last approved by the Risk Assurance Board (RAB) in 2020. The Risk and Planning Manager confirmed that the RAB meeting is not minuted, but key actions and decisions are recorded. As a result, the last approval of the policy was not minuted although the policy was subject to the internal publication process.</p> <p>The Risk and Planning Manager confirmed that the policy is currently under review and approval will be documented on the RAB Decision and Action Log. Review of the RAB Decision and Action Log confirmed the Risk Management Policy is due to be reviewed in January 2023. Following the completion of our fieldwork the Chief Executive and Monitoring Officer of the PFCC confirmed they have attended a risk management workshop held by the Business Insight Team on 6 April 2023, which identified the need for the risk management process for the PFCC to be disentangled from the Chief Constable of North Yorkshire's risk management process. This is because the PFCC is a separate organisation and therefore the current Joint Risk Management Policy needs to be adjusted to reflect the need for PFCC risk registers to stand independently from rather than subordinate to the Force risk registers. The Risk Management Policy and supporting guidance notes are made available to staff via the SharePoint as confirmed through review of evidence. We reviewed the draft policy which is currently under review and confirmed that it details the following:</p> <ul style="list-style-type: none"> <li>• The risk registers in place (departmental, force and principal risk register);</li> <li>• A flow diagram of how the risk registers feed into one another; and</li> <li>• A risk management Responsible, Accountable, Consulted, Informed (RACI), which includes key roles such as the heads of department, members of the OPFCC Executive Management Team, and Risk and Planning Manager. Review of guidance notes supporting the Risk Management Policy confirmed the following is documented:           <ul style="list-style-type: none"> <li>• Risk appetite/ approach to risk</li> <li>• Roles and responsibilities of key roles such as heads of function, risk leads and management;</li> <li>• The enterprise risk management application, Active Risk Manager (ARM);</li> <li>• The assessment of risk; and</li> <li>• The ARM Champions across the PFCC and Chief Constable of North Yorkshire and their role in identifying escalating and communicating risk.</li> </ul> </li> </ul> <p>We noted that the guidance is fragmented across different documents. For instance the process for escalating risk is documented within the Risk Appetite document which a link for is provided in the Risk Management Policy. However, the Risk and Planning Manager</p>	

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highlighted that this approach to documenting the risk management process ensures information is succinct and where further support is required individuals can liaise with the Business Insight Team.

We identified elements with limited coverage or missing from the policy and guidance notes to enable risk management to be applied and clearly understood across the PFCC and Chief Constable of North Yorkshire. Areas missing or with limited coverage included but may not be limited to:

- The process for undertaking horizon scanning;
- Identifying risk as part of the business and service planning process; and
- The reporting frequency through governance arrangements and review of risk and the risk register.

Without clearly detailing the risk management framework to be followed by staff there is a risk that staff are not well informed of the risk management methodology leading to ineffective risk management arrangements.

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<b>Management Action 6</b>	The PFCC and the Chief Constable will ensure the approval of the Risk Management Policy is documented, for instance, on the Risk and Assurance Board Decision and Action Log.	<b>Responsible Owner:</b> Risk and Planning Manager	<b>Date:</b> 30 September 2023	<b>Priority:</b> <b>Low</b>
<b>Management Action 7</b>	The PFCC and the Chief Constable will review the policy or supporting guidance to ensure its methodology towards risk management is fully documented. This methodology will be documented for the PFCC and Chief Constable separately. This includes clearly detailing the following for the PFCC and Chief Constable: <ul style="list-style-type: none"><li>• The process for undertaking horizon scanning including use of the scanning dashboard;</li><li>• The reporting frequency through governance arrangements and review of risk and the risk register.</li><li>• Once updated and approved, the policy and supporting guidance will be communicated to all members of staff; and</li><li>• Identifying risk as part of the business and service planning process.</li></ul>	<b>Responsible Owner:</b> Risk and Planning Manager	<b>Date:</b> 31 July 2023	<b>Priority:</b> <b>Low</b>

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## Area: Risk Management

<b>Control</b>	<p>Opportunities are identified as part of various business activities such as through business planning, service planning and horizon scanning. Opportunities are recorded on ARM. Opportunities are assessed on ARM by impact and probability. Each score has a definition and scoring is applied consistently across all opportunities.</p> <p>New risk and opportunity themes is a standing agenda item at the quarterly RAB meetings.</p>	<p><b>Assessment:</b></p> <p><b>Design</b> ✓</p> <p><b>Compliance</b> ×</p>
<b>Findings / Implications</b>	<p>The Risk and Planning Manager confirmed that opportunities are identified as part of the service planning and costed service planning. Service Planning involves each department identifying future plans, demands and opportunities associated with these. Where additional resource is required to deliver the service plan, a Costed Service Plan may be produced. Review of the terms of reference for the RAB confirmed 'New risk/ opportunity themes' is a standing agenda item. The Risk and Planning Manager confirmed that the RAB meetings are not minuted thus, no further evidence was available for our review.</p> <p>Our walkthrough of ARM confirmed it includes a 5x5 scoring matrix which considers probability and impact to determine the RAG rating of the opportunity. The opportunity score and RAG rating is assigned automatically once the impact and probability rating have been recorded on ARM. ARM also details the definition of each opportunity score.</p> <p>Through the above processes, the PFCC and Chief Constable of North Yorkshire are able to ensure opportunities can be identified, that they link to strategic objectives and are assessed in terms of potential outcome and the potential impact of opportunities missed or not taken. The Head of ICT confirmed opportunities are assessed in terms of size, complexity and budget requirements. Where action can be taken internally to realise opportunities these are recorded on the departments support tool.</p> <p>We reviewed this to confirm that projects to enhance existing processes are managed internally and are recorded. Interviews with our sample of risk owners demonstrated opportunities are identified as part of business activity. For example, the Information Management Lead identified an opportunity to comply with new guidance prior to the guidance being mandated. Similarly the Director of Commissioning and Partnerships discussed opportunities associated with the combined authority mayors. Although, opportunities are identified our interviews indicated an inconsistent awareness in relation to recording and assessing opportunities on ARM.</p> <p>Review of a system report listing departmental risks recorded on ARM confirmed five opportunities have been recorded which are currently live. Our review of these five opportunities confirmed in three cases the opportunity had been assigned a current and target score. However, in the remaining two cases the scores had not been recorded.</p> <p>Our review of the Risk Management Policy and supporting documents identified that the documented process for identifying, assessing and monitoring opportunities is limited. For example, the Risk Management Policy indicated the maintenance and development of departmental risk and opportunities register is the responsibility of heads of departments. However, the process for assessing opportunities has not been documented within the Risk Management Policy or supporting documents. If this is not documented, there is a risk ARM is not utilised effectively to record, assess and monitor opportunities.</p>	

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<b>Management Action 8</b>	<p>The PFCC and the Chief Constable will ensure the process for identifying, assessing and monitoring opportunities on ARM is clearly detailed within the Risk Management Policy or supporting documents.</p> <p>The PFCC and the Chief Constable will reiterate the importance of assessing opportunities and recording this on ARM.</p>	<b>Responsible Owner:</b> Risk and Planning Manager	<b>Date:</b> 31 July 2023	<b>Priority:</b> <b>Low</b>
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## Area: Risk Management

<b>Control</b>	<p>Each departmental risk register is assigned a nominated a Risk Champion who is responsible for maintaining the risk register on ARM. The Business Insight Team generate a monthly report from ARM which flags risks and controls due for review. This report is sent to each nominated person to ensure a review is undertaken.</p> <p>The Business Insight Team also meets with each nominated person from each department on an annual basis to discuss risks and the effectiveness of the risk management process. For risks on the Force and Principal risk register, the Risk and Planning Manager meets with each risk owner to obtain an update prior to the quarterly RAB and JIAC meeting.</p>	<p><b>Assessment:</b></p> <p><b>Design</b> ✓</p> <p><b>Compliance</b> ×</p>
<b>Findings / Implications</b>	<p>Each department nominates or is assigned a Risk Champion. The Risk and Planning Manager confirmed that each Risk Champion is informed of their roles and responsibilities as part of training provided by the Business Insight team. As part of this training, the Risk Champion is trained on the use of ARM.</p> <p>Each Risk Champion either has a licence to access and make changes on ARM or is supported by the Business Insight Team. Review of the Risk Monitoring spreadsheet maintained by the Business Insight Team confirmed there are 28 departmental risk registers. Our testing confirmed the following:</p> <ul style="list-style-type: none"> <li>In 26 cases a contact for the department had been documented. In the remaining two cases a departmental contact had not been assigned.</li> <li>In nine cases the department had a Risk Champion with a licence to ARM. In 15 cases the Risk Champion did not have an ARM licence, but the spreadsheet documented a contact from the Business Insight Team with an ARM licence and responsible for supporting the Risk Champion. In two cases the spreadsheet indicated the department did not have access to ARM. In the remaining two cases the contact with an ARM licence was recorded as to be confirmed.</li> </ul> <p>We were advised by the Business Continuity Risk Manager that the number of licences available for ARM are limited. Notes on the Risk Monitoring spreadsheet also demonstrated work is being undertaken to allocate an ARM licence where this is not in place. If departments do not have a Risk Champion assigned or a contact assigned from the Business Insight Team there is a risk ARM is not a live and effective tool utilised to effectively manage risk.</p> <p>Interviews with our sample of risk owners demonstrated departmental risks are monitored by departments through team meetings and one to ones with Senior Managers.</p> <p>The Risk and Planning Manager confirmed that the Business Insight team review ARM and generate a report of risks which are due for review. The reports generated are emailed to relevant owners. Review of examples of emails sent on 2 December 2022 demonstrated the Inspection Support Officer requested an update on the implementation of an action to manage the risk. Discussions with the Information Management Lead confirmed that the emails from the Business Insight teams are useful reminders to ensure relevant risks are reviewed. The Head of ICT confirmed that they review the risks on ARM on a weekly basis to ensure ARM is up to date. Thus, it is evident that there is a process in place to ensure departmental and strategic risks recorded on ARM are kept up to date.</p>	

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The Risk and Planning Manager meets with each risk owner included on the Force and Principal Risk Register prior to the quarterly and JIAC. The Head of ICT further confirmed this. Review of the Risk Register and Business Continuity Overview report provided to the JIAC in June, October and November 2022 confirmed updates are provided to JIAC members based on discussions held with the risk owners.

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<b>Management Action 9</b>	Departments will work with the Business Insight Team to ensure they are assigned a risk champion who has an ARM licence or are supported by an assigned contact from the Business Insight Team.	<b>Responsible Owner:</b> Risk and Planning Manager	<b>Date:</b> 31 July 2023	<b>Priority:</b> <b>Low</b>
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## Area: Risk Management

<b>Control</b>	<p>Risks from the departmental risk registers are escalated to the Force and Principal Risk Register where appropriate. This is discussed and monitored at the quarterly RAB meeting. The Force Risk Register is regularly reported to the Chief Officer Team.</p> <p>The Force and Principal Risk Register is reported to the Executive Board on a quarterly basis.</p>	<p><b>Assessment:</b></p> <p><b>Design</b> ✓</p> <p><b>Compliance</b> ×</p>
<b>Findings / Implications</b>	<p>Discussions with a sample of risk owners confirmed departmental risks can be escalated through line management and by escalating risks directly to the Business Insight team. Review of the terms of reference for the RAB confirmed it is chaired by the Deputy Chief Constable, and attendees include Risk and Planning Manager, Head of Business Design and Assurance and Inspection and Assurance Manager. Other Heads of Department, Chief Portfolio Leads and Portfolio Leads attend RAB when invited by the Chief Officer Lead. The Terms of Reference for the RAB also states the meeting is attended by an PFCC representative however, the Risk Manager highlighted that an PFCC has not attended the RAB meeting since Summer 2022, prior to this the PFCC Assistant Chief Executive attended the RAB.</p> <p>This is due to changes in personnel and an organisational restructure which has taken place at PFCC. The Chief Constable of North Yorkshire has requested the PFCC to nominate a representative to attend the RAB meetings. Once confirmed, the Risk and Planning Manager confirmed this will be reflected within the Risk Management Policy which is currently under review. If a representative from PFCC is not attending the RAB meetings there is a risk, PFCC is not informed of cross cutting risks and the PFCC is not involved in risk discussions to enable an effective joint risk management process. Following the completion of our fieldwork, the Chief Executive and Monitoring Officer of the PFCC confirmed that the Director of Delivery and Assurance is now attending the RAB meetings as a representative of the PFCC. The Chief Executive and Monitoring Officer of the PFCC confirmed the Director of Delivery and Assurance attended the RAB meeting held on 11 May 2023.</p> <p>The Risk and Planning Manager confirmed RAB meetings are not minuted however, a meeting presentation is produced, and a Decision and Action Log is maintained. Review of the Risk Register Overview presentation produced for the RAB meeting held on 5/1/23 confirmed the senior responsible officers met with the Risk and Planning Manager to discuss risk within their portfolio, and the Force and Principal Risk Registers are being reviewed against neighbouring Force risk registers. Review of the presentation produced for the RAB meeting held on 10/8/22, 4/11/22 and 5/1/23 also demonstrated that proposals for risks to be escalated are reported to RAB for discussion. Our review also highlighted RAB members also receive an update of risk register activity on ARM by portfolio.</p> <p>Discussions with the Risk and Planning Manager confirmed that the Chief Officer Team has requested to have greater oversight of risk. Thus, the Force Risk Register is due to be reported to the Chief Officer Team on 10/1/23. The Force and Principal Risk Register will also be reported to the Executive Board following the report to the Chief Officer Team. It was noted that this reporting process to the Chief Officer Team and Executive Board is new, and it is yet to determine the frequency of reporting through these governance arrangements. Review of the Risk Management Policy revision which is currently in draft confirmed it states oversight and monitoring of risk registers shall be undertaken at RAB with specific matters raised to Chief Officer Team as appropriate. However, the reporting of risk to the Executive Board is not yet documented and the draft policy does not refer to frequency of risk reporting to Chief Officer Team as this is yet to be decided. If risk reporting processes are not clearly documented there is a risk, the process is not well defined, and members are not informed of their responsibilities to ensure effective risk management.</p>	

<b>Management Action 10</b>	The PFCC will ensure a representative of the PFCC is assigned and attends the quarterly Risk and Assurance Board meetings. See management action 2	<b>Responsible Owner:</b> OPFCC CEO	<b>Date:</b> 30 June 2023	<b>Priority:</b> Low
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### Area: Risk Management

<b>Control</b>	Source of assurance have been identified and recorded on a dashboard. Assurance is reported on at the quarterly RAB meetings.	<b>Assessment:</b>
	<b>Partially missing control</b> - The PFCC and the Chief Constable of North Yorkshire has not mapped its assurance and gaps in assurance against its key risks. Thus, assurance does not yet inform the risk management process.	<b>Design</b> ✓
		<b>Compliance</b> ×

<b>Findings / Implications</b>	Assurances identified are documented on dashboards which include an assurance monitoring dashboard, (HMICFRS) dashboard and internal audit dashboard. The assurance dashboards are maintained by the Inspection and Assurance team.
	Our review of the assurance dashboards confirmed recommendations following inspections, audits and assessments are documented. Each recommendation is linked to the relevant portfolio or senior responsible officer. The assurance dashboards report the number of actions due and overdue in exception. Review of the presentation produced for the RAB meeting held on 10/8 and 4/1/22 demonstrated the assurance monitoring dashboard is reported on.
	Discussions with the Risk and Planning Manager confirmed the Police, Fire and Crime Commissioner for North Yorkshire and the Chief Constable of North Yorkshire have not yet mapped its assurances against the risks on ARM. However, it was noted that the JIAC receives a Risk Register and Business Continuity Overview report at each meeting. This report includes reference to an appendix which details any changes to the entries on the Principal Risk Register. Review of the appendix of the Risk Register and Business Continuity Overview report from June, September and November 2022 confirmed assurances are documented for principal risks which have been updated since the last JIAC.
	Without consistently documenting and assessing the sources of assurance around risks and mitigating controls on ARM, the PFCC and the Chief Constable of North Yorkshire Police does not have an effective way of knowing whether controls are effective and that risks are being adequately managed. In addition, without assessing the level of assurance received in relation to mitigating controls and management of risk, the PFCC and Chief Constable of North Yorkshire may be relying on a source of assurance to help mitigate against a high risk when in reality it only provides a low level of assurance.

<b>Management Action 11</b>	The PFCC and the Chief Constable will ensure assurances are mapped against its risks on ARM and gaps in assurance are identified.	<b>Responsible Owner:</b> Risk and Planning Manager	<b>Date:</b> 31 August 2023	<b>Priority:</b> Low
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## 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	Low	Medium	High	
Risk Management	1	(10)	7**	(10)	7	4	0
<b>Total</b>	<b>7</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>4</b>	<b>0</b>

\* 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.

\*\* More than one action had been raised against a single control.

# APPENDIX B: SCOPE

The scope below is a copy of the original document issued.

## Objective and risk relevant to the scope of the review

The internal audit assignment has been scoped to provide assurance on how the Police, Fire and Crime Commissioner of North Yorkshire and the Chief Constable of North Yorkshire manages the following area:

### Objective of the area under review

The organisations have an adequate and effective process in place to identify and manage both risks and opportunities that support the delivery of the organisations' Police and Crime Plan.

## Scope of the review

Our review will focus on the following areas:

- The risk management strategy / policy and accompanying procedures are regularly reviewed and approved.
- Arrangements are in place and approach taken to identify the key strategic risks facing the organisations and to keep these risks under review on an ongoing basis. Furthermore, to consider the alignment between different governance groups in respect of risk matters.
- Identified risks are assessed in accordance with an approved risk matrix to provide priority risks for reporting and mitigating action. This will also include 'horizon scanning' and how the organisations ensures that risks are identified sufficiently in advance to allow appropriate action to be taken.
- As well as the identified risks we will consider how opportunities can be identified, ensuring that they link to strategic objectives and how opportunities are assessed in terms of potential outcome and the potential impact of opportunities missed or not taken.
- Maintenance, monitoring and updating of the principal, strategic and business as usual risk registers.
- The processes in place for the escalation of risks including escalation from business as usual risks to strategic risks, and strategic risks to principal risks.
- The controls to manage / mitigate risks have been documented and are clear in detail, assigned to nominated persons and a timescale for completion agreed.
- Assurances have been identified (as well as gaps in assurance) and are used to inform the risk management process.
- There is regular reporting of the risk register (s) through the organisations' governance arrangements. We will also include how the reporting mechanism aligns with other performance reporting within the business.

**The following limitations apply to the scope of our work:**

- The scope of the work will be limited to those areas examined and reported upon in the areas for consideration in the context of the objectives set out for this review.
- Any testing undertaken as part of this audit will be compliance based and sample testing only. We will not perform testing to confirm that any mitigating controls that have been identified and recorded on the risk register are actually in place. Similarly, we will not perform any testing to confirm that the sources of assurance that have been identified and recorded are actually in place.
- This review will not comment on whether individual risks are appropriately managed, or whether the organisations have identified all of the risks and opportunities facing it.
- We will not comment on the scores assigned to individual risks, we will only consider whether a scoring mechanism is in place which is fit for purpose and has been consistently applied.
- We do not endorse a particular means of risk management.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

**Debrief held** 13 January 2023  
**Draft report issued** 24 January 2023  
**Revised draft report issued** 18 May 2023  
**Responses received** 1 June 2023  
**Final report issued** 2 June 2023

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of **The Police, Fire and Crime Commissioner for North Yorkshire and the Chief Constable of North Yorkshire Police**, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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